



## **NOTICE OF APPROVED ANNUAL BUDGET AND INTEGRATED DEVELOPMENT PLAN FOR 2025/26**

Notice is here-by given that the Dr Beyers Naude Municipal Council has in terms of section 24 of the Municipal Finance Management Act, no 56 of 2003, approved its Integrated Development Plan (IDP), Annual Operational and Capital Budget **on the 29<sup>th</sup> of May 2025**. As required in terms of section 17 of the Municipal Finance Management Act, the Budget, Integrated Development Plan and Supporting Documents were tabled and advertised for representations / submissions by the local community, Provincial and National Treasury **in April and May 2025**. Copies of the approved 2025/2026 Annual Budget, Detailed tariff listing, Integrated Development Plan and supporting documents are available at the administrative units and public libraries in Graaff Reinet, Aberdeen, Nieu-Bethesda, Willowmore, Steytleville, Rietbron, Jansenville and Klipplaat, as well as the municipal website at [www.bnlnm.gov.za](http://www.bnlnm.gov.za)

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.

In view of the budget, the following table represents an overview of the 2025/26 Medium-term Revenue and Expenditure Framework:

**Table 1 (Overview of the 2025/26 MTREF)**

	<b>Current Year</b>	<b>2024/25 Medium Term Revenue and Expenditure</b>		
	Adjusted Budget 2024/25 R	Budget Year 2025/26 R	Budget Year +1 2026/27 R	Budget Year +2 2027/28 R
Total Revenue	-621 305 121,57	-718 501 527,71	-740 930 591,99	-735 230 425,22
Total Expenditure	642 320 924,34	653 159 685,36	682 721 151,29	714 126 324,25
(Surplus)/Deficit	21 015 802,77	-65 341 842,35	-58 209 440,70	-21 104 100,97
Capital Expenditure	67 328 826,86	112 867 058,09	118 058 942,76	123 489 654,13

The municipality is showing an operational surplus, however the budget remains unfunded, when we consider the current outstanding debtors' and creditors' balances. As it stands, agreements have been entered into with some creditors, but the full Eskom balance remains payable immediately, until such a time as 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 and 130. The municipality has included these reporting requirements in the monthly s71 and quarterly s52 reports.

There is a general increase in revenue, as result of tariff increases and continued implementation of cost reflective tariffs. The revenue is also affected negatively by the impact of the ongoing drought and loadshedding which cuts across all services as most depend on electricity.



Total operating revenue has increased by 16% or R97 million for the 2025/26 financial year, compared to the 2024/25 Adjustments Budget. This increase in revenue is due to increased 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. A lot of work has been performed, and the project is expected to continue into the 2025/26 financial year.

For the two outer years, operational revenue increases by 3% and 0% respectively.

Total operating expenditure for the 2025/26 financial year amounts to R653 million, resulting in a budgeted operating surplus of R65 million. Compared to the 2024/25 Adjustments Budget, operational expenditure increased by R11 million (2%). 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% respectively. The 2026/27 and 2027/28 budgets reflect operating surpluses of R58 million and R21 million respectively.

The major operating expenditure items for 2025/26 are remuneration (council and employees) (35%), bulk electricity purchases (22%), interest paid (2%) depreciation (10%), Repairs and Maintenance (8%), Contracted services (8%) and other expenditure (15%).

Funding for the 2025/26 Operating Budget is funded from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection (45%), property rates (8%), grants and subsidies received from National and Provincial Governments (41%).

To fund the 2025/26 Operating Budget, the following increases in property rates and service charges will be affected with effect from 1 July 2025:

Property rates:	Increase with 1%
Water:	Increase with 4.6%
Refuse:	Increase with 4.6%
Sewerage:	Increase with 4.6%
Sanitation:	Increase with 4.6%
Electricity:	Electricity tariff will increase with 14.3%. 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 4.6% by National Treasury.

The original capital budget of R112 million for 2025/26 is R45 million or 68% higher than the 2024/25 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 2025/26 will amount to R112 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 were 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.

Linkage between the annual budget and IDP is illustrated in the following table:

					BACK TO BASICS		
	INFRASTRUCTURE DEVELOPMENT	COMMUNITY DEVELOPMENT	INSTITUTIONAL DEVELOPMENT	LOCAL ECONOMIC DEVELOPMENT	GOOD GOVERNANCE & PUBLIC PARTICIPATION	SOUND FINANCIAL MANAGEMENT	TOTAL
CAPITAL EXPENDITURE	R68 761 364	R43 231 394	R244 300	R0	R0	R630 000	R112 867 058

Residents are urged to pay their municipal accounts monthly as this enables the municipality to sustain and improve the level of municipal services delivered to the community. The indigent support (FBS) is also available to assists indigent households that have limited financial ability to pay for municipal services. Please visit our municipal offices for applications.

**Dr EM RANKWANA**  
**MUNICIPAL MANAGER**

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