



Dr. Beyers Naudé

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**DRAFT BUDGET
2026/27 – 2028/29**

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PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

To be included in final budget.

1.2 COUNCIL RESOLUTIONS

The mayor recommends that the Council resolves that:

- 1 The annual budget of the Dr Beyers Naude Municipality for the financial year 2026/27 and the indicative allocations for the projected outer years 2027/28 and 2028/29; and the multi-year and single year capital appropriations be approved for the purpose of complying with section 24 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, as set-out in the following tables:
 - 1.1 Consolidated Budget Summary – Schedule A1
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 - 1.5 and multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source – Schedule A5
- 2 The budgeted financial position, budgeted cash flows, cash-backed reserves/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:
 - 2.1 Budgeted Financial Position – Schedule A6
 - 2.2 Budgeted Cash Flows – Schedule A7
 - 2.3 Cash backed reserves and accumulated surplus reconciliation – Schedule A8
 - 2.4 Asset management – Schedule A9
 - 2.5 Basic service delivery measurement – Schedule A10
- 3 The service tariffs and property rates be increased as per the tariffs schedule with effect from 1 July 2026.
- 4 The indicative tariffs for 2026/2027 to 2028/2029 be increased as follows:

	2026/2027	2027/2028	2028/2029
Property rates	3.7%	3.3%	3.2%
Water	3.7%	3.3%	3.2%
Sanitation	3.7%	3.3%	3.2%
Refuse	3.7%	3.3%	3.2%
Electricity (subject to NERSA approval)			
Domestic pre-paid & TOU	14.2%	10.95%	10.92%
FBE	6.0%		
Other	9.01%		

- 5 That the detailed capital budget as per Annexure C be approved
- 6 That the tariffs, fees, and charges as reflected on the tariff list, in terms of Section 30 (2) and (4) of the Local Government: Municipal Structures Act, Act No: 117 of 1998 (as amended), read with Chapter 4 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, be approved with effect 1 July 2026.

- 7 That the following reviewed budget related policies be approved:
- (a) Credit control and debt collection
 - (b) Tariff policy
 - (c) Supply Chain Management Policy
 - (d) Asset management policy
 - (e) Cash management, banking & investment policy
 - (f) Budget policy
 - (g) Virement policy
 - (h) Funding and reserve policy
 - (i) Borrowing policy
 - (j) Indigent support policy
 - (k) Rates Policy
 - (l) Contract Management Policy
 - (m) Unauthorised, Fruitless & Wasteful and Irregular Expenditure policy
 - (n) Rewards, gifts, and favours policy
 - (o) Inventory management policy
 - (p) Transport and fleet management policy
 - (q) Cost containment policy
 - (r) Long term financial planning policy
 - (s) Community Improvement Policy
- 8 That the following reviewed by-laws be approved
- (a) Tariff by-law
 - (b) Credit control and debt collection by-law
 - (c) Rates by-law
 - (d) Community Improvement Policy and By Law

1.3 EXECUTIVE SUMMARY

The key service delivery priorities, as outlined in the IDP, informed the development of the Budget, including the need to maintain and improve the Municipality's financial sustainability.

Furthermore, cost containment measures are being implemented to curb costs and to improve operational efficiency.

National Treasury's MFMA Circulars No. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 89, 91, 93, 94, 98, 99, 107, 108, 115, 122, 123, 124, 127, 128, 129, 130, 132 and 134 were used to guide the compilation of the 2024/25 Medium Term Revenue and Expenditure Framework (MTREF).

The Municipality faced the following significant challenges during the compilation of the 2026/27. MTREF:

- Maintaining revenue collection rates at the targeted levels.
- Maintaining electricity and water losses at acceptable levels.
- Fully implementing cost containment measures.
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure; and
- Maintaining an acceptable cost coverage ratio.

The following budgeting principles and guidelines directly informed the compilation of the 2026/27. MTREF:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The level of property rates and tariff increases to consider the need to address maintenance and infrastructural backlogs.
- The level of property rates and tariff increases to ensure the delivery of municipal services on a financially sustainable basis.
- The need to enhance the municipality's revenue base.
- Implementation of the cost containment regulations.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.

In view of the, the following table represents an overview of the 2026/27 Medium-term Revenue and Expenditure Framework:

Table 1 (Overview of the 2024/25 MTREF)

	Current Year	2024/25 Medium Term Revenue and Expenditure		
	Adjusted Budget 2025/26 R	Budget Year 2026/27 R	Budget Year +1 2027/28 R	Budget Year +2 2028/29 R
Total Revenue	-656 316 942,00	-681 027 495,55	-730 973 700,81	-766 002 831,55
Total Expenditure	741 173 487,70	903 106 195,29	854 173 897,20	882 790 724,72
(Surplus)/Deficit	84 856 545,70	222 078 699,74	123 200 196,39	116 787 893,18
Capital Expenditure	114 093 380,81	68 143 000,00	26 848 740,01	2 963 342,00

The municipality is showing an operational deficit, and the budget remains unfunded even when we consider the current outstanding debtors' and creditors' balances. Further budget cuts are envisaged before the final budget is approved in May. As it stands, agreements have been entered into with some creditors, but the full Eskom balance remains payable immediately, until such a time an agreement is signed.

However, MFMA circular 124 has highlighted the Municipal Debt Relief that is conditional, and application based, has therefore been sanctioned where Eskom will write-off all debt municipalities owe as on 31 March 2023 (excluding the March 2023 current account). This will be done over three national financial years and require as a critical qualification that municipalities monthly honour their current (monthly consumption).

The municipality applied in September 2023 and was approved as from December 2023. The municipality is assessed monthly for compliance with MFMA circular 124. Upon meeting all the conditions, a compliance certificate is issued by National Treasury to the municipality as well as Eskom.

There are various reporting compliance requirements that have been proclaimed through the MFMA circulars 124, 127, 128, 129, 130, 132 and 134. The municipality has included these reporting requirements in the monthly s71 and quarterly s52 reports.

Municipal debt relief is an extraordinary support that aims to enforce a return to basic best practise financial management while the ring-fencing of municipal debt and permanent interest suppression thereof as part of the programme is intended to open fiscal capacity in the municipality to facilitate payment to Eskom, water boards and other creditors.

The municipality's continued participation in the Eskom Debt Relief Programme is uncertain and subject to ongoing deliberations with NT and Eskom. The municipality's debt that is the subject of municipal debt relief amounts to R398 279 009.98 as of 31 March 2023 after Eskom affected the necessary adjustment for any payment arrangement.

There is a general increase in revenue, as result of tariff increases and continued implementation of cost reflective tariffs. Total operating revenue has increased by 4% or R25 million for the 2026/27 financial year, compared to the 2025/26 Adjustments Budget. This increase in revenue is due to increased tariffs and allocations of government grants.

The municipality completed investigations into cost of supply, and a baseline tariff was established for each service in 2019 to 2022. Thorough investigations were also concluded on electricity tariffs, the effect of the wheeling agreement with Eskom and management has completed physical verification of bulk consumer meters. The intention of the physical verification was to ensure that all possible tampering is identified for these users, correct meters are installed and are functional and to ensure that each user is linked to the correct tariff.

For the two outer years, operational revenue increases by 7% and 5% respectively.

Total operating expenditure for the 2026/27 financial year amounts to R903 million, resulting in a budgeted operating deficit of R222 million. Compared to the 2025/26 Adjustments Budget, operational expenditure increased by R162 million (22%). The municipality is currently struggling financially, and cost containment measures are implemented. Cost containment measures include a monthly curb on overtime, acting allowances, and travel expenses. It also includes the stopping of non-essential procurement.

For the two outer years, operational expenditure increases by 5% and 3% respectively. The 2027/28 and 2028/29 budgets reflect operating deficits of R123 million and R116 million respectively.

The major operating expenditure items for 2026/27 are Remuneration (council and employees) (26%), Bulk electricity purchases (20%), Debt Impairment (15%), Contracted services (12%), Operational cost (9%), Interest paid (8%) and Depreciation (7%).

Funding for the 2026/27 Operating Budget is funded from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection (55%), property rates (8%), grants and subsidies received from National and Provincial Governments (30%).

To fund the 2026/27 Operating Budget, the following increases in property rates and service charges will be affected with effect from 1 July 2026:

Property rates:	Increase with 3.7%
Water:	Increase with 3.7%
Refuse:	Increase with 3.7%
Sewerage:	Increase with 3.7%
Sanitation:	Increase with 3.7%
Electricity:	Increase with 14.2% to Domestic prepaid & TOU (Time of use), 6% to FBE (indigents) and 9.01% for other electricity tariffs. Please note that the increase is subject to approval by NERSA and this percentage may vary towards the final adopted budget.

The municipality has conducted a cost of supply study on all tariffs in 2019 to 2022. The study revealed that all the services are currently being rendered at below cost which puts enormous strain on the cash flow of the municipality. It was therefore imperative that these tariffs be changed to include baseline tariffs. Due to the poor economic conditions, revenue and tariffs could not be increased with more than the proposed 3.7% by National Treasury.

The original capital budget of R68 million for 2026/27 is R46 million or 40% lower than the 2025/26 Adjustments Budget, this is due to more grant funded projects for 2025/26. The Capital Budget over the MTREF will be mainly funded from government grants and subsidies, as limited internal funding is available. Capital expenditure for 2026/27 will amount to R68 million.

The budget provides for assistance to the poor and includes the following social package:

- Water – 6 kl free
- Electricity – 50 kwh free
- Refuse – 100% of monthly cost free.
- Sanitation – 100% of monthly cost free
- Property Rates- 100% of assessed rates.

All budget related policies have been reviewed and workshopped with top management. The policies were workshopped with councillors. The policies will also be subjected to public participation. There are no significant changes to the policies, and the minor changes will be presented to council before final approval of this budget.

1.4 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services is dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of vital importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with the MFMA, expenditure must be limited to the realistically anticipated revenues.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard.
- Tariff Policies.
- Property Rates Policy.
- Indigent Policy and provision of free basic services.
- The level of property rates and tariff increases must ensure financially sustainable service delivery.
- The level of property rates and tariff increases to consider the maintenance and replacement of infrastructure, including the expansion of services.
- Determining fully cost reflective tariffs for trading services.
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA).
- Efficient revenue management, targeting a 70% annual collection rate for property rates and service charges.
- Impact of loadshedding on municipal service delivery.

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

Table 2 (Summary of main revenue sources)

EC101 Dr Beyers Naude - Table A1 Budget Summary

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Financial Performance										
Property rates	(3 309)	45 518	55 273	54 142	54 142	54 142	56 281	56 282	58 140	60 058
Service charges	218 157	281 294	302 465	325 524	325 525	325 525	247 245	323 843	347 818	373 982
Investment revenue	646	1 102	1 117	1 251	1 251	1 251	872	1 299	1 299	1 299
Transfer and subsidies - Operational	117 261	123 584	134 167	192 368	168 960	164 160	136 255	137 610	140 711	145 668
Other own revenue	29 195	177 223	51 494	45 539	45 539	45 539	33 636	40 315	40 288	40 261
Total Revenue (excluding capital transfers and contributions)	361 950	628 721	544 515	618 824	595 416	590 616	474 288	559 350	588 256	621 268

In the 2026/27 financial year, property rates and service charges amount to R428 million increases to R458 million and R490 million in the 2027/28 and 2028/29 financial years, respectively.

The following continued efforts to increase the revenue base were introduced in 2019 to 2025:

- Implementation of cost reflective tariffs after a cost of supply study was conducted.
- Implementation of drought tariff
- Introduction of environmental levy
- Introduction of the fire services levy
- Implementation of quarterly reconciliation of valuation roll to billing schedule.
- Implementation of NERSA compliant cost of supply study for electricity business
- Implementation of a new valuation roll with increased market values.
- Ringfencing of municipal services to ensure each service is self-sufficient.

The service charges as stated above are the main source of funding for the municipality with a contribution of R372 million or 55% of the total budget. The individual service contribution to service charges is as follows:

- Electricity 54%
- Water 18%
- Refuse 10%
- Sanitation 19%

1.4.1 Property Rates

The following provisions in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- Indigents receive 100% subsidy on the rates levied for the year.

The property rates tariff is standardised to ensure all owners in a category pays the same rate in all the towns in the municipality's jurisdiction. The prescribed ratio is applied.

The property rates increase is influenced by the following:

- Employee related costs increased by 4.75%.
- Providing for debt impairment.
- Increasing the revenue to ensure non-profit divisions are properly subsidised.

The valuation roll has been implemented from 1 July 2024. This valuation roll will expire at the end of the 2029/2030 financial year.

1.4.2 Sale of Water and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars No. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 89, 91, 93, 94, 98, 99, 107, 108, 115, 122, 123, 124, 127, 128, 129, 130, 132 and 134: Municipalities are encouraged to review the level and structure of their water tariffs to ensure:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion.
- Water tariffs are structured to protect basic levels of service; and

- Water tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that water tariffs are fully cost reflective by 2014/15. In this regard a cost of supply study was conducted, and the new baseline tariff will be introduced as the first step tariff. Dr Beyers Naude is a municipality which was formed through the amalgamation of 3 former municipalities. As a result of the amalgamation the municipality is also faced with trying to standardise tariffs within the different towns. A further cost of supply study has been done and was introduced in the 2024/25 financial year and will be gradually phased in over the MTREF.

It is now more important to improve demand management, infrastructure maintenance, loss management, meter reading and tariff setting in respect of water services.

Ongoing accurate monitoring and reporting of municipal Non-Revenue Water (NRW) and water loss performance against set targets and baselines has become more critical. The municipality is currently monitoring water losses monthly but are faced with a huge number of metres that are faulty. This contributes to the inaccurate billing and collection of water tariffs. Grant funding has been received to conduct a study on all faulty metres and areas of water losses. The project started during the 2017/18 financial year and was completed in the 2019/20 financial year. The replacement of meters commenced in 2021/22 and was completed in 2022/23. The impact of the project was minimal due to the drought experienced at the time of implementation.

The tariff will be increased with 3.7% from 1 July 2026. The proposed tariff increase is mainly influenced by the following:

- Employee related costs
- Repairs and maintenance of water infrastructure
- Providing for debt impairment.
- Implementation of cost reflective tariffs

The water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate. The drought tariff will also be implemented during the time of drought.

1.4.3 Sale of Electricity and Impact of Tariff Increases

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In January 2026, NERSA approved tariff increases of 9 per cent in 2026/27. Considering the Eskom tariff increase, the Municipality's consumer tariffs will be increased by 14% for domestic & TOU (Time of use), 6% for FBE and 8.76% for other tariffs in line to the cost of supply study to offset the additional electricity bulk purchase costs as from 1 July 2026.

The tariff increases are mainly influenced by the following:

- Employee related costs
- The cost of bulk electricity purchases
- Repairs and maintenance of electricity infrastructure
- Providing for debt impairment
- Implementing cost reflective tariffs

The population of the municipality is stagnant, and minimal growth is expected over the MTREF. It is thus estimated that the revenue will only grow with percentage of price increases. The proposed electricity tariff increases, still require approval by NERSA. Several efforts have been made to make electricity affordable, like solar

1.4.4 Sanitation and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars No. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 89, 91, 93, 94, 98, 99, 107, 108, 115, 122, 123, 124, 127, 128, 129, 130, 132 and 134: Municipalities are encouraged to review the level and structure of their water tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion.
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective by 2014/15. In this regard the municipality conducted a cost of supply study to determine a new baseline tariff that was introduced in 2019/20. Dr Beyers Naude is a municipality which was formed through the amalgamation of 3 former municipalities. As a result of the amalgamation the municipality is also faced with trying to standardise tariffs within the different towns. The tariff policy of the municipality makes provision to phase in the standardised tariffs over a period of 3 years.

As a result, the tariff will increase of 3.7% as from 1 July 2026. The tariff increase is mainly influenced by the following:

- Employee related costs
- Repairs and maintenance of sanitation infrastructure
- Providing for debt impairment
- Implementing cost reflective tariffs

1.4.5 Refuse Collection and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective by 2014/15. The tariffs should consider the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites.

The revenue generated from refuse collection is not sufficient to ensure proper service delivery. The municipality is facing challenges with regards to infrastructure, fleet, and tools. The tariff increases by 3.7% for refuse collection and will thus be implemented as described above.

The proposed tariff increase is mainly influenced by the following:

- Employee related costs
- Implementation of environmental levy
- Providing for debt impairment
- Provision for landfill sites.
- Tariff not cost reflective.

1.5 OPERATING EXPENDITURE FRAMEWORK

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

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA.
- A balanced budget approach by limiting operating expenditure to the operating revenue.

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

Table 4 (Summary of operating expenditure by standard classification item)

EC101 Dr Beyers Naude - Table A1 Budget Summary

Description R thousands	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
	Employee costs	165 857	185 151	199 502	215 976	216 136	211 336	141 464	222 145	229 476
Remuneration of councillors	9 416	9 974	10 095	10 727	10 727	10 727	6 520	10 245	10 583	10 932
Depreciation, amortisation and impairment	66 714	65 172	61 592	68 313	68 417	68 417	40 395	70 849	73 158	75 471
Interest, Dividends and Rent on Land	57 371	83 101	104 355	10 572	70 600	70 600	39 388	70 600	72 930	75 264
Inventory consumed and bulk purchases	116 624	138 873	162 868	149 063	149 098	149 098	111 738	156 714	161 815	166 925
Transfers and subsidies	22	120	120	150	150	150	120	140	140	140
Other expenditure	115 844	145 914	310 447	195 977	226 508	226 508	127 837	320 277	262 322	272 034
Total Expenditure	531 847	628 304	848 980	650 777	741 636	736 836	467 463	850 971	810 424	837 814

The total operating expenditure increased by R162 million (40%) from R741 million in 2025/26 to R903 million in 2026/27. Further budget cuts are envisaged before the final budget is approved in May. Below is a discussion of the main expenditure components.

Employee related costs

The 2026/27 budget has general increase of 4.75%. This is based on SALGBC circular no 4 of 2026. The total budget provision of R225 million has been allocated for the 2026/27 financial year.

Employee related costs in the 2026/27 Budget, represent 26% of the total operating expenditure and 35% of the total revenue budget.

Remuneration of Councillors

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs, in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in preparing the budget.

Debt Impairment

The provision for debt impairment (R139 million) was determined based on a targeted annual collection rate of 70%.

While this expenditure represents a non-cash flow item, it is considered in determining the total costs associated with the rendering of municipal services and the realistically anticipated revenues.

Depreciation and Asset Impairment

It is anticipated that depreciation will increase over the MTREF. The total cost of R68 million is allocated to the 2026/27 financial year.

Finance Charges

Finance charges (R70 million) consist primarily of the repayment of interest on outstanding trade creditors. The municipality is currently facing severe cash flow problems and is unable to pay creditors within the 30 days as required by legislation.

Bulk Electricity Purchases

The bulk purchases of electricity are budgeted at R176 million in 2026/27.

NERSA has approved a 9% increase in the Eskom bulk tariff for the 2026/27 financial year. The impact of loadshedding has affected the bulk purchases negatively.

Repairs and Maintenance

Repairs and maintenance for 2026/27 amounts to R63 million and equates to 7% of the total operating expenditure. The municipality anticipates increasing this amount over the MTREF as an improvement in revenue is noted.

Per National Treasury circular number 71 of 2014 on uniform Financial Ratios and Norms, Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value) for the 2026/27 budget is 3%.

The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services. The norm is 8%.

A ratio below the norm is a reflection that insufficient monies are being spent on repairs and maintenance to the extent that it could increase impairment of useful assets. An increasing expenditure trend may be indicative of high asset-usage levels, which can prematurely require advanced levels of Repairs and Maintenance or a need for Asset Renewal / Replacements. Also, should an increasing expenditure trend suddenly drop to lower levels without an increase in the fixed asset value, this may be indicative of challenges in spending patterns. This may also indicate that the Municipality is experiencing cash flow problems and therefore unable to spend at appropriate levels on its repairs to existing assets or purchase of new assets thus impacting negatively on service delivery.

Contracted Services

In the 2026/27 financial year, the budget provision amounts to R109 million and equates to 12% of the total operating expenditure.

Transfers and Subsidies

In the 2026/27 financial year, the budget provision amounts to R150 thousand and includes transfers to the local Tourism (R120 000), SPCA (R20 000) and pauper burials (R10 000).

Operational cost

Operational cost comprises of various line items relating to the daily operations of the municipality. The expenditure is R82 million in 2026/27 and equates to 9% of the total operating expenditure.

1.5.1 Priority relating to repairs and maintenance.

The repairs and maintenance expenditure in the 2026/27 financial year is R63 million, compared to 2025/26 (R60 million) an increase of R3 million because of the maintaining of Repairs and maintenance plans.

In relation to the total operating expenditure, repairs and maintenance constitutes 7% for the 2026/27 financial year and 9% for the 2026/27 and 2027/28 financial years, respectively.

1.5.2 Free Basic Services: Indigent Support

The indigent support assists indigent households that have limited financial ability to pay for municipal services. To qualify for free services, the households are required to register in terms of the Municipality's Free basic services Policy, whilst the monthly household income may not exceed two state pensions. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the indigent support of the registered indigent households is financed by national government through the local government equitable share allocation, received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

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

Table 6 (2022/23 Medium-term capital budget per vote)

Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand	1										
Single-year expenditure to be appropriated	2										
Vote 9 - COUNCIL (30: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 10 - MUNICIPAL MANAGER (31: CAPEX)		-	-	-	-	15	15	-	-	-	-
Vote 11 - CORPORATE SERVICES: ADMINISTRN (32: CAPEX)		-	-	-	-	366	366	-	-	-	-
Vote 12 - CORPORATE SERVICES: COMM SERV (33: CAPEX)		-	-	-	10 000	15 170	15 170	10 232	-	-	-
Vote 13 - CORPORATE SERVICES: PROTECTION (34: CAPEX)		-	-	-	-	1 230	1 230	-	-	-	-
Vote 14 - FINANCIAL SERVICES (36: CAPEX)		-	-	-	622	630	630	292	-	-	-
Vote 15 - TECHNICAL SERVICES: ENGINEERING (38: CAPEX)		-	-	-	96 069	91 682	91 682	31 775	50 909	23 347	2 577
Vote 16 - TECHNICAL SERVICES: ELECTRICAL (39: CAPEX)		-	-	-	-	-	-	-	7 039	-	-
Vote 17 - RANDGS BS (62: CAPEX)		-	-	(2 573)	-	-	-	-	-	-	-
Vote 10 - MUNICIPAL MANAGER (31: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: ADMINISTRN (32: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 12 - CORPORATE SERVICES: COMM SERV (33: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 13 - CORPORATE SERVICES: PROTECTION (34: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 14 - FINANCIAL SERVICES (36: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 15 - TECHNICAL SERVICES: ENGINEERING (38: CAPEX)		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	(2 573)	106 691	109 093	109 093	42 299	57 948	23 347	2 577

The total amount of R68million for 2026/27 has been budgeted for the development of infrastructure, which represents 100% of the total capital budget.

CAPITAL PROJECT

CODE DESCRIPTION	AREA DESCRIPTION	FUND	BRANCH DESCRIPTION	2026/2027
UPGRADING AND REFURBISHMENT OF BRIDGES AND CULVERTS II	TECHNICAL SERVICES: ENGINEERING	MIG	PUBL WORKS: STREETS	5 611 893,00
Graaff-Reinet: Rehabilitation of Storm water	TECHNICAL SERVICES: ENGINEERING	MIG	PUBL WORKS: STORMWTR DRAINAGE	2 706 520,00
Ground Water Study and Exploration Drilling for New Wellfield	TECHNICAL SERVICES: ENGINEERING	WSIG	WATER SERVICE	19 554 310,88
UPGRADING OF SEWER INSTALLATION	TECHNICAL SERVICES: ENGINEERING	WSIG	SEWERAGE SERVICE	8 160 588,52
Erasmusklouf Grootrivier water supply	TECHNICAL SERVICES: ENGINEERING	WSIG	WATER SERVICE	7 285 100,60
Upgrading of Streets and Storm Water in Dr. Beyers Naude	TECHNICAL SERVICES: ENGINEERING	MIG	PUBL WORKS: STORMWTR DRAINAGE	15 187 437,00
Office Furniture	TECHNICAL SERVICES: ENGINEERING	MIG	PROJECT MANAGEMENT UNIT	39 150,00
Pre – Engineering	TECHNICAL SERVICES: ENGINEERING	INEP	ELECTRICITY DISTRIBUTION	6 000 000,00
Electrification - Riemvasmaak	TECHNICAL SERVICES: ENGINEERING	INEP	ELECTRICITY DISTRIBUTION	2 095 000,00
				66 640 000,00

1.7 ANNUAL BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2025/26 Budget and MTREF to be considered for approval by Council.

EC101 Dr Beyers Naude - Table A1 Budget Summary

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousands										
Financial Performance										
Property rates	(3 309)	45 518	55 273	54 142	54 142	54 142	56 281	56 282	58 140	60 058
Service charges	218 157	281 294	302 465	325 524	325 525	325 525	247 245	323 843	347 818	373 982
Investment revenue	646	1 102	1 117	1 251	1 251	1 251	872	1 299	1 299	1 299
Transfer and subsidies - Operational	117 261	123 584	134 167	192 368	168 960	164 160	136 255	137 610	140 711	145 668
Other own revenue	29 195	177 223	51 494	45 539	45 539	45 539	33 636	40 315	40 288	40 261
Total Revenue (excluding capital transfers and contributions)	361 950	628 721	544 515	618 824	595 416	590 616	474 288	559 350	588 256	621 268
Employee costs	165 857	185 151	199 502	215 976	216 136	211 336	141 464	222 145	229 476	237 049
Remuneration of councillors	9 416	9 974	10 095	10 727	10 727	10 727	6 520	10 245	10 583	10 932
Depreciation, amortisation and impairment	66 714	65 172	61 592	68 313	68 417	68 417	40 395	70 849	73 158	75 471
Interest, Dividends and Rent on Land	57 371	83 101	104 355	10 572	70 600	70 600	39 388	70 600	72 930	75 264
Inventory consumed and bulk purchases	116 624	138 873	162 868	149 063	149 098	149 098	111 738	156 714	161 815	166 925
Transfers and subsidies	22	120	120	150	150	150	120	140	140	140
Other expenditure	115 844	145 914	310 447	195 977	226 508	226 508	127 837	320 277	262 322	272 034
Total Expenditure	531 847	628 304	848 980	650 777	741 636	736 836	467 463	850 971	810 424	837 814
Surplus/(Deficit)	(169 897)	417	(304 465)	(31 953)	(146 220)	(146 220)	6 826	(291 621)	(222 168)	(216 547)
Transfers and subsidies - capital (monetary allocations)	72 996	63 684	53 487	92 814	66 414	66 414	47 109	67 838	76 293	76 224
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(96 901)	64 101	(250 978)	60 861	(79 806)	(79 806)	53 934	(223 783)	(145 875)	(140 323)
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(96 901)	64 101	(250 978)	60 861	(79 806)	(79 806)	53 934	(223 783)	(145 875)	(140 323)
Capital expenditure & funds sources										
Capital expenditure	-	-	(2 573)	106 691	109 093	109 093	42 299	57 948	23 347	2 577
Transfers recognised - capital	-	-	(2 573)	106 681	107 482	107 482	42 299	57 948	23 347	2 577
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	10	771	771	-	-	-	-
Total sources of capital funds	-	-	(2 573)	106 691	108 253	108 253	42 299	57 948	23 347	2 577
Financial position										
Total current assets	206 304	336 204	477 316	357 693	211 320	211 320	574 847	47 406	(30 527)	(160 327)
Total non current assets	1 016 658	994 781	968 364	1 146 765	1 149 063	1 149 063	1 079 126	1 067 425	1 020 126	949 824
Total current liabilities	644 749	488 598	545 368	488 598	488 598	488 598	620 529	694 030	714 671	654 891
Total non current liabilities	39 328	250 134	438 283	250 134	250 134	250 134	438 283	438 283	438 283	438 283
Community wealth/Equity	(560 489)	(425 920)	(444 931)	(449 203)	(308 536)	(308 536)	(206 301)	17 481	163 355	303 677
Cash flows										
Net cash from (used) operating	119 744	174 655	206 071	127 925	(64 582)	(64 582)	86 289	(39 801)	58 525	75 007
Net cash from (used) investing	(14 429)	10 221	7 242	(106 691)	(122 042)	(122 042)	10 958	(66 640)	(26 849)	(2 963)
Net cash from (used) financing	-	3 515	21 216	-	-	-	15 000	-	-	-
Cash/cash equivalents at the year end	105 315	188 391	234 530	21 235	(186 623)	(186 623)	112 247	(98 945)	(67 269)	4 774
Cash backing/surplus reconciliation										
Cash and investments available	105 315	188 391	234 530	21 235	(186 623)	(186 623)	112 247	(98 945)	(67 269)	4 774
Application of cash and investments	510 925	438 282	404 711	274 408	270 459	270 459	408 639	489 652	577 108	724 693
Balance - surplus (shortfall)	(405 611)	(249 891)	(170 181)	(253 174)	(457 082)	(457 082)	(296 392)	(588 597)	(644 377)	(719 919)
Asset management										
Asset register summary (WDV)	1 023 693	994 794	959 296	1 033 172	1 129 092	1 129 092	-	1 061 367	1 014 068	943 766
Depreciation	66 714	65 172	59 325	68 313	68 417	68 417	-	68 417	70 646	72 879
Renewal and Upgrading of Existing Assets	-	(1 617)	-	29 578	48 656	48 656	-	22 690	23 347	2 577
Repairs and Maintenance	21 456	37 337	53 863	56 984	38 046	38 046	-	18 714	18 888	18 453
Free services										
Cost of Free Basic Services provided	(34 668)	(44 209)	(24 741)	-	-	-	-	-	(82)	(85)
Revenue cost of free services provided	(3 309)	(3 676)	(5 301)	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

EC101 Dr Beyers Naude - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue - Functional										
Governance and administration		154 339	167 275	187 233	191 465	195 578	195 578	198 895	204 474	210 549
Executive and council		10	14	203	170	170	170	103	103	103
Finance and administration		154 329	167 261	187 030	191 296	195 408	195 408	198 793	204 371	210 446
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		6 929	4 734	6 242	60 530	28 209	28 209	3 189	3 189	3 189
Community and social services		2 457	2 495	3 301	3 254	3 254	3 254	154	154	154
Sport and recreation		68	63	11	65	65	65	8	8	8
Public safety		4 405	2 176	2 751	4 481	3 991	3 991	3 028	3 028	3 028
Housing		-	-	178	52 730	20 898	20 898	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		38 246	28 033	55 027	50 118	53 718	53 718	32 804	33 827	34 654
Planning and development		4 000	2 868	2 996	2 054	2 054	2 054	2 795	199	199
Road transport		34 246	25 165	49 699	45 732	49 332	49 332	30 009	33 628	34 454
Environmental protection		-	-	2 332	2 332	2 332	2 332	-	-	-
Trading services		291 679	501 345	356 950	409 467	384 267	379 467	392 299	423 058	449 100
Energy sources		117 736	283 427	160 794	149 636	149 637	149 637	187 077	210 474	229 068
Water management		96 525	116 232	90 774	121 226	91 226	91 226	94 441	98 151	101 826
Waste water management		42 954	65 217	68 318	87 622	92 422	87 622	71 514	73 871	76 306
Waste management		34 463	36 469	37 063	50 982	50 982	50 982	39 266	40 562	41 900
Other	4	334	37	8	58	58	58	-	-	-
Total Revenue - Functional	2	491 526	701 423	605 460	711 638	661 830	657 030	627 188	664 549	697 492
Expenditure - Functional										
Governance and administration		182 248	230 104	259 944	171 489	241 335	241 335	242 815	236 644	243 810
Executive and council		33 397	34 112	34 897	34 951	39 240	39 240	30 345	26 453	27 279
Finance and administration		147 682	194 655	223 066	134 677	200 234	200 234	210 279	207 935	214 210
Internal audit		1 168	1 337	1 981	1 861	1 861	1 861	2 192	2 255	2 321
Community and public safety		37 926	32 883	50 695	46 717	51 960	51 960	58 295	53 182	55 045
Community and social services		4 980	5 219	5 721	9 272	8 634	8 634	6 302	6 339	6 494
Sport and recreation		20 865	16 071	18 910	23 988	29 714	29 714	23 656	17 424	17 959
Public safety		9 214	9 834	24 719	9 962	10 072	10 072	26 821	27 922	29 072
Housing		141	157	184	274	274	274	-	-	-
Health		2 726	1 602	1 160	3 220	3 265	3 265	1 515	1 497	1 520
Economic and environmental services		52 332	47 807	61 448	69 450	68 133	68 133	64 741	65 418	67 381
Planning and development		24 623	20 227	21 938	23 023	23 106	23 106	25 266	24 822	25 597
Road transport		27 708	27 580	37 617	46 426	45 026	45 026	39 475	40 596	41 784
Environmental protection		-	-	1 894	-	-	-	-	-	-
Trading services		342 395	424 836	473 025	360 580	372 888	368 088	478 473	453 797	470 160
Energy sources		137 246	162 926	189 002	183 765	185 813	185 813	194 074	185 895	190 892
Water management		91 943	105 319	105 017	71 139	73 383	73 383	112 964	99 606	103 779
Waste water management		64 150	103 283	121 212	75 238	77 972	73 172	111 981	113 662	118 694
Waste management		49 056	53 308	57 793	30 438	35 720	35 720	59 454	54 634	56 796
Other	4	2 222	3 373	4 032	2 541	7 321	7 321	6 647	1 384	1 418
Total Expenditure - Functional	3	617 122	739 003	849 144	650 777	741 636	736 836	850 971	810 424	837 814
Surplus/(Deficit) for the year		(125 596)	(37 580)	(243 684)	60 861	(79 806)	(79 806)	(223 783)	(145 875)	(140 323)

EC101 Dr Beyers Naude - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	117 665	147 725	158 646	148 720	148 720	148 720	125 283	173 965	192 995	214 051
Service charges - Water	2	40 609	51 742	56 603	59 021	59 021	59 021	48 256	57 299	59 189	61 142
Service charges - Waste Water Management	2	33 259	52 130	55 964	74 283	74 283	74 283	47 503	59 924	61 901	63 943
Service charges - Waste Management	2	26 624	29 697	31 252	43 501	43 501	43 501	26 202	32 656	33 733	34 846
Sale of Goods and Rendering of Services	2	1 133	905	1 002	2 252	2 252	2 252	522	637	637	637
Agency services	2	1 857	1 903	1 969	6 109	6 109	6 109	1 069	2 409	2 409	2 409
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	8 533	14 563	20 128	13 843	13 843	13 843	18 381	24 256	24 256	24 256
Interest earned from Current and Non Current Assets	2	646	1 102	1 117	1 251	1 251	1 251	872	1 299	1 299	1 299
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	2 217	970	758	2 224	2 224	2 224	1 278	1 595	1 595	1 595
Licence and permits	2	895	868	1 052	1 009	1 009	1 009	1 089	1 534	1 534	1 534
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	7 971	20 208	(422)	8 844	8 844	8 844	4 313	1 508	1 378	1 247
Non-Exchange Revenue											
Property rates	2	(3 309)	45 518	55 273	54 142	54 142	54 142	56 281	56 282	58 140	60 058
Surcharges and Taxes	2	3 689	1 348	1 287	4 346	4 346	4 346	861	1 141	1 141	1 141
Fines, penalties and forfeits	2	534	1 311	21 623	4 129	4 129	4 129	3 128	2 532	2 615	2 698
Licences or permits	2	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	2	117 261	123 584	134 167	192 368	168 960	164 160	136 255	137 610	140 711	145 668
Interest	2	2 366	1 907	3 481	2 784	2 784	2 784	2 996	4 089	4 089	4 089
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	133 241	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	-	-	614	-	-	-	-	614	635	655
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribution)		361 950	628 721	544 515	618 824	595 416	590 616	474 288	559 350	588 256	621 268
Expenditure											
Employee related costs	2	165 857	185 151	199 502	215 976	216 136	211 336	141 464	222 145	229 476	237 049
Remuneration of councillors	2	9 416	9 974	10 095	10 727	10 727	10 727	6 520	10 245	10 583	10 932
Bulk purchases - electricity	2	112 711	134 569	156 478	143 076	143 076	143 076	109 929	153 821	158 897	163 982
Inventory consumed	2,8	3 913	4 304	6 390	5 987	6 022	6 022	1 809	2 893	2 918	2 943
Debt impairment	2,3	-	417	26 802	4 552	4 552	4 552	-	28 142	29 549	31 027
Depreciation, amortisation and impairment	2	66 714	65 172	61 592	68 313	68 417	68 417	40 395	70 849	73 158	75 471
Interest, Dividends and Rent on Land	2	57 371	83 101	104 355	10 572	70 600	70 600	39 388	70 600	72 930	75 264
Contracted services	2	28 802	62 039	54 414	33 835	74 541	74 541	29 232	56 273	13 124	12 255
Transfers and subsidies	2	22	120	120	150	150	150	120	140	140	140
Irrecoverable debts written off	2	-	-	106 175	5 051	-	-	-	111 483	117 058	122 910
Operational costs	2	87 041	83 458	123 056	152 539	147 415	147 415	98 605	124 379	102 591	105 842
Disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Losses	2	-	-	-	-	-	-	-	-	-	-
Total Expenditure		531 847	628 304	848 980	650 777	741 636	736 836	467 463	850 971	810 424	837 814
Surplus/(Deficit)		(169 897)	417	(304 465)	(31 953)	(146 220)	(146 220)	6 826	(291 621)	(222 168)	(216 547)
Transfers and subsidies - capital (monetary allocations)	6	72 996	63 684	53 487	92 814	66 414	66 414	47 109	67 838	76 293	76 224
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(96 901)	64 101	(250 978)	60 861	(79 806)	(79 806)	53 934	(223 783)	(145 875)	(140 323)
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(96 901)	64 101	(250 978)	60 861	(79 806)	(79 806)	53 934	(223 783)	(145 875)	(140 323)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(96 901)	64 101	(250 978)	60 861	(79 806)	(79 806)	53 934	(223 783)	(145 875)	(140 323)
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany /Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(96 901)	64 101	(250 978)	60 861	(79 806)	(79 806)	53 934	(223 783)	(145 875)	(140 323)

Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand											
Single-year expenditure to be appropriated	2										
Vote 9 - COUNCIL (30: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 10 - MUNICIPAL MANAGER (31: CAPEX)		-	-	-	-	15	15	-	-	-	-
Vote 11 - CORPORATE SERVICES: ADMINISTRN (32: CAPEX)		-	-	-	-	366	366	-	-	-	-
Vote 12 - CORPORATE SERVICES: COMM SERV (33: CAPEX)		-	-	-	10 000	15 170	15 170	10 232	-	-	-
Vote 13 - CORPORATE SERVICES: PROTECTION (34: CAPEX)		-	-	-	-	1 230	1 230	-	-	-	-
Vote 14 - FINANCIAL SERVICES (36: CAPEX)		-	-	-	622	630	630	292	-	-	-
Vote 15 - TECHNICAL SERVICES: ENGINEERING (38: CAPEX)		-	-	-	96 069	91 682	91 682	31 775	50 909	23 347	2 577
Vote 16 - TECHNICAL SERVICES: ELECTRICAL (39: CAPEX)		-	-	-	-	-	-	-	7 039	-	-
Vote 17 - RANDGS BS (62: CAPEX)		-	-	(2 573)	-	-	-	-	-	-	-
Vote 10 - MUNICIPAL MANAGER (31: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES: ADMINISTRN (32: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 12 - CORPORATE SERVICES: COMM SERV (33: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 13 - CORPORATE SERVICES: PROTECTION (34: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 14 - FINANCIAL SERVICES (36: CAPEX)		-	-	-	-	-	-	-	-	-	-
Vote 15 - TECHNICAL SERVICES: ENGINEERING (38: CAPEX)		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	(2 573)	106 691	109 093	109 093	42 299	57 948	23 347	2 577
Capital Expenditure - Functional											
Governance and administration		-	-	-	622	911	911	292	-	-	-
Executive and council		-	-	-	-	15	15	-	-	-	-
Finance and administration		-	-	-	622	896	896	292	-	-	-
Community and public safety		-	-	-	34 985	35 095	35 095	17 427	-	-	-
Community and social services		-	-	-	-	20 980	20 980	11 659	-	-	-
Sport and recreation		-	-	-	10 000	10 000	10 000	5 733	-	-	-
Public safety		-	-	-	-	1 230	1 230	-	-	-	-
Housing		-	-	-	24 985	2 885	2 885	35	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	31 775	35 375	35 375	2 772	4 914	-	-
Planning and development		-	-	-	27 775	27 775	27 775	132	34	-	-
Road transport		-	-	-	4 000	7 600	7 600	2 639	4 880	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	(2 573)	39 308	37 711	37 711	21 808	53 034	23 347	2 577
Energy sources		-	-	-	-	-	-	-	7 039	-	-
Water management		-	-	-	68	68	68	53	23 339	-	-
Waste water management		-	-	-	39 240	32 473	32 473	17 256	22 656	23 347	2 577
Waste management		-	-	(2 573)	-	5 170	5 170	4 500	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	(2 573)	106 691	109 093	109 093	42 299	57 948	23 347	2 577
Funded by:											
National Government		-	-	(2 573)	73 449	92 751	92 751	41 868	57 948	23 347	2 577
Provincial Government		-	-	-	33 231	14 731	14 731	431	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	(2 573)	106 681	107 482	107 482	42 299	57 948	23 347	2 577
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	10	771	771	-	-	-	-
Total Capital Funding	7	-	-	(2 573)	106 691	108 253	108 253	42 299	57 948	23 347	2 577

EC101 Dr Beyers Naude - Table A6 Budgeted Financial Position

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
ASSETS											
Current assets											
Cash and cash equivalents	1	12 205	9 365	27 808	18 939	(129 077)	(129 077)	32 570	(73 975)	(55 476)	(2 568)
Short term Investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	3	189 236	277 639	383 269	288 415	288 415	288 415	438 134	52 949	(40 812)	(179 114)
Receivables from non-ex change transactions	3	(622)	38 671	54 508	39 811	41 454	41 454	70 223	30 393	18 597	(26 209)
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-	-	-
Inventory	5	4 955	9 855	11 060	9 855	9 855	9 855	13 424	11 060	11 060	11 060
VAT Receivable	6	-	-	-	-	-	-	-	26 308	35 433	35 832
Other current assets	7	529	674	672	674	674	674	20 496	672	672	672
Total current assets		206 304	336 204	477 316	357 693	211 320	211 320	574 847	47 406	(30 527)	(160 327)
Non current assets											
Investments	8	-	-	-	-	-	-	-	-	-	-
Investment property	9	27 659	24 841	24 262	26 041	26 041	26 041	24 525	25 527	25 527	25 527
Property, plant and equipment	10	985 452	963 243	943 107	1 109 626	1 111 924	1 111 924	1 042 574	1 030 801	983 501	913 199
Biological assets	11	-	-	-	-	-	-	-	-	-	-
Living resources	12	-	-	-	-	-	-	-	-	-	-
Heritage assets	13	11 098	11 098	11 098	11 098	11 098	11 098	11 098	11 098	11 098	11 098
Intangible assets	14	0	0	0	0	0	0	0	0	0	0
Trade and other receivables from exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-ex change transactions	15	(1 576)	-	-	-	-	-	-	-	-	-
Other non-current assets	16	(5 974)	(4 402)	(10 103)	-	-	-	930	-	-	-
Total non current assets		1 016 658	994 781	968 364	1 146 765	1 149 063	1 149 063	1 079 126	1 067 425	1 020 126	949 824
TOTAL ASSETS		1 222 962	1 330 984	1 445 680	1 504 458	1 360 383	1 360 383	1 653 973	1 114 831	989 599	789 497
LIABILITIES											
Current liabilities											
Bank overdraft	17	-	-	-	-	-	-	-	-	-	-
Financial liabilities	18	-	-	-	-	-	-	-	-	-	-
Consumer deposits	19	3 905	2 752	5 881	2 752	2 752	2 752	8 885	5 881	5 881	5 881
Trade and other payables from exchange transactions	20	632 054	469 665	512 186	470 034	470 034	470 034	576 198	567 998	531 360	515 536
Trade and other payables from non-ex change transaction	21	-	6 410	15 876	6 410	6 410	6 410	26 142	15 876	73 165	28 800
Provision	22	8 791	9 771	11 426	9 402	9 402	9 402	9 304	9 963	9 963	9 963
VAT Payable	23	-	-	-	-	-	-	-	36 394	36 394	36 794
Other current liabilities	24	-	-	-	-	-	-	-	57 918	57 918	57 918
Total current liabilities		644 749	488 598	545 368	488 598	488 598	488 598	620 529	694 030	714 671	654 891
Non current liabilities											
Financial liabilities	25	10 969	1 049	-	1 049	1 049	1 049	-	-	-	-
Provision	26	28 359	34 214	40 004	34 214	34 214	34 214	40 004	40 004	40 004	40 004
Long term portion of trade payables	27	-	214 871	398 279	214 871	214 871	214 871	398 279	398 279	398 279	398 279
Other non-current liabilities	28	-	-	-	-	-	-	-	-	-	-
Total non current liabilities		39 328	250 134	438 283	250 134	250 134	250 134	438 283	438 283	438 283	438 283
TOTAL LIABILITIES		684 078	738 732	983 651	738 732	738 732	738 732	1 058 811	1 132 313	1 152 954	1 093 174
NET ASSETS		538 884	592 252	462 029	765 726	621 651	621 651	595 161	(17 481)	(163 356)	(303 678)
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	(573 530)	(438 962)	(447 465)	(462 245)	(321 578)	(321 578)	(206 301)	17 481	163 355	303 677
Reserves and funds	30	13 042	13 042	2 533	13 042	13 042	13 042	-	-	-	-
Other	31	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	32	(560 489)	(425 920)	(444 931)	(449 203)	(308 536)	(308 536)	(206 301)	17 481	163 355	303 677

EC101 Dr Beyers Naude - Table A7 Budgeted Cash Flows

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		20 090	30 398	43 709	59 633	59 633	59 633	40 230	58 232	60 154	62 139
Service charges		133 234	45 852	64 276	356 706	348 114	348 114	20 720	373 432	400 957	431 017
Other revenue		19 736	35 292	24 477	30 549	38 179	38 179	120 698	10 404	10 322	10 241
Transfers and Subsidies - Operational	1	102 998	304 001	302 846	159 414	136 005	136 005	132 570	105 720	106 132	109 507
Transfers and Subsidies - Capital	1	104 449	49 090	79 369	92 814	66 414	66 414	61 294	66 640	76 293	76 224
Interest		-	-	-	-	-	-	316	31 071	31 071	31 071
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(260 764)	(289 977)	(308 606)	(571 192)	(712 927)	(712 927)	(289 539)	(685 300)	(626 404)	(645 192)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		119 744	174 655	206 071	127 925	(64 582)	(64 582)	86 289	(39 801)	58 525	75 007
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(14 429)	10 221	7 242	(106 691)	(122 042)	(122 042)	10 958	(66 640)	(26 849)	(2 963)
Retention (Capital)		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(14 429)	10 221	7 242	(106 691)	(122 042)	(122 042)	10 958	(66 640)	(26 849)	(2 963)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	3 515	21 216	-	-	-	15 000	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	3 515	21 216	-	-	-	15 000	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		105 315	188 391	234 530	21 235	(186 623)	(186 623)	112 247	(106 441)	31 676	72 043
Cash/cash equivalents at the year begin:	2	-	-	-	-	-	-	-	7 496	(98 945)	(67 269)
Cash/cash equivalents at the year end:	2	105 315	188 391	234 530	21 235	(186 623)	(186 623)	112 247	(98 945)	(67 269)	4 774

EC101 Dr Beyers Naude - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Cash and investments available											
Cash/cash equivalents at the year end	1	105 315	188 391	234 530	21 235	(186 623)	(186 623)	112 247	(98 945)	(67 269)	4 774
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		105 315	188 391	234 530	21 235	(186 623)	(186 623)	112 247	(98 945)	(67 269)	4 774
Application of cash and investments											
Unspent conditional transfers		-	6 410	15 876	6 410	6 410	6 410	26 142	15 876	15 876	15 876
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	(29 876)	(39 127)	(64 691)	(35 719)	(39 127)	(39 127)	(61 252)	(9 689)	(5 277)	(49 626)
Other working capital requirements	3	516 380	446 129	437 680	279 217	278 675	278 675	432 558	473 502	556 546	748 480
Other provisions		11 380	11 828	13 314	11 459	11 459	11 459	11 192	9 963	9 963	9 963
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	13 042	13 042	2 533	13 042	13 042	13 042	-	-	-	-
Total Application of cash and investments:		510 925	438 282	404 711	274 408	270 459	270 459	408 639	489 652	577 108	724 693
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		(405 611)	(249 891)	(170 181)	(253 174)	(457 082)	(457 082)	(296 392)	(588 597)	(644 377)	(719 919)
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		(405 611)	(249 891)	(170 181)	(253 174)	(457 082)	(457 082)	(296 392)	(588 597)	(644 377)	(719 919)

EC101 Dr Beyers Naude - Table A10 Basic service delivery measurement

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Informal Settlements		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		(5 364)	(16 849)	(4 128)	-	-	-	-	(17)	(18)
Sanitation (free sanitation service to indigent households)		(9 684)	(11 948)	(10 087)	-	-	-	-	(60)	(62)
Electricity/other energy (50kwh per indigent household per month)		(11 781)	(8 641)	(4 715)	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		(7 839)	(6 772)	(5 811)	-	-	-	-	(6)	(6)
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided	8	(34 668)	(44 209)	(24 741)	-	-	-	-	(82)	(85)
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		(3 309)	(3 676)	(5 301)	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6									
Total revenue cost of subsidised services provided		(3 309)	(3 676)	(5 301)	-	-	-	-	-	-

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget process usually starts in September after the approval of a timetable to guide the preparation of the 2026/27 to 2028/29 Operating and Capital Budgets.

The timetable provides broad time limits for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments, business, and labour, during April/May 2026. The main aim of the timetable was to ensure that an IDP and a balanced Budget are tabled in May 2026.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned.

The draft budget is to be considered by the Budget Steering Committee under the direction of the mayor. The Budget Steering Committee consist of the Mayor, the Chairperson of the Budget and Treasury Standing Committee, the Municipal Manager, and senior officials. The primary aims of the Committee are to ensure that:

- The budget compilation process complies with legislation.
- There is proper alignment between the service delivery priorities as set out in the municipality's IDP and the Budget, considering the need to maintain the financial sustainability of the Municipality.
- The Municipality's revenue and tariff determination strategies generate sufficient cash resources to deliver services; and
- The various spending priorities of the different municipal directorates are rigorously evaluated and prioritised in the allocation of resources.

IDP & Budget Timetable 2025/26

The preparation of the 2026/27 IDP and Budget were guided by the following schedule of key deadlines as approved by to be approved by Council.

Activity	Date
IDP/Budget Schedule approved by Council	August 2025
Tabling of draft IDP and Budget in Council	March 2026
Public Participation	April to May 2026
Final adoption of IDP and Budget by Council	May 2026

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Municipal Systems Act, was guided and informed by the following principles:

- Achievement of the five strategic priorities of the municipality.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2026/27 Operating and Capital Budgets were prepared in accordance with the IDP.

The key strategic focus areas of the IDP are as follows:

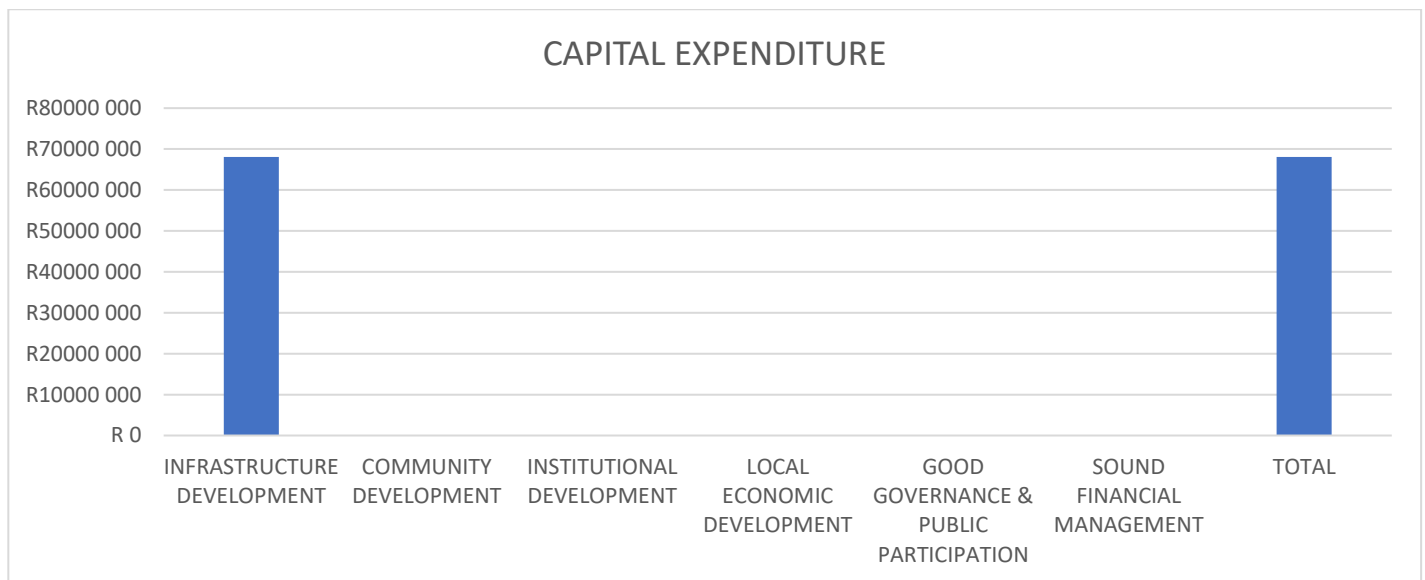
- Municipal transformation and development
- Service delivery and infrastructure development.
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The budget consultation process will take the form of a series of meetings to be held throughout the municipal area with the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings will be referred to the relevant Directorates for their attention.

Below is a table, which illustrates the link between the Budget and the IDP.

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

					BACK TO BASICS		
	INFRASTRUCTURE DEVELOPMENT	COMMUNITY DEVELOPMENT	INSTITUTIONAL DEVELOPMENT	LOCAL ECONOMIC DEVELOPMENT	GOOD GOVERNANCE & PUBLIC PARTICIPATION	SOUND FINANCIAL MANAGEMENT	TOTAL
CAPITAL EXPENDITURE	R68 063 850	R0	R39 150	R0	R0	R0	R68 103 000



2.3 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis. All budget related policies have been reviewed and/or developed. Policies will be workshopped extensively with Council and Top Management and will further be workshopped with all relevant stakeholders.

The following policies are now in place:

- | | | |
|--|---|------------------------------|
| • Credit control and debt collection | - | workshopped, to be reviewed. |
| • Tariff policy | - | workshopped, to be reviewed. |
| • Supply Chain policy | - | workshopped, to be reviewed. |
| • SCM Infrastructure Procurement | - | workshopped, to be reviewed. |
| • Asset management policy | - | workshopped, to be reviewed. |
| • Subsistence and Travel policy | - | workshopped, to be reviewed. |
| • Cash management, banking & investment policy | - | workshopped, to be reviewed. |
| • Budget policy | - | workshopped, to be reviewed. |
| • Virement policy | - | workshopped, to be reviewed. |
| • Funding and reserve policy | - | workshopped, to be reviewed. |
| • Borrowing policy | - | workshopped, to be reviewed. |
| • Rates policy | - | workshopped, to be reviewed. |
| • Indigent support policy | - | workshopped, to be reviewed. |
| • Cost containment policy | - | workshopped, to be reviewed. |
| • Long term financial planning policy | - | workshopped, to be reviewed. |
| • Community Improvement Policy | - | workshopped, to be reviewed. |

The following by-laws were developed and will be promulgated once all legislative processes have been concluded:

- Tariff by-law.
- Credit control and debt collection by-law.
- Rates by-law.
- Community Improvement by-law.

2.4 OVERVIEW OF BUDGET ASSUMPTIONS

The municipal fiscal environment is influenced by a variety of macro-economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to consider the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- Raising of loan funding should be considered to address critical needs.

- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.
- Restructuring of major trade creditors over long term periods to ensure financial sustainability and a funded budget.
- Restructuring of tariffs to uniform tariffs and ensuring baseline tariff as per cost of supply study.
- Negative impact of load shedding on service delivery.

The Municipality faced the following significant challenges in preparing the 2026/27 – 2028/29. Budget:

- Fully implementing cost containment measures.
- Maintaining revenue collection rates at the targeted levels.
- Maintaining electricity and water losses at acceptable levels.
- Dealing with an unfunded budget of the past and measures to address this in the future.
- Different tariff structures in the different towns and converting this to uniform tariffs.
- Creditors inherited from former municipalities which is still placing financial strain on the cash flow and hence the restructuring of creditors over long term period.
- Introducing cost reflective tariffs
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure.
- Maintaining an acceptable cost coverage ratio.
- Impact of loadshedding on service delivery.
- Introduction of ring-fencing of municipal services.

The multi-year budget is therefore underpinned by the following assumptions:

	2024/25	2024/25	2024/25
Income	%	%	%
Tariff Increases for water	3.7	3.3	3.2
Tariff Increases for sanitation	3.7	3.3	3.2
Tariff Increases for refuse	3.7	3.3	3.2
Property rates increase	3.7	3.3	3.2
Electricity tariff increase (on average)	14	10.95	10.92
Revenue collection rates	70	70	70
Expenditure increases allowed			
Salary increases	4.75	4.3	4.2
Increase in bulk purchase of electricity costs	9	9	9

2.5 OVERVIEW OF BUDGET FUNDING

2.5.1 Medium-term outlook: operating revenue

The following table provides a breakdown of operating revenue over the medium-term:

Table 7 (Breakdown of the operating revenue over the medium-term)

EC101 Dr Beyers Naude - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Expenditure											
Employee related costs	2	165 857	185 151	199 502	215 976	216 136	211 336	141 464	222 145	229 476	237 049
Remuneration of councillors	2	9 416	9 974	10 095	10 727	10 727	10 727	6 520	10 245	10 583	10 932
Bulk purchases - electricity	2	112 711	134 569	156 478	143 076	143 076	143 076	109 929	153 821	158 897	163 982
Inventory consumed	2,8	3 913	4 304	6 390	5 987	6 022	6 022	1 809	2 893	2 918	2 943
Debt impairment	2,3	-	417	26 802	4 552	4 552	4 552	-	28 142	29 549	31 027
Depreciation, amortisation and impairment	2	66 714	65 172	61 592	68 313	68 417	68 417	40 395	70 849	73 158	75 471
Interest, Dividends and Rent on Land	2	57 371	83 101	104 355	10 572	70 600	70 600	39 388	70 600	72 930	75 264
Contracted services	2	28 802	62 039	54 414	33 835	74 541	74 541	29 232	56 273	13 124	12 255
Transfers and subsidies	2	22	120	120	150	150	150	120	140	140	140
Irrecoverable debts written off	2	-	-	106 175	5 051	-	-	-	111 483	117 058	122 910
Operational costs	2	87 041	83 458	123 056	152 539	147 415	147 415	98 605	124 379	102 591	105 842
Disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Losses	2	-	-	-	-	-	-	-	-	-	-
Total Expenditure		531 847	628 304	848 980	650 777	741 636	736 836	467 463	850 971	810 424	837 814

2.5.2 Medium-term outlook: capital revenue

The following table provides a breakdown of the funding components of the 2025/26 medium-term capital programme:

Table 8 (Sources of capital revenue over the MTREF)

Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Funded by:											
National Government		-	-	(2 573)	73 449	92 751	92 751	41 868	57 948	23 347	2 577
Provincial Government		-	-	-	33 231	14 731	14 731	431	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	(2 573)	106 681	107 482	107 482	42 299	57 948	23 347	2 577
Borrowing											
Internally generated funds	6	-	-	-	10	771	771	-	-	-	-
Total Capital Funding	7	-	-	(2 573)	106 691	108 253	108 253	42 299	57 948	23 347	2 577

2.5.3 Medium-term outlook: Borrowing

The municipality should consider raising loans for capital items required from own funds as well as buying vehicles instead of leasing.

2.5.4 Medium-term outlook: Working towards a funded budget.

The municipality did not manage to table a funded budget. The unfunded budget is based on the following:

- Restructuring of debt owed to major creditors over long term period.
- Implementing cost reflective tariffs – phase 3 – Introduction and implementation of secondary tariffs

The municipality has addressed the following issues to ensure a positive move towards becoming financially sustainable:

- Replacing the faulty meters within all areas thus limiting losses and increasing revenue
- Standardising tariffs in all areas
- Calculating cost reflective tariffs and implementation thereof over 3 years
- Implementing a new valuation roll for Dr Beyers Naude with effect 1 July 2024
- Continuing to implement cost containment measures.

2.6 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality will be making the following allocations:

- SPCA - R20 000
- Pauper burials - R10 000
- Tourism - R120 000

2.7 COUNCILLORS AND EMPLOYEE BENEFITS

DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS

The following tables set out the allowances and employee benefits budgeted for the 2026/27 budget year:

The municipality has twenty-four (24) councillors, consisting of one fulltime Mayor, four EXCO Members also chairpersons of sec. 79 committees and one MPAC chairperson of which the allowances are set out in table below.

Grade	Councillor(s)	Number	Salary p/p	Allowance	Total Remuneration
3	Mayor (full-time)	1	920 379	47 004	967 383
	Speaker (Full-time)	1	736304	47 004	783 308
	Exco Members (part time)	4	385 097	188 016	1 728 404
	S79 Committee Chairperson (part-time)	1	373 791	47 004	420 795
	Part-time Councillors	17	291 266	795 264	5 750 590
	TOTAL	24		1 124 292	8 552 384

Senior Managers

Grade	Position	Number	Salary p/p	Allowance	Total
3	Municipal Manager	1	1 449 660	155 536	1 605 196
	Director Finance	1	1 184 979	136 633	1 321 612
	Director Corporate Services	1	1 187 717	134 666	1 322 383
	Acting Director Community Services	1			1 068 686
	Director Engineering and Planning	1	1 184 979	136 559	1 321 538
	TOTAL	5		1 124 292	6 639 416

2.8 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS –DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitute a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Mayor is required to approve the SDBIP within 28 days after the approval of the budget. Furthermore, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the Directors, the Executive Mayor/Council to monitor the performance of the Municipal Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2026/27 financial year will be approved by the Mayor during June 2026, following the approval of the Budget.

2.9 LEGISLATION COMPLIANCE STATUS

The following reflects the status of implementation of some of the key MFMA areas:

IDP

A draft revised 2026/27 IDP has been developed, which will be considered at a Council meeting to be held in May 2026. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP.

Budget

The draft annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. Budgets are being tabled and approved within the required legislated time limits.

Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2024/25 Annual Report was tabled on 29th January 2026.

Oversight Report

The Municipal Public Accounts Committee has considered the 2024/25 Annual report. Its Oversight Report will be considered and approved at a Council meeting to be held in April 2026.

In-Year Reporting

The municipality submits the various reports required to the Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

All the required committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office have been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

Audit Committee

An Audit Committee has been established and meets on a quarterly basis.

Internal Audit Function

The Municipality's Internal Audit Function is performed in-house and reports to the Municipal Manager and is operating in accordance with an audit plan.

In relation to the 2026/27 financial year and beyond, the municipality plans to focus on the following high priority areas:

- Working towards an unqualified audit status.

Internship Programme

The municipality has appointed five interns.

Municipal Standard Chart of Accounts (mSCOA)

The municipality has made significant progress on compliance. Data strings are uploaded monthly, and a "green" status has been maintained. All legislative required information has been submitted. The municipality is continuously working on reaching full compliance. The budget schedules are generated from the financial system.

2.10 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Quality Certificate

I, EDWARD MARTIN RANKWANA, Municipal Manager of Dr Beyers Naude Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name : EDWARD MARTIN RANKWANA

MUNICIPAL MANAGER OF DR BEYERS NAUDE MUNICIPALITY (EC101)



Signature : _____

Date : 25 March 2026_____