

**SENQU**

**MUNICIPALITY**

**MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK**

**2026/2027 TO 2028/2029**



**SENQU**  
MUNICIPALITY

**ANNUAL BUDGET OF**  
**SENQU**  
**MUNICIPALITY**

**2026/27 TO 2028/29**  
**MEDIUM TERM REVENUE AND**  
**EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

MM	Municipal Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
FBS	Free basic services	MTREF	Medium-term Revenue and Expenditure Framework
GDP	Gross domestic product	NERSA	National Electricity Regulator South Africa
IDP	Integrated Development Strategy	PMS	Performance Management System
KPA	Key Performance Area	PPE	Property Plant and Equipment
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt		
LED	Local Economic Development		
MFMA	Municipal Financial Management Act Programme		



## **Part 1 – Annual Budget**

### **1.1 Mayor’s Report**

Honourable Speaker,

Honourable Chief Whip,

Honourable, Councilors,

Traditional Leaders serving in the Council,

Municipal Manager, Directors and staff members,

Representatives of organized business and all stakeholders,

Illustrious Members of the Community,

Ladies and Gentlemen,

As the Executive Mayor of Senqu Municipality, I would like to take this opportunity to welcome everyone present. It is my duty and privilege to present the 2026/2027 Medium Term Revenue and Expenditure Framework (MTREF) to Council for consideration.

In terms Section 152 of the Constitution of the Republic of South Africa, the objectives of local government are as follows:

- a) To provide democratic and accountable government for local communities;
- b) To ensure the provision of services to communities in a sustainable manner;
- c) To promote social and economic development;
- d) To promote a safe and healthy environment; and
- e) To encourage the involvement of communities and community organisations in the matters of Local Government.

A municipality must strive, within its financial and administrative capacity, to achieve these objectives set out in Section 152.

The objectives of Senqu Local Municipality continue to be the creation of a sustainable “people-centred approach”. The goal remains to be “community-oriented” so that it can ensure that the municipality improves on the quality of life of all those that reside within it.

As we unpack the 2026/2027 annual budget, I would like to take this opportunity to provide some insight into how the municipality goes about compiling its annual financial budget. The municipal budget is compiled with prescriptive guidelines set by National Government. According to these prescripts, municipalities need to set a budget that is realistic, affordable and with municipal tariffs that are “cost-reflective”.



The term “cost-reflective” is essential in determining the revenue and applicable tariffs, and this needs to be applied across all services provided by the municipality. The municipality is mandated to provide specific services in terms of the Constitution, which includes the provision of basic services, the promotion of social and economic development, as well as ensuring the safety of its residents. The provision of these services come at a cost to the municipality and those costs need to be funded by way of either own funding (municipality generated revenue and loans), and grant funding from Provincial or National government.

Our municipal budget for the 2026/27 financial year amounts to R428,49 million for operational expenses and R117,96 million for capital projects. R38,51 million of the capital budget is funded from our own cash-backed Capital Replacement Reserve (or CRR), R40 million from new loans and R39,45 million from National and Provincial grants.

It is important that there is implementation of what has been planned. We never, and still, believed in expenditure wish-lists and unrealistic revenue budgets which are in any case not allowed but being practiced, and it is exactly for that reason that I believe that we are in a financially sound position and our aim is to keep it as such.

Thank you to our residents for your support and growing together with us during our period in the office. The sustainable development of Senqu Municipality rests on this joint effort and we therefore look forward to continuing our successful partnership with you. We would like to remind our consumers, should they be unable to meet their obligations to the municipality, they should immediately engage with the municipality to make the necessary arrangements to settle any outstanding accounts.

I would also like to extend a special thank you to our Councillors and municipal staff for the incredible work they have put into compiling this budget during difficult financial times. The political and administrative leadership of Senqu Municipality commits to working together to implement this budget and continue providing service excellence and improving the quality of lives of all our people.

I thank you.

Enkosi!



## 1.2 Council Resolutions

**(The following resolutions must be considered by Council at the time of tabling the annual budget. These resolutions are included as required by the Municipal Budget and Reporting Regulations, and Council is requested to consider and adopt them in terms of section 24 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), as part of the annual budget tabling resolution.)**

1. The Council of Senqu Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) hereby tables the following annual budget resolutions:
  - 1.1. The annual budget of the municipality for the financial year 2026/27 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the annual budget documentation:
    - 1.2.1. Budgeted Financial Position;
    - 1.2.2. Budgeted Cash Flows;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation;
    - 1.2.4. Asset management; and
    - 1.2.5. Basic service delivery measurement.
2. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption the following tariffs, related by-laws and related policy changes as attached in the budget documentation, with effect from 1 July 2026:
  - 2.1. The tariffs for property rates, related by-laws and related policy changes
  - 2.2. The tariffs for electricity, related by-laws and related policy changes
  - 2.3. The tariffs for solid waste services, related by-laws and related policy changes
  - 2.4. The summary of policy changes and summary of by-law changes
  - 2.5. The procurement plan for 2026/2027 FY
  - 2.6. The Revenue Enhancement Strategy for the 2026/2027 FY
  - 2.7. The Consultancy Reduction Strategy for the 2026/2027 FY



3. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption with effect from 1 July 2026 the tariffs and related by-laws for other services, as set out in the attached budget documentation.
4. To give proper effect to the municipality's annual budget, the Council of Senqu Municipality approves:
  - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  - 4.2. That the Draft Budget be advertised for public comments in accordance with chapter 4 of the Municipal Systems Act (Act 32 of 2000) and sections 22 & 23 of Municipal Finance Management Act, (Act 56 of 2003)



### 1.3 Executive Summary

The main objective of the municipal budget is to sensibly allocate realistically expected resources to the municipality's service delivery goals or performance objectives identified as priorities in the approved Integrated Development Plan. The budget was made possible through continuous consultation with the local community, the relevant government departments and the internal departments of the Municipality to ensure that the priorities are properly aligned and addressed.

South Africa's economy is projected to grow by 1.2 per cent in 2025/26, slightly lower than the 1.4 per cent growth estimated in the 2025/26 budget. Over the medium term, real GDP growth is expected to improve, averaging around 1.8 per cent.

Headline inflation declined to 4.4 per cent in the fourth quarter of 2024/25, resulting in average inflation of 4.4 per cent for the year. Consumer inflation is projected to average 3.3 per cent in 2025/26 and 3.7 per cent in 2026/27. In the short term, reducing the inflation target to 3 per cent will result in more cuts in interest rates than would be the case under a 4.5 per cent target. Over time, a lower target will decrease inflation and inflation expectations, creating the space for permanently lower interest rates, which will support household spending and investment – boosting economic growth and job creation.

Even though confidence of the consumers has been uplifted by the improved economy, households are still struggling to pay municipal accounts and that has a negative impact on municipal own revenues.

Despite these challenges, the municipality is in a healthy financial position, however, it needs to at least stabilise and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2026/27 Medium-term Revenue and Expenditure Framework:

#### Consolidated Overview of the 2026/27 MTREF (R'000)

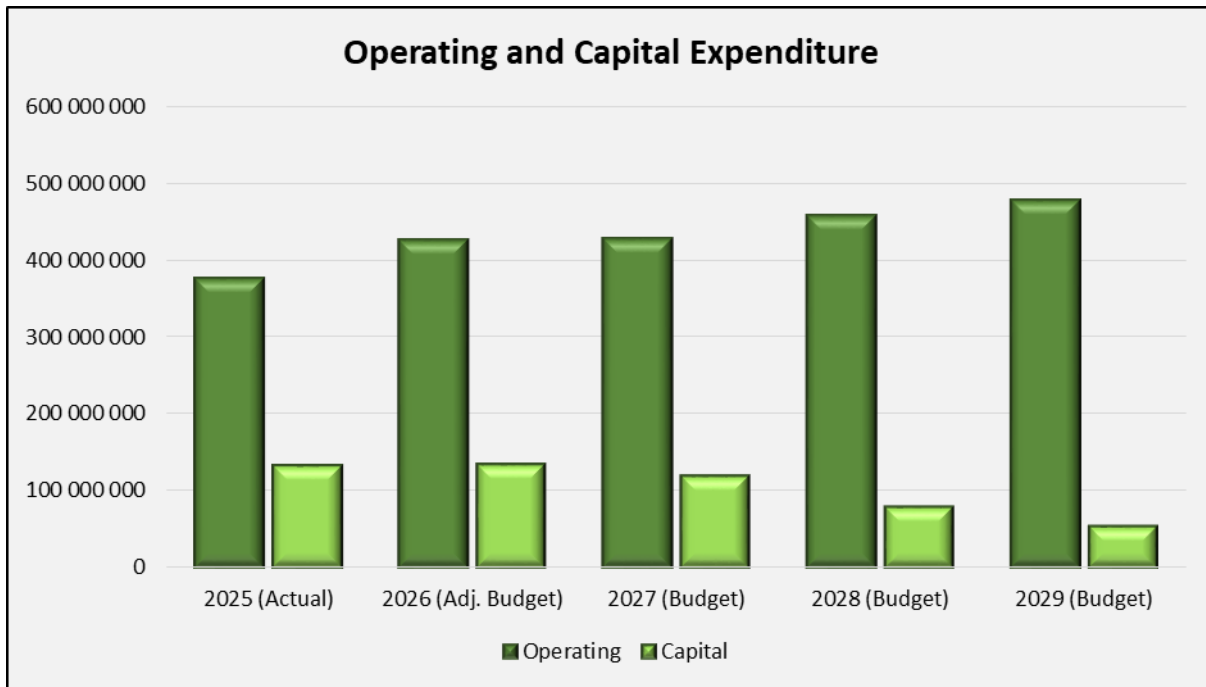
R thousand	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2025/26	2026/27	2027/28	2028/29
Total Operating Revenue	368 467	361 466	365 084	383 147
Total Operating Expenditure	427 126	428 487	458 099	478 137
<i>Surplus/(Deficit) for the year</i>	(58 659)	(67 021)	(93 016)	(94 989)
Total Capital Revenue recognised	55 129	39 452	48 147	49 668
<i>Surplus/(Deficit) for the year</i>	(3 530)	(27 569)	(44 869)	(45 321)



As can be seen from the aforementioned table, the municipality will operate at an operating deficit throughout the MTREF. An operating deficit is an indication that the municipality is not generating sufficient revenue to sustain its operating expenditure, let alone the fact that the operating budget is not contributing any revenue at all towards the capital program. It should also be noted that the operating budget also includes items such as depreciation and debt impairment which are not considered to be a “cash” expense. These items will not result in an immediate cash outflow.

The total 2026/27 budget amounts to R546,45 million. This consists of a capital budget of R117,96 million or 22 per cent of the total budget and an operating budget of R428,49 million or 78 per cent of the total budget.

The graph below shows the operating and capital expenditure separately for the 2024/25 (actuals) financial year, the revised budgeted figures for 2025/26 and the budgeted figures for 2026/27 to 2028/29 financial years.



The capital budget of R117,96 million for 2026/27 is 11,82 per cent less when compared to the 2025/26 Adjustment Budget. The capital program decrease to R77,84 million in 2027/28 and decrease further to R53,68 million in 2028/29. This movement in the capital budget is directly related to the movement in proposed expenditure to be financed from internally generated funds.



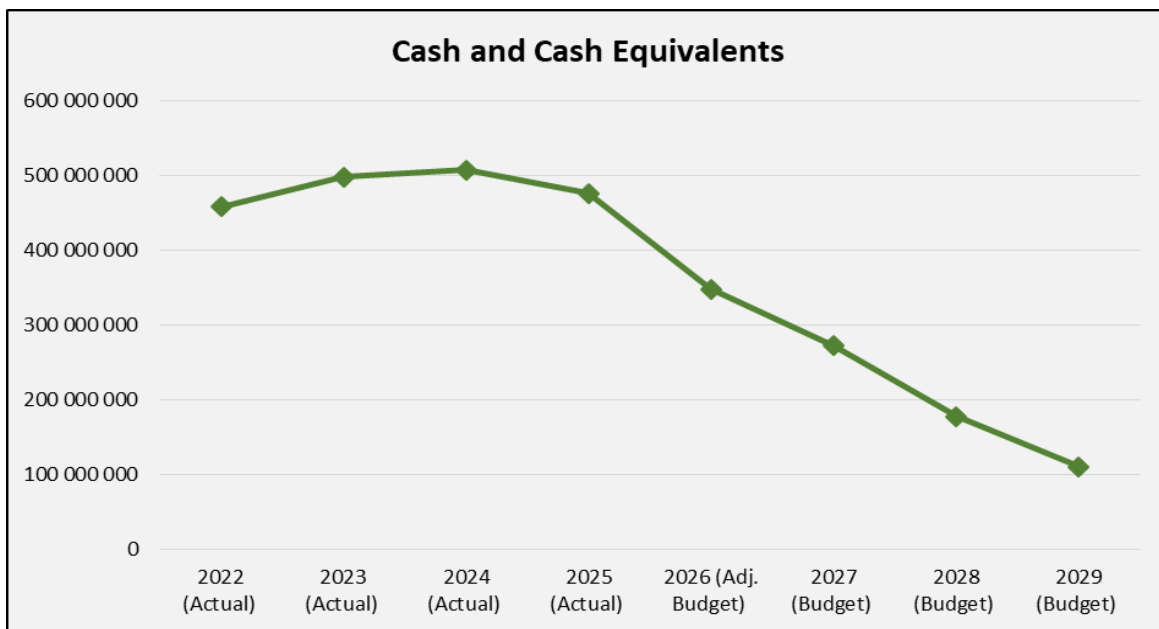
**Total Capital Funding of the 2026/27 MTREF (R'000)**

Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2026/27	2027/28	2028/29
<b>Funded by:</b>								
National Government	34 366	35 062	46 986	52 345	55 129	39 403	48 108	49 641
Provincial Government	-	8 248	9 722	-	-	49	39	28
<b>Transfers recognised - capital</b>	<b>34 366</b>	<b>43 310</b>	<b>56 709</b>	<b>52 345</b>	<b>55 129</b>	<b>39 452</b>	<b>48 147</b>	<b>49 668</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40 000</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>951</b>	<b>39 209</b>	<b>75 061</b>	<b>83 646</b>	<b>78 641</b>	<b>38 510</b>	<b>29 689</b>	<b>4 008</b>
	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>135 991</b>	<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>

A large portion of the capital budget will be funded from own revenue (R72,21 million or 28,94 per cent) over the MTREF with anticipated borrowings of R40 million in the 2026/27 financial year. The portion of the capital budget funded from Government Grants amounts to R137,27 million (55,02 per cent) over the MTREF.

The municipality should be mindful of the fact that the large capital program, especially from internally generated funds, places enormous pressure on the accumulated cash reserves of the Senqu Municipality. This could significantly impact on the long term sustainability and viability of the entity.

Currently, although still a funded budget, the proposed budget will have a negative impact on the projected cash position of the municipality as illustrated in the following graph:





It should be emphasised that the projections above is based on the fact that we recover revenue in line with historical actual trends and that we fully utilise all allocations made towards capital and operating programs.

It is expected that the cash resources of the municipality will decrease by R76,16 million during 2026/2027 and by R93,91 million and R67,01 million during 2027/2028 and 2028/2029 respectively. This significant downward trend can mainly be attributed to the inability of the municipal budget to produce significant revenues to cover main cost drivers such as bulk purchases and employee related costs. This inability of revenue growth to keep track with operating expenditure will also negatively impact on the contribution that the operating budget will have towards to capital program over the MTREF as highlighted in the following table:

### Summary of available funding for capital program

Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2026/27	2027/28	2028/29
Net Cash from/(used) Operating Activities	75 988	91 701	86 051	1 152	6 540	2 046	(14 476)	(12 237)
Funding Available	34 366	43 310	56 709	52 345	55 129	79 452	48 147	49 668
Capital Program	(35 317)	(82 519)	(131 769)	(135 991)	(133 770)	(117 961)	(77 836)	(53 676)
<b>Surplus/(Shortfall)</b>	<b>75 037</b>	<b>52 492</b>	<b>10 990</b>	<b>(82 494)</b>	<b>(72 101)</b>	<b>(36 464)</b>	<b>(44 165)</b>	<b>(16 245)</b>

This will result in accumulated cash reserves being utilized to fund the capital program, resulting in the illustrated downward trend in cash resources over the MTREF.

### 1.3.1 Financial Viability

Financial viability is imperative to ensure that high quality services are delivered to the community on a sustainable manner. In order to achieve financial viability, the municipal budget is guided by the approved long-term financial plan of the municipality.

The municipality further assesses their viability on the model jointly developed by Swartland Municipality and the Western Cape Provincial Treasury. This model assesses 10 key ratios that is considered the most important indicators when assessing the long term viability of the municipality. A weighting is attached to each indicator that will eventually provide the municipality with a viability score out of 100. The municipality should always strive for the maximum score of 100. Any score below 100 will be indicative of “sustainability cracks” that could eventually negatively impact on service delivery in the municipal area.

The 10 indicators, along with the proposed benchmark and weight are included in the following table:

ITEM	Benchmark	Viability Weight	Std 1	Measurement 1	Std 2	Measurement 2	Std 3	Measurement 3	Std 4	Measurement 4	Std 5	Measurement 5
Acid Test Ratio	2	10	2	10	1.5	8	1	5	0.5	2	-	0
Payment Level (Excluding write-off of bad debts)	> 95%	15	95%	15	90%	11	85%	6	80%	3	75%	0
Cash Generated from Operations as % of Revenue	> 20%	8	20%	8	15%	6	10%	4	5%	2	0%	0
Purchase of PPE as % of Cash Generated	< 100%	8	100%	8	110%	6	120%	4	135%	2	150%	0
Cost Coverage (Excluding Unspent Grants)	4	15	4	15	4	10	3	5	2	2	1	0
Debtors Turnover (days) (Before impairment)	< 45 days	2	75	2	90	1	110	0	130	0	150	0
Long-term debt as % of Revenue	< 40%	5	40%	5	50%	4	75%	3	95%	2	100%	0
Debt servicing cost to Revenue	< 7,5%	8	5%	8	7.50%	6	10%	4	12.50%	2	15%	0
Short-term debt as % of Cash	< 100%	4	50%	4	70%	3	80%	2	100%	1	125%	0
Cash Funded Budget over MTREF	> R0	25	Yes	25	No	0	0	0	0	0	0	0

The 10 indicators provide the municipality with an assessment of the following major areas:

- Revenue Management
- Expenditure Management
- Debtor and Creditor Management
- Cash Management
- Asset Management
- Funding and Reserve Strategy

All the indicators will be discussed below.

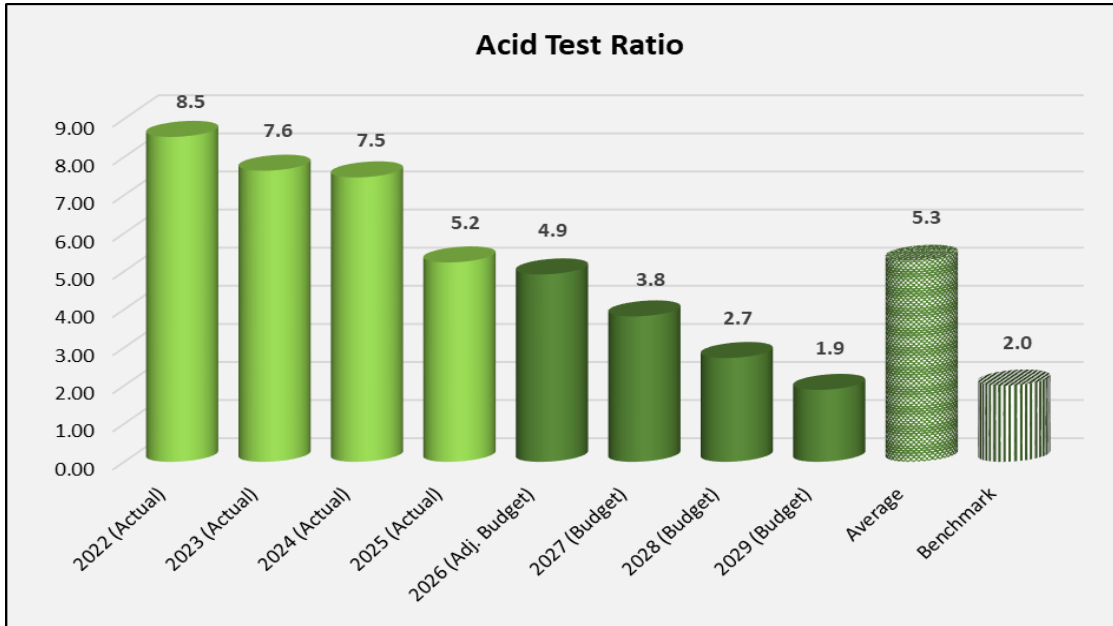
It should be noted that these ratios are based on the full implementation of the proposed capital and operating program and that revenue realise in line with the most recent actual audited results.



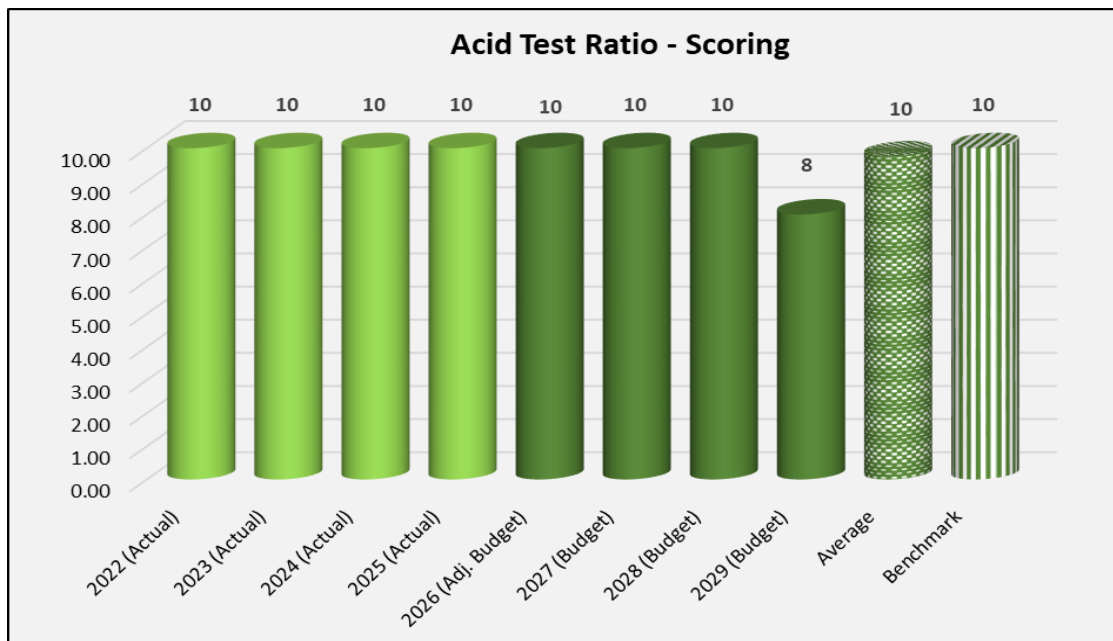
### 1.3.1.1 Acid Test Ratio

The acid test ratio provides an indication of the municipality’s ability to settle commitments if and when they become due. It is calculated as the ratio between current assets (excluding inventory) and current liabilities. A ratio of 2:1 is considered to be appropriate.

The downward trend can mainly be attributed to the decline in cash resources as discussed in the previous section of this report.



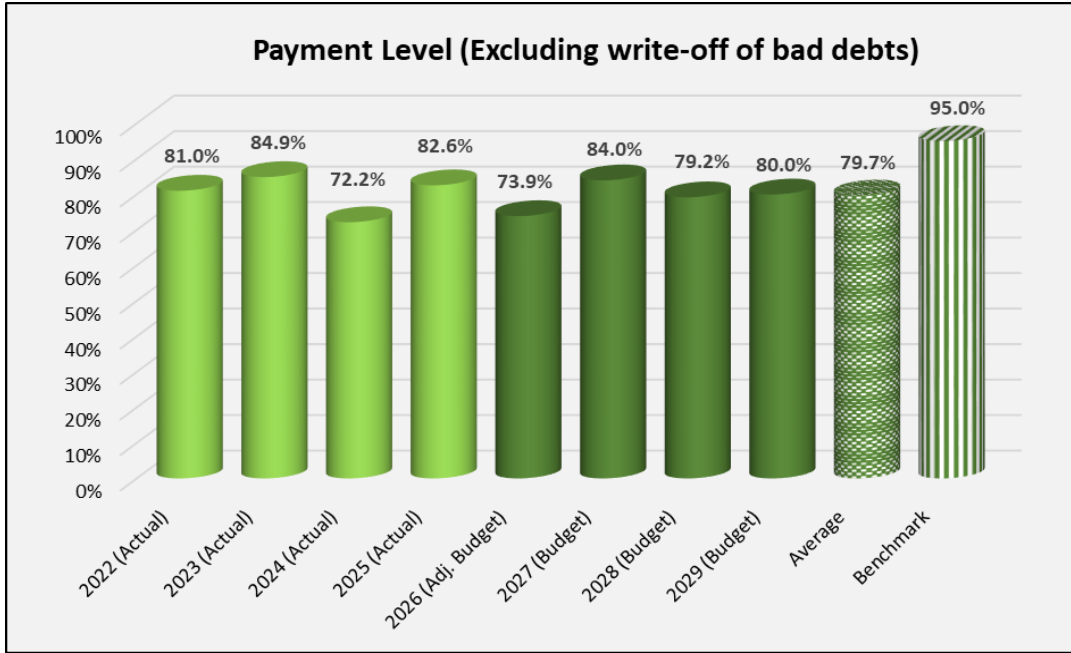
From a viability scoring out of 10 for this indicator, the following is allocated for this indicator:



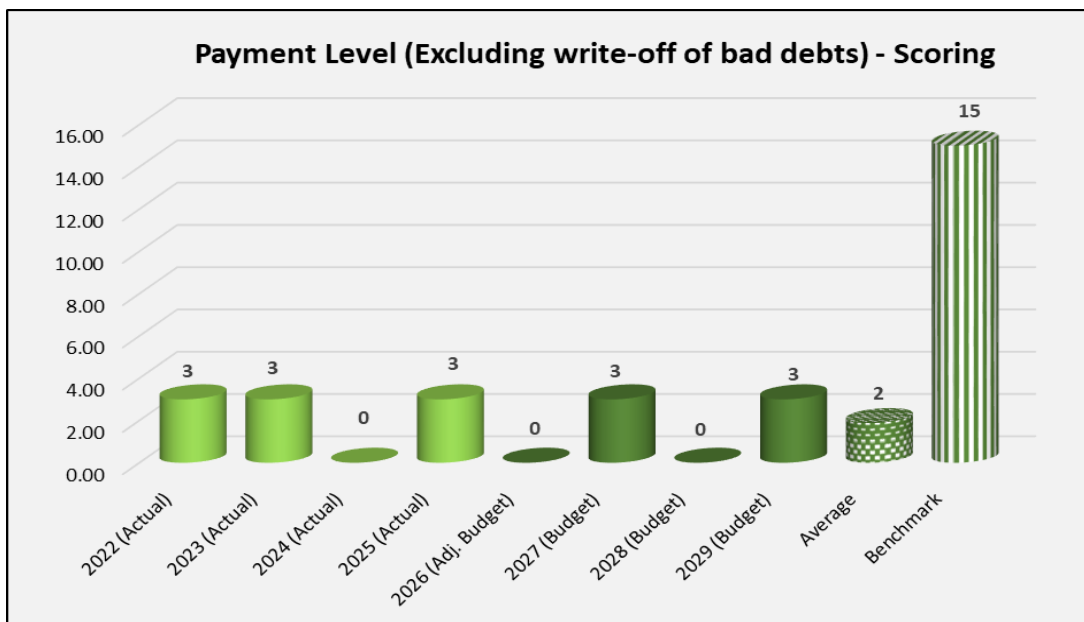


### 1.3.1.2 Payment Level

The payment level of the municipality remains fairly consistent throughout the entire period under review. As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.



The following score is allocated to this indicator:

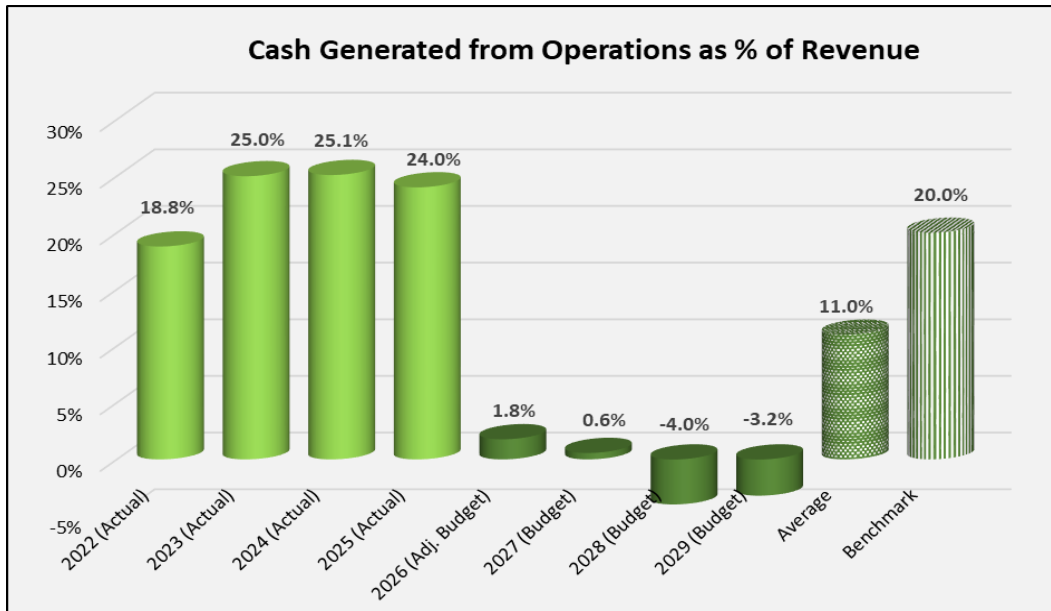




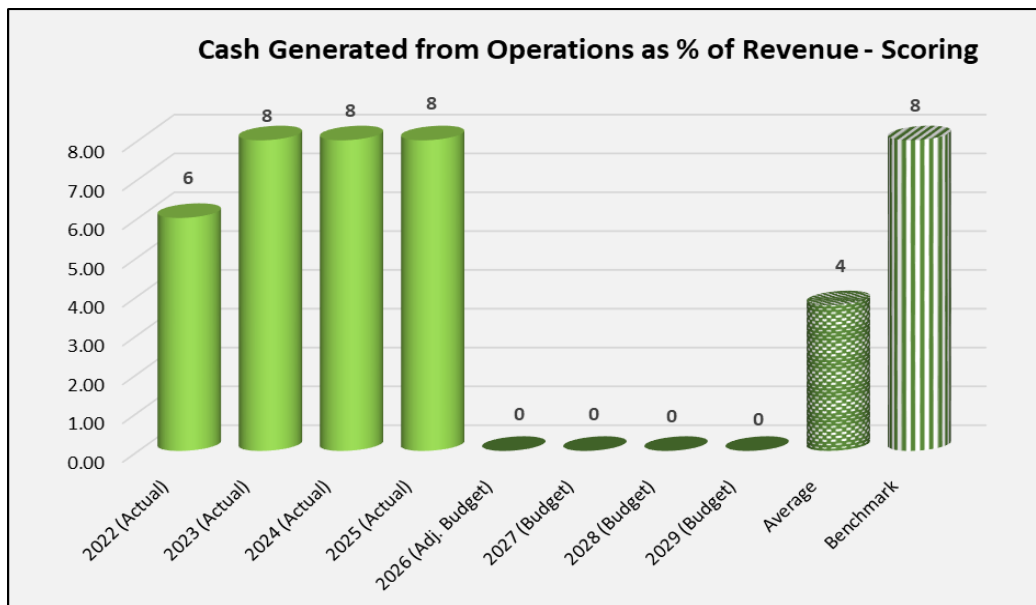
### 1.3.1.3 Cash Generated from Operations as % of Revenue

The ratio indicates the ability to convert revenue raised into cash. The trend is more an indication of the municipality’s inability to pass on increases in major expenditure line items (ie Employee Related Costs, Bulk Purchases etc) to the consumer in the form of tariff and rates increases.

A ratio of 20% (Cash generated by operations vs Revenue) is deemed to be appropriate. It is quite evident that the municipality is not generating appropriate levels of cash that will enable the municipality to contribute to the capital program of the municipality. Municipality should explore options to cut back on operating expenditure to improve this indicator.



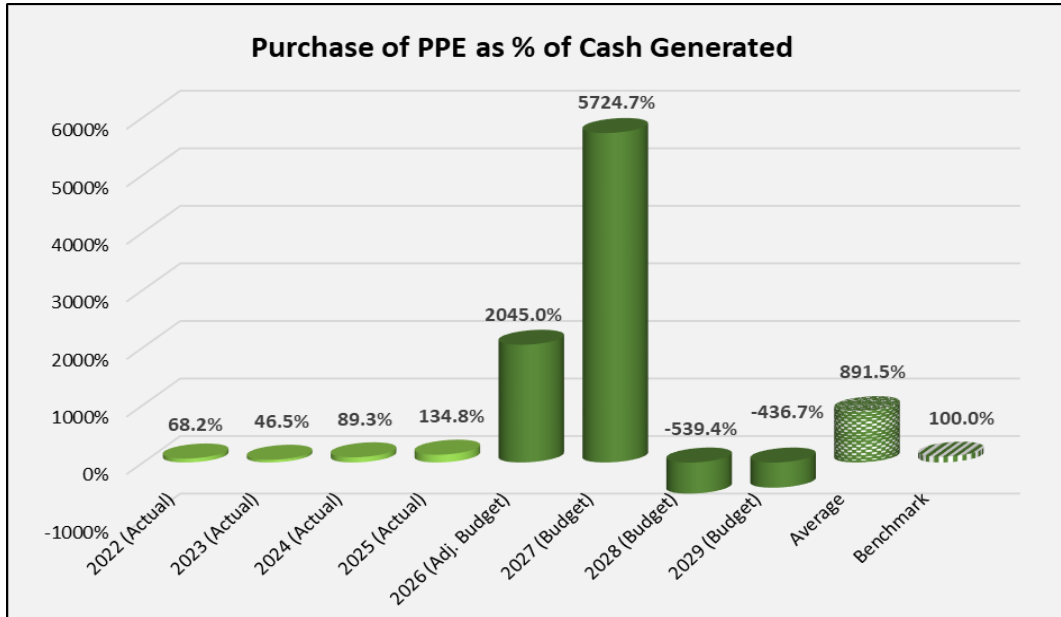
From a possible score of 8, the municipality will score limited points over the MTREF.



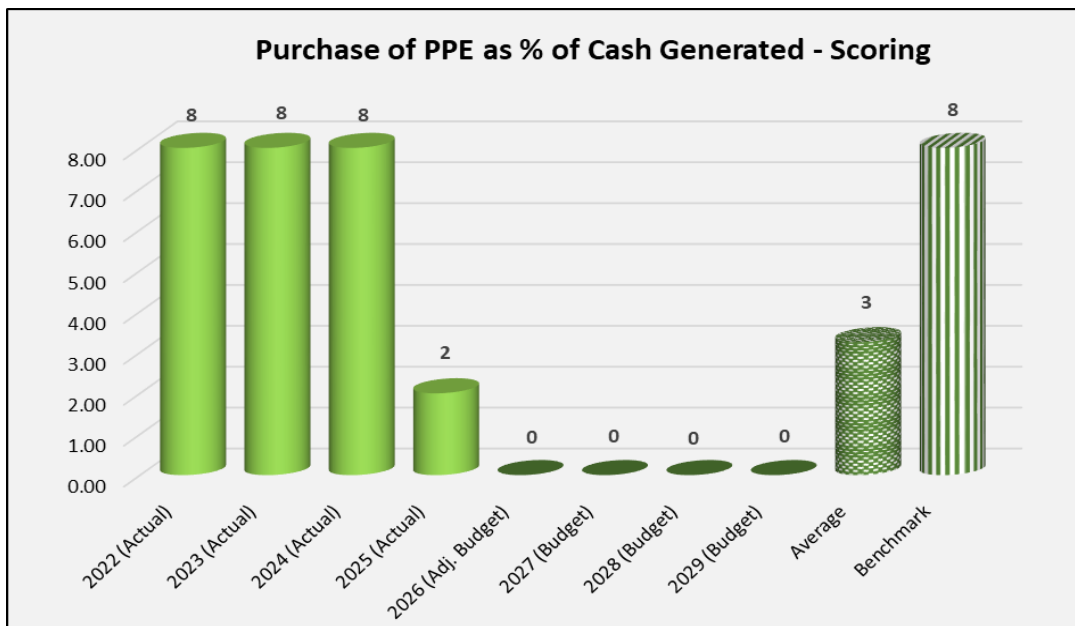


### 1.3.1.4 Purchase of PPE as % of Cash Generated

This indicator measures the ability of the municipality’s operations to generated sufficient cash to fund the capital program of the municipality. Any ratio in excess of 100% entails that insufficient cash is generated to meet the proposed capital outflow. Any shortfall will need to be financed using accumulated cash reserves or new external financing in the form of loans. As discussed in the previous section of this report, the capital program is placing enormous pressure on the accumulated cash reserves of the municipality.



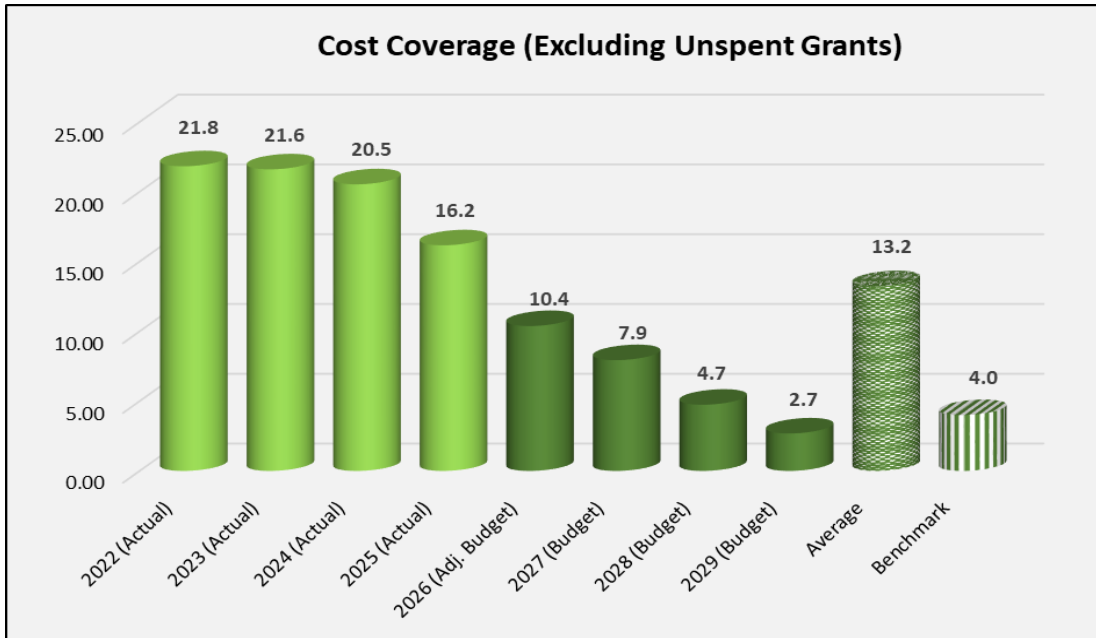
This indicator does not contribute to the financial viability scoring of the municipality and should be addressed.



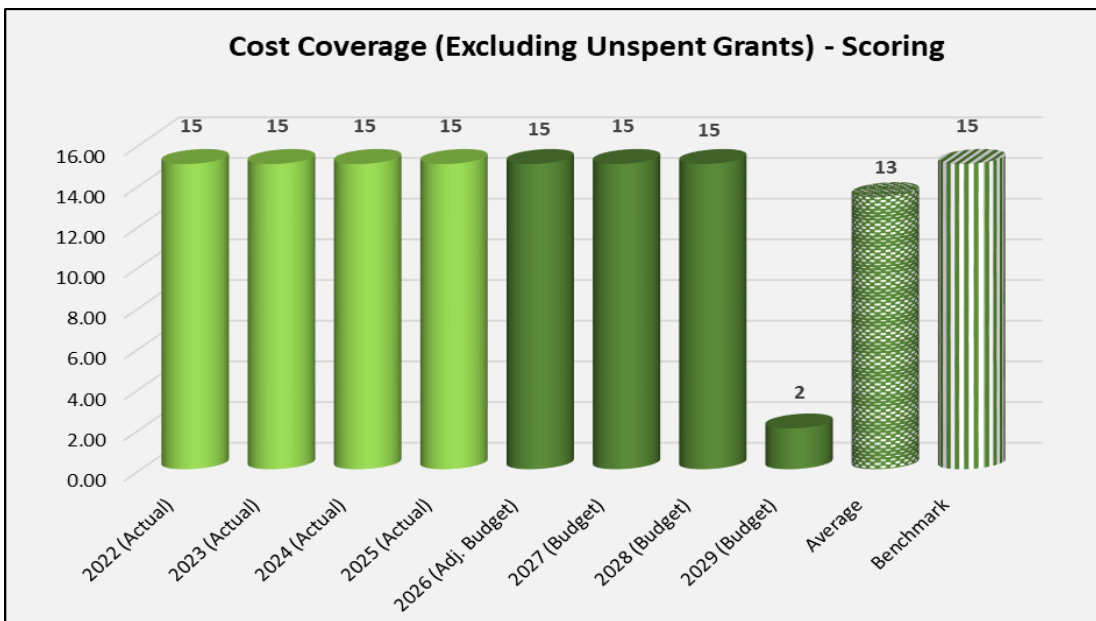


### 1.3.1.5 Cost Coverage

This ratio measures the amount of months' operating expenditure for which cash is available. This indicator will also provide a good indication of how the municipality will be able to react to financial "shock/setbacks" that is beyond the control of the municipality (for example - National Treasury delays the payments of grants or a sudden drop in payment levels from consumers/rate payers). The guidelines provided by National Treasury indicate that a level of 1 to 3 months is considered to be acceptable.



The downward trend is in line with the projected decline in cash resources over the MTREF.

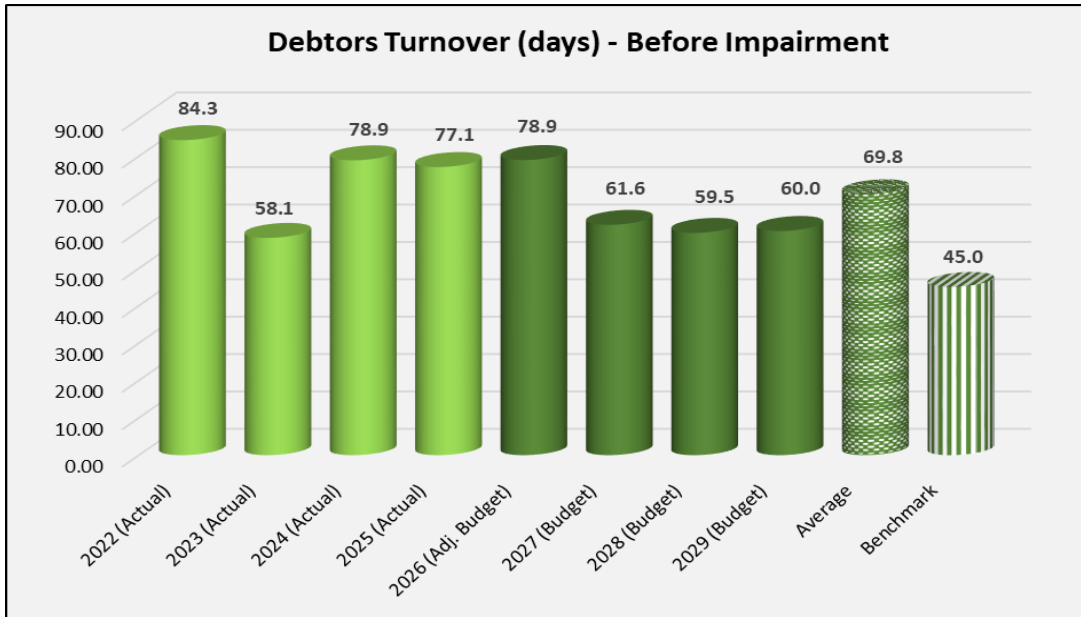




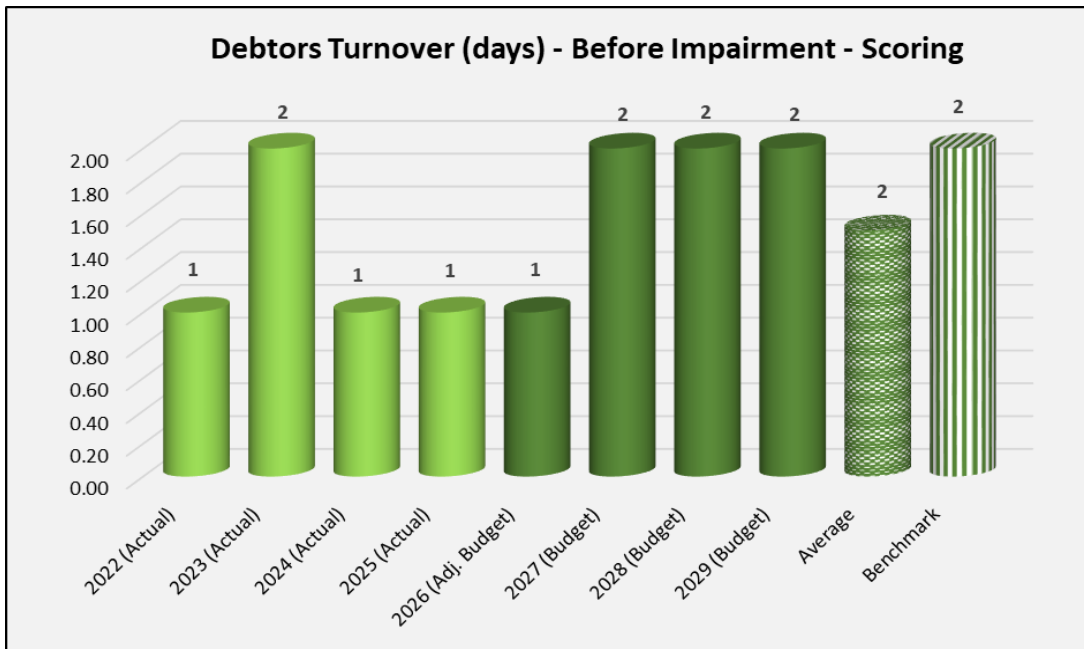
### 1.3.1.6 Debtor Turnover Days

In short, the indicator provides an indication of how many days it takes to convert billed revenue into cash. Thus, it is a good indicator of how credit control and debt collection measures are being implemented at the municipality. It also provides an indication of the municipality’s write off policy.

Improved debt collection procedures and processes could significantly improve this focus area.



A total score of only 2 is available for this indicator.

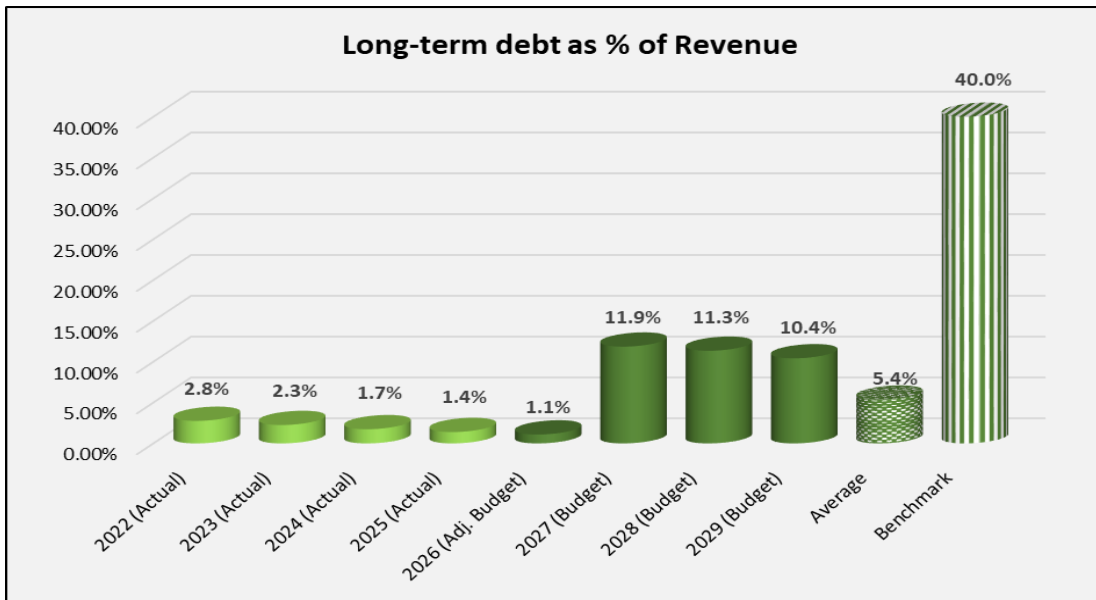




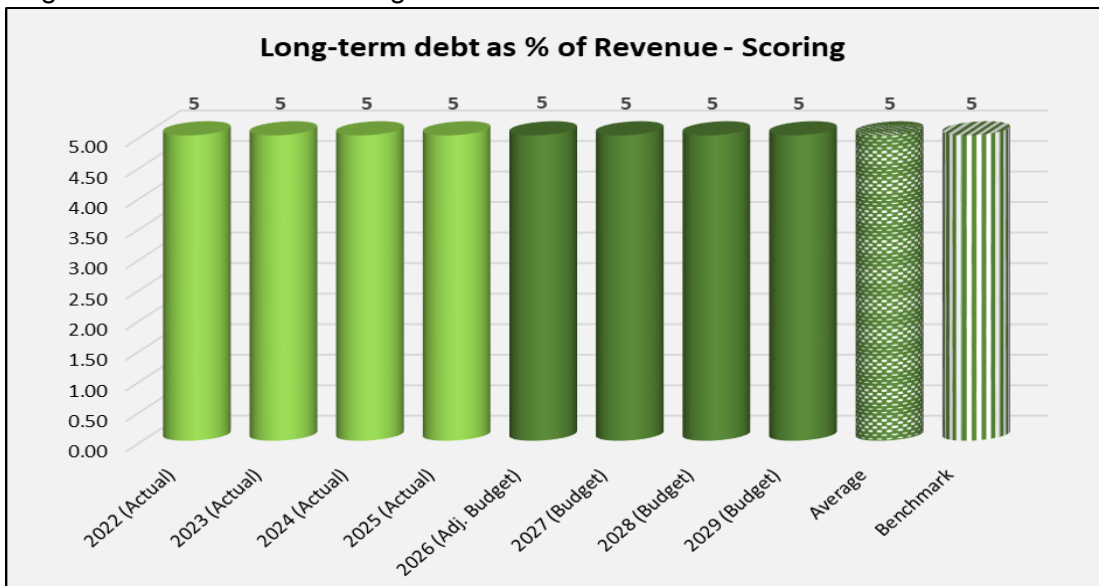
### 1.3.1.7 Long Term Debt as % of Revenue

External borrowing is an important part of the funding model of the municipality. Not only does it instantly provide the municipality with relatively inexpensive capital to fast-track service delivery and infrastructure backlogs, but it also ensures that the user of the infrastructure pay for the use over the lifetime of the asset.

This indicator provides the municipality with a debt ceiling – the maximum level of external borrowing that the municipality will be able to accommodate in the in the statement of financial position before the “affordability” factor becomes a concern.



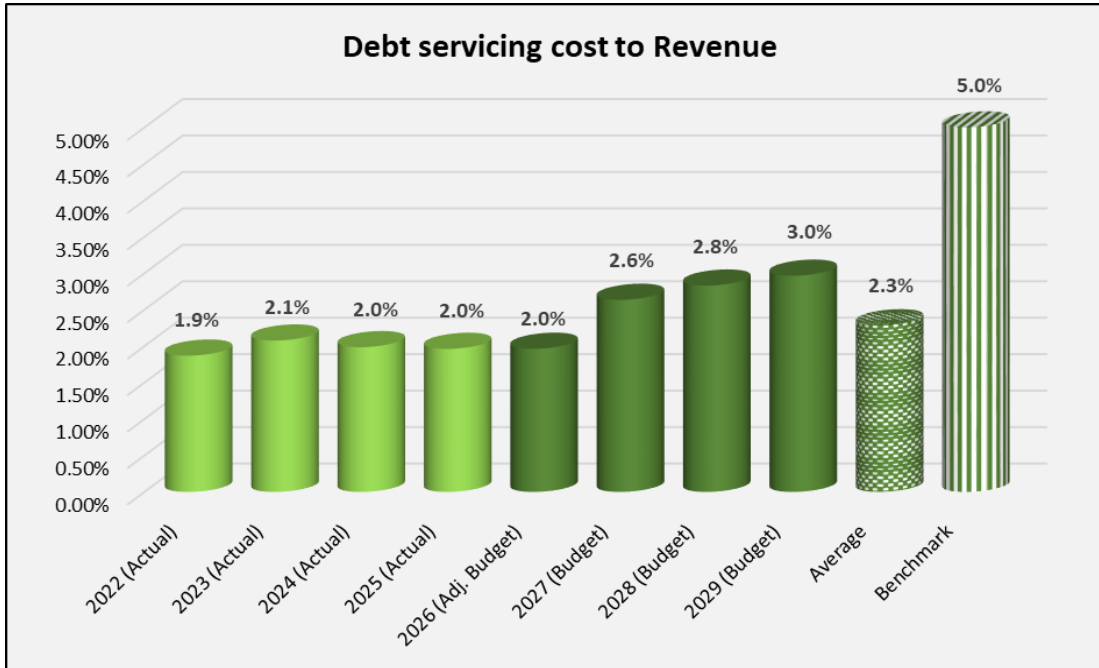
After the anticipated annuity loan of R40 million in 2026/2027, the municipality will still be operating well below the debt ceiling of 40%.



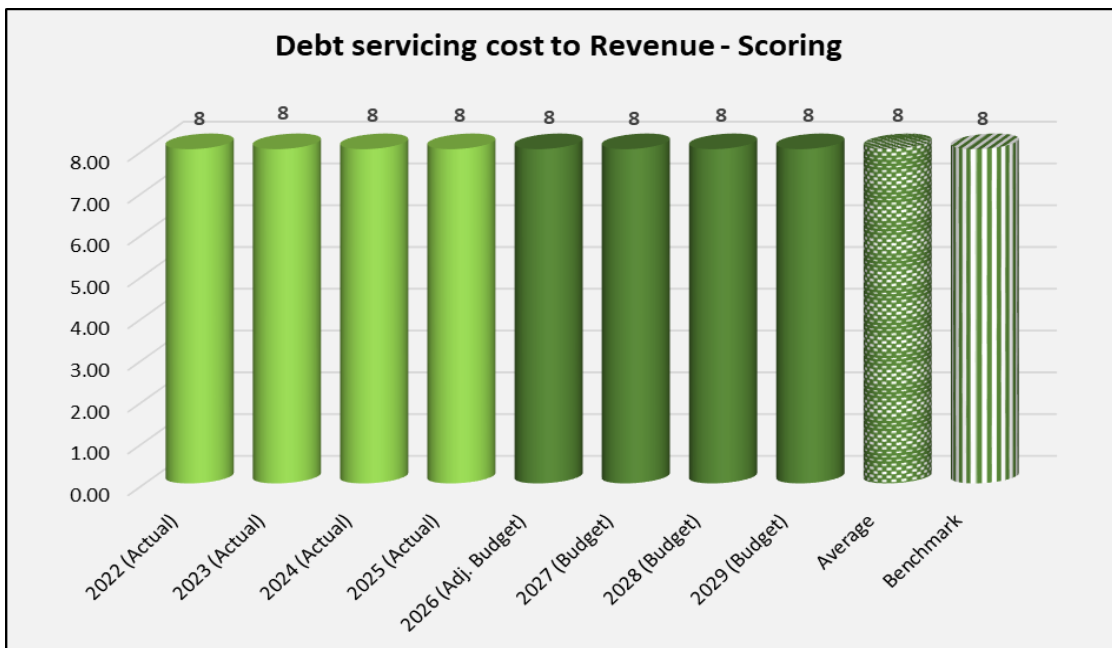


### 1.3.1.8 Debt Servicing Cost to Revenue

This indicator measure the portion of revenue spent on the repayment of borrowing and should be reviewed in conjunction with the debt ceiling indicator in section 1.3.1.7. It is projected that the municipality will be well below the limit of 5% throughout the period under review.



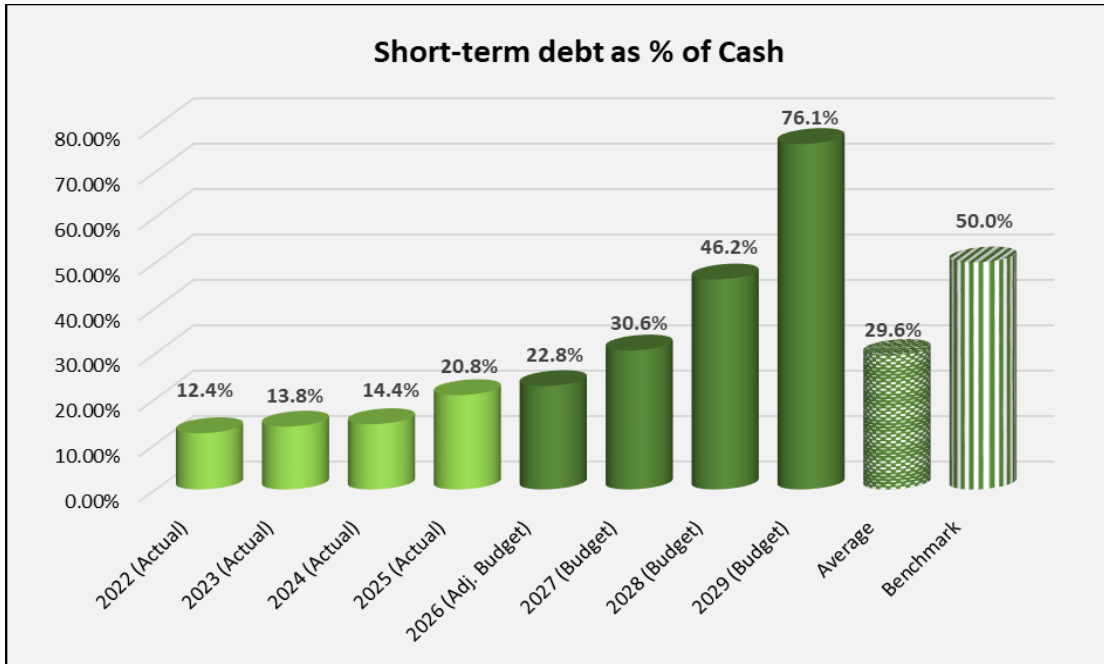
From a possible score of 8, the municipality will be allocated a full score in all periods under review.



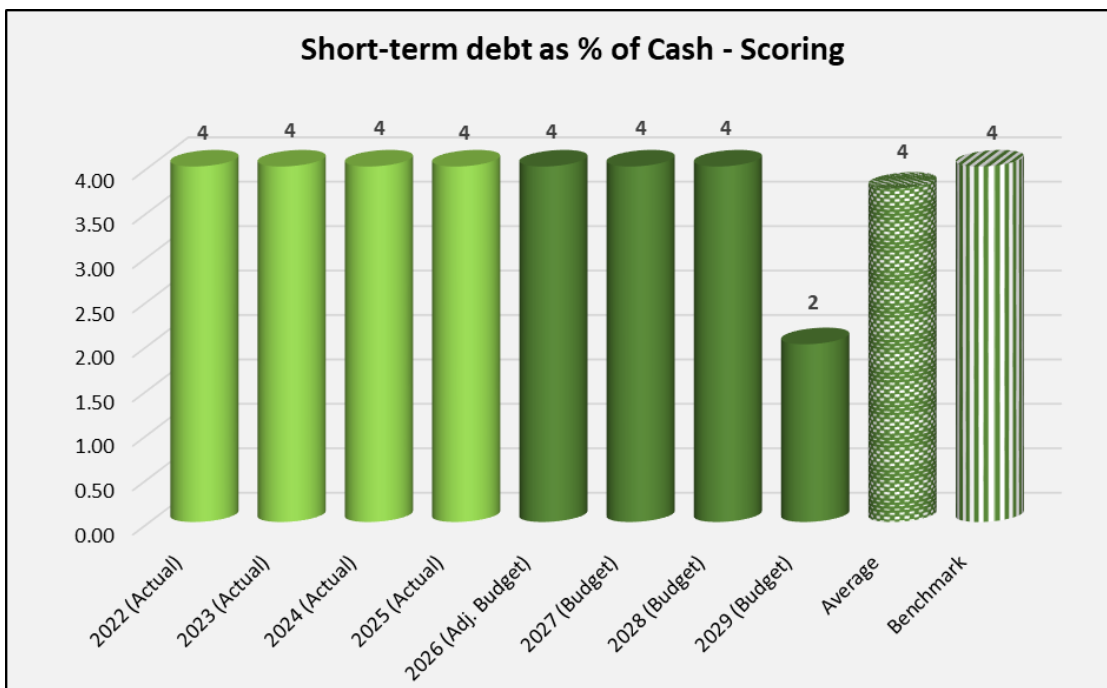


### 1.3.1.9 Short Term Debt as % of Cash

This indicator provides a measure of the municipality’s ability to settle short term liabilities when they become due and payable. A level below 50% is considered to be acceptable.



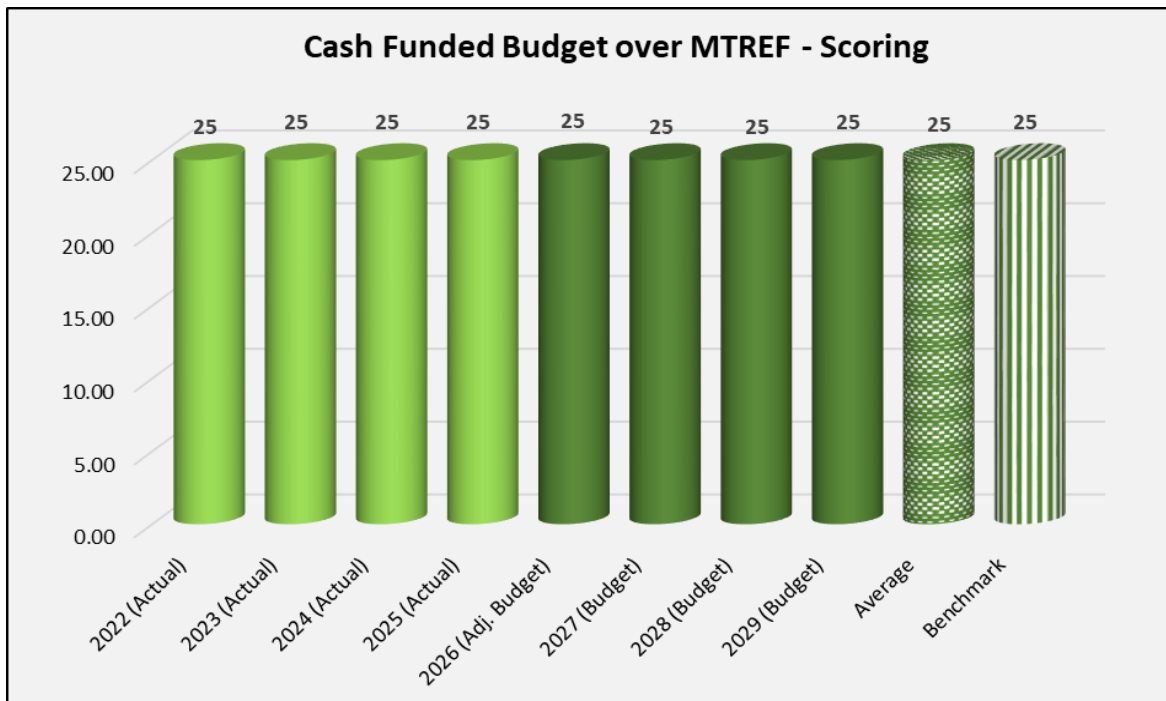
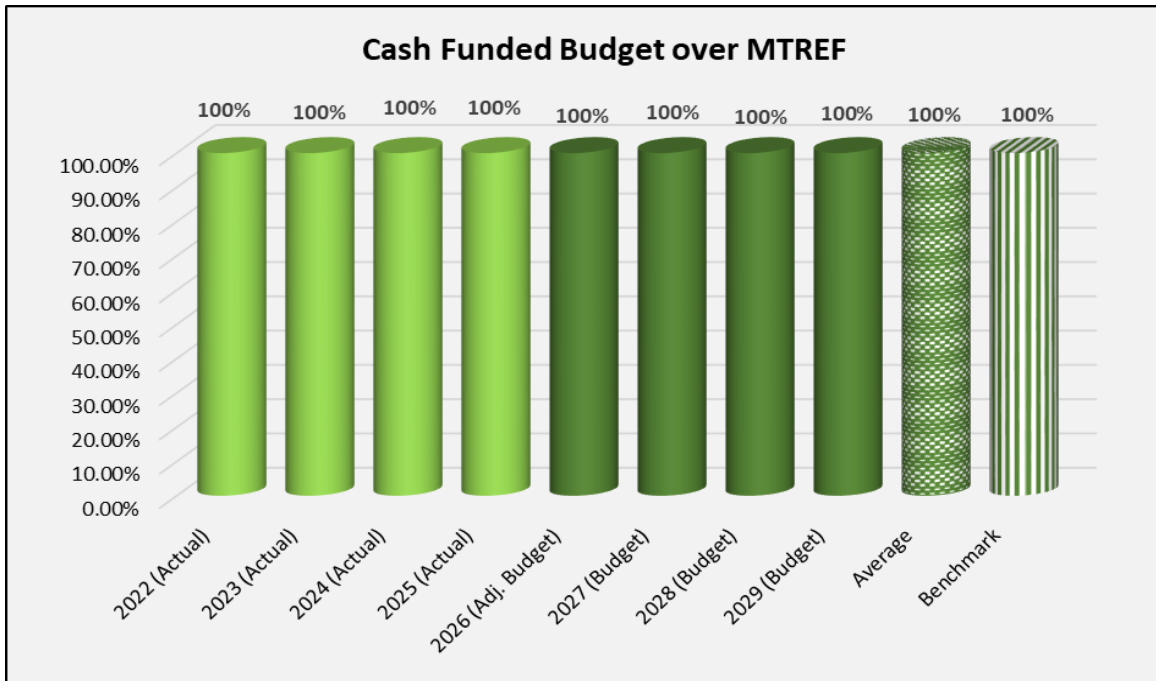
Similar to the Acid Test Ratio (Section 1.3.1.1) and the Cost coverage (Section 1.3.1.5), this ratio is negatively affected by the declining trend in cash and cash equivalents.





### 1.3.1.10 Cash Funded Budget over the MTREF

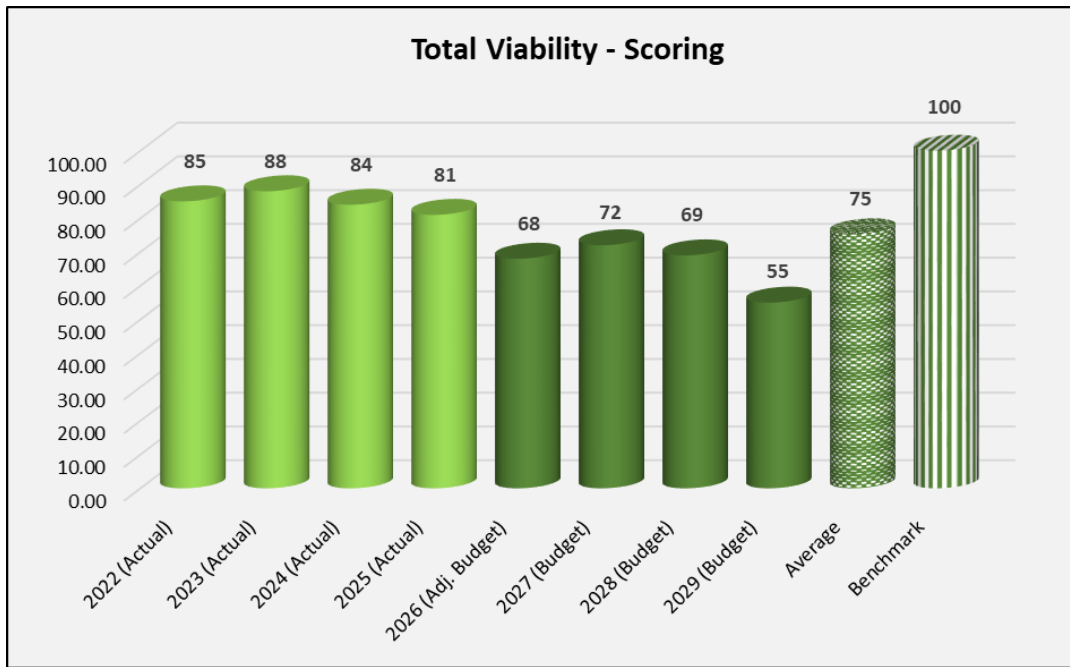
A cash funded budget is arguably the most important indicator for a credible budget that is aligned to the funding requirement in MFMA Section 18 and for this reason the indicator carries the largest weighting in the financial viability scoring model.





### 1.3.1.11 Total Viability Scoring

Based on the outcome of the 10 indicators above, it is expected that the viability scoring will regress over the MTREF when compared to the last audited year, being 2024/25. This decline can mainly be attributed to the projected decline in cash reserves resulting from a full implementation of the operating and capital budget. The municipality should strive to implement spending programs that contribute to an upward trend in the total viability scoring.



Despite the many challenges identified in this report, the municipality will still be in a position to present a cash funded budget by 2028/2029.



### 1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) “An annual budget may only be funded from –
  - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
  - (b) Cash-backed accumulated funds from previous financial years’ surpluses not committed for other purposes; and
  - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
  - (a) projected revenue for the current year based on collection levels to date; and
  - (b) actual revenue collected in previous years.”

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

#### Summary of revenue classified by main revenue source

Description  R thousand	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2026/27	2027/28	2028/29
<b>Revenue</b>								
<b>Exchange Revenue</b>								
Service charges - Electricity	44 526	55 766	63 512	72 331	72 331	80 591	85 810	93 387
Service charges - Waste Management	9 117	9 532	9 493	10 484	10 484	10 903	11 394	11 758
Sale of Goods and Rendering of Services	110	404	351	452	319	333	457	472
Agency services	1 204	1 047	1 244	966	966	1 204	1 244	1 284
Interest earned from Receivables	4 752	5 815	4 440	5 228	6 728	6 159	6 363	6 566
Interest earned from Current and Non Current Assets	32 209	43 068	40 744	32 162	34 262	27 410	27 338	23 237
Rent on Land	0	50	-	34	34	15	15	16
Rental from Fixed Assets	1 475	1 763	1 721	1 989	1 989	1 231	1 324	1 366
Licence and permits	1 301	1 226	1 419	2 363	1 513	1 240	1 281	1 322
Operational Revenue	549	551	1 069	498	498	606	566	584
<b>Non-Exchange Revenue</b>								
Property rates	17 331	18 782	17 977	19 969	19 969	20 901	20 673	21 087
Fines, penalties and forfeits	915	1 047	668	172	592	325	131	135
Transfer and subsidies - Operational	188 852	199 773	213 478	215 414	216 398	208 081	205 940	219 304
Interest	1 720	2 000	2 287	2 383	2 383	2 467	2 548	2 629
Gains on disposal of Assets	-	961	96	257	-	-	-	-
Other Gains	5 635	2 698	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>309 696</b>	<b>344 485</b>	<b>358 498</b>	<b>364 702</b>	<b>368 467</b>	<b>361 466</b>	<b>365 084</b>	<b>383 147</b>



In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

**Summary of revenue classified by municipal vote (including capital transfers)**

Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2026/27	2027/28	2028/29
<b>Revenue by Vote</b>								
Vote 1 - Executive & Council	264	-	-	7 990	7 990	8 380	8 671	8 941
Vote 2 - Planning & Development	6 953	8 180	9 776	10 054	9 631	9 841	10 736	10 033
Vote 3 - Corporate Services	2 663	3 393	2 088	2 192	2 192	1 494	1 593	1 644
Vote 4 - Budget & Treasury	230 071	252 440	260 093	169 373	171 473	162 964	161 639	166 379
Vote 5 - Road Transport	39 091	48 340	61 892	58 462	62 363	44 398	46 185	47 595
Vote 6 - Waste Water Management	-	-	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	-	-	-
Vote 8 - Health	-	-	-	-	-	-	-	-
Vote 9 - Community & Social Services	1 569	1 599	2 373	5 434	4 084	2 520	2 613	2 763
Vote 10 - Sport & Recreation	1	0	3	8	8	8	8	8
Vote 11 - Public Safety	59	138	81	128	128	115	119	123
Vote 12 - Electricity	50 113	58 428	66 474	111 955	112 355	119 431	129 639	140 162
Vote 13 - Waste Management	13 277	15 277	12 425	51 453	53 372	51 767	52 029	55 167
Vote 14 - Water	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>344 062</b>	<b>387 795</b>	<b>415 207</b>	<b>417 047</b>	<b>423 596</b>	<b>400 918</b>	<b>413 231</b>	<b>432 816</b>



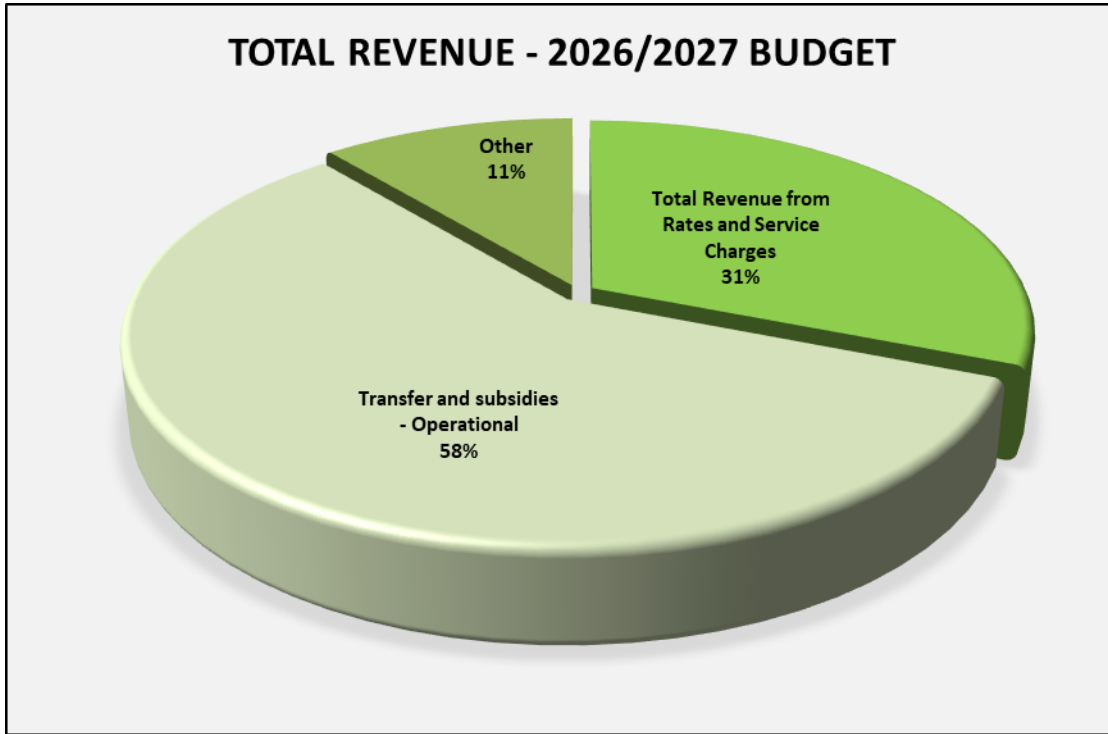
**Percentage growth in revenue base by main revenue source**

Description  R thousand	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework					
	Adjusted	%	Budget Year	%	Budget Year	%	Budget Year	%
	Budget		2026/27		2027/28		2028/29	
<b>Revenue</b>								
<b>Exchange Revenue</b>								
Service charges - Electricity	72 331	19.6%	80 591	22.3%	85 810	23.5%	93 387	24.4%
Service charges - Waste Management	10 484	2.8%	10 903	3.0%	11 394	3.1%	11 758	3.1%
Sale of Goods and Rendering of Services	319	0.1%	333	0.1%	457	0.1%	472	0.1%
Agency services	966	0.3%	1 204	0.3%	1 244	0.3%	1 284	0.3%
Interest earned from Receivables	6 728	1.8%	6 159	1.7%	6 363	1.7%	6 566	1.7%
Interest earned from Current and Non Current Assets	34 262	9.3%	27 410	7.6%	27 338	7.5%	23 237	6.1%
Rent on Land	34	0.0%	15	0.0%	15	0.0%	16	0.0%
Rental from Fixed Assets	1 989	0.5%	1 231	0.3%	1 324	0.4%	1 366	0.4%
Licence and permits	1 513	0.4%	1 240	0.3%	1 281	0.4%	1 322	0.3%
Operational Revenue	498	0.1%	606	0.2%	566	0.2%	584	0.2%
<b>Non-Exchange Revenue</b>								
Property rates	19 969	5.4%	20 901	5.8%	20 673	5.7%	21 087	5.5%
Fines, penalties and forfeits	592	0.2%	325	0.1%	131	0.0%	135	0.0%
Transfer and subsidies - Operational	216 398	58.7%	208 081	57.6%	205 940	56.4%	219 304	57.2%
Interest	2 383	0.6%	2 467	0.7%	2 548	0.7%	2 629	0.7%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>368 467</b>	<b>100%</b>	<b>361 466</b>	<b>100%</b>	<b>365 084</b>	<b>100%</b>	<b>383 147</b>	<b>100%</b>
<b>Total Revenue from Rates and Service Charges</b>	<b>104 773</b>	<b>28.4%</b>	<b>113 626</b>	<b>31.4%</b>	<b>119 201</b>	<b>32.7%</b>	<b>127 598</b>	<b>33.3%</b>

Revenue generated from rates and services charges forms an important percentage of the revenue basket for the Municipality, but measured against other municipalities, the percentage is relatively low. Rates and service charge revenues comprise between 28 and 33 per cent of the total revenue mix over the MTREF period.

Senqu municipality is to a very large degree dependent on grants (Equitable share) to sustain the budget (as illustrated on the following graph). The unconditional Equitable Share Grant is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.

Approximately 53% of the revenue basket can be attributed to equitable share. This, together with the lower percentage for rates and service charge revenues, is an indication of the high unemployment rate in the area and the focus on job creation projects were therefore treated as a priority in this budget.



The table below gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term (Please note that a portion of the Equitable share grant as per Dora is allocated to “Nat Gov: Councillor Remuneration” grant):

#### **Operating Transfers and Grant Receipts**



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	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>RECEIPTS</b>								
<b>Operating</b>								
<b>National Government</b>								
<b>Monetary Allocations</b>								
Local Government Equitable Share	177 125	186 760	196 724	188 084	188 084	183 678	181 899	195 426
Finance Management	1 650	1 700	1 700	1 800	1 800	2 000	2 100	2 200
Nat Gov: Councillor Remuneration	-	-	-	7 990	7 990	8 380	8 671	8 941
Municipal Infrastructure Grant (MIG)	6 502	7 381	9 529	8 151	8 151	8 295	9 175	9 454
EPWP Incentive	1 658	1 194	1 620	2 058	2 058	2 218	-	-
Integrated National Electrification Programme	-	-	166	-	-	-	679	710
Municipal Disaster Recovery Grant	-	-	2 555	-	-	-	-	-
<b>Total Monetary Allocations</b>	<b>186 935</b>	<b>197 035</b>	<b>212 293</b>	<b>208 083</b>	<b>208 083</b>	<b>204 571</b>	<b>202 524</b>	<b>216 731</b>
<b>Total Operating/National Government</b>	<b>186 935</b>	<b>197 035</b>	<b>212 293</b>	<b>208 083</b>	<b>208 083</b>	<b>204 571</b>	<b>202 524</b>	<b>216 731</b>
<b>Provincial Government</b>								
<b>Monetary Allocations</b>								
Libraries	1 500	1 500	2 106	2 106	2 106	2 085	2 084	2 230
EPWP	-	-	-	1 500	1 500	-	-	-
Greenest Municipality	300	-	300	-	-	-	-	-
Municipal Disaster Relief Grant	835	1 861	-	-	-	-	-	-
<b>Total Monetary Allocations</b>	<b>2 635</b>	<b>3 361</b>	<b>2 406</b>	<b>3 606</b>	<b>3 606</b>	<b>2 085</b>	<b>2 084</b>	<b>2 230</b>
<b>Total Operating/Provincial Government</b>	<b>2 635</b>	<b>3 361</b>	<b>2 406</b>	<b>3 606</b>	<b>3 606</b>	<b>2 085</b>	<b>2 084</b>	<b>2 230</b>
<b>Total Operating</b>	<b>189 570</b>	<b>200 396</b>	<b>214 699</b>	<b>211 689</b>	<b>211 689</b>	<b>206 656</b>	<b>204 608</b>	<b>218 961</b>
<b>Capital</b>								
<b>National Government</b>								
<b>Monetary Allocations</b>								
Municipal Infrastructure Grant (MIG)	30 883	35 062	45 260	38 719	38 719	39 403	43 581	44 909
Integrated National Electrification Programme	-	-	1 103	-	-	-	4 527	4 732
<b>Total Monetary Allocations</b>	<b>30 883</b>	<b>35 062</b>	<b>46 364</b>	<b>38 719</b>	<b>38 719</b>	<b>39 403</b>	<b>48 108</b>	<b>49 641</b>
<b>Total Capital/National Government</b>	<b>30 883</b>	<b>35 062</b>	<b>46 364</b>	<b>38 719</b>	<b>38 719</b>	<b>39 403</b>	<b>48 108</b>	<b>49 641</b>
<b>Provincial Government</b>								
<b>Monetary Allocations</b>								
Municipal Disaster Relief Grant	5 565	12 405	17 033	-	-	-	-	-
Libraries	-	-	-	-	-	49	39	28
<b>Total Monetary Allocations</b>	<b>5 565</b>	<b>12 405</b>	<b>17 033</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>39</b>	<b>28</b>
<b>Total Capital/Provincial Government</b>	<b>5 565</b>	<b>12 405</b>	<b>17 033</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>39</b>	<b>28</b>
<b>Total Capital</b>	<b>36 448</b>	<b>47 467</b>	<b>63 397</b>	<b>38 719</b>	<b>38 719</b>	<b>39 452</b>	<b>48 147</b>	<b>49 668</b>
<b>TOTAL RECEIPTS OF TRANSFERS AND GRANTS</b>	<b>226 018</b>	<b>247 863</b>	<b>278 096</b>	<b>250 408</b>	<b>250 408</b>	<b>246 108</b>	<b>252 755</b>	<b>268 630</b>

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. The Consumer Price Index (CPI) inflation is forecasted to be within the 3 to 6 per cent target band, therefore, municipalities are required to justify all increases in excess of the projected inflation target for 2026/27 in their budget narratives and pay careful attention to tariff increases across all consumer groups.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently, but there are always situations where there are defaults on payment. The contribution for bad debt equates to R12,16 million in 2026/2027 increasing slightly to R13,79 million in 2028/2029.



It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government pension grant.

The municipality applied a differential rating system whereby the cent amount in the rand for different categories of property may differ. Relief measures related to different categories of properties and different categories of owners of properties are used when the following is taken into consideration:

- The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes;
- Promotion of social and economic development of the municipality; and
- Promotion of job creation.

Vacant properties are rated higher, as the municipality is encouraging owners of vacant land to develop it and that the vacant land should not be used for speculation purposes by owners.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2026/27 financial year are as follows:

**Comparison of proposed rates to be levied for the 2026/27 financial year**

No	Tariff Code	Property Category	Rate Ratio (to residential rate)	Tariff 2025/2026 "R"	Tariff 2026/2027 "R"
01	RES001	Residential properties	1: 1	0.009720	<b>0.010050</b>
02	IND001	Industrial properties	1: 1,33	0.012927	<b>0.013367</b>
03	BUS001	Business and Commercial properties	1: 1,30	0.012636	<b>0.013065</b>
04	AGR001	Agricultural properties used for Agricultural Purpose	1: 0,25	0.002430	<b>0.002513</b>
05	AGR002	Agricultural Properties used for Industrial Purposes	1: 1,33	0.012927	<b>0.013367</b>
06	AGR003	Agricultural Properties used for Eco- Tourism, Conversation, Trading In or Hunting of Game	1: 0,25	0.002430	<b>0.002513</b>
07	AGR004	Agricultural Properties not used for Any Purpose/Purpose Unknown to Municipality	1: 0,25	0.002430	<b>0.002513</b>
08	AGR005	Agricultural Properties used for Business and Commercial Purposes	1: 1,30	0.012636	<b>0.013065</b>
09	PSI001	Public Service Infrastructure properties	Exempt	0.000000	<b>0.000000</b>
10	PSP001	Properties owned by an municipality and used by state Provincial/National purposes	1: 1,30	0.012636	<b>0.013065</b>
11	PSP002	Properties owned by Public Benefit Organisations and used for specified public benefit activities	Exempt	0.000000	<b>0.000000</b>
12	PSP003	State- Owned Properties that Provide Local Services	1: 1,30	0.012636	<b>0.013065</b>
13	PSP004	State/ Owned Properties that Provide Regional/ Municipal District- Wide Services	1: 1,30	0.012636	<b>0.013065</b>
14	PSP005	State/ Owned Properties that Provide Provincial/ National Services	1: 1,30	0.012636	<b>0.013065</b>
15	PRA001	Protected areas	Exempt	0.000000	<b>0.000000</b>
16	MUN001	Municipal properties	Exempt	0.000000	<b>0.000000</b>
17	PMM001	Public monuments and memorials	Exempt	0.000000	<b>0.000000</b>
18	UPA001	Unregistered Properties (Administrative Purposes)	Exempt	0.000000	<b>0.000000</b>
19	CLR001	Communal land and Land Reform Beneficiaries	Exempt	0.000000	<b>0.000000</b>
20	PWV001	Place of Worship and Vicarage	Exempt	0.000000	<b>0.000000</b>
21	VAC001	Vacant Land	0:101,5	0.014579	<b>0.015075</b>

**1.4.2 Sale of Water and Sanitation and Impact of Tariff Increases**

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The Water-and Sanitation function was transferred to Joe Gqabi District Municipality on 1 July 2012 and for that reason Senqu Municipality does not advertise or consult on the tariffs for these services.

### 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. Given the absence of an approved tariff increase by Eskom and no approval of Eskom tariff application available yet for the 2026/27 financial year, municipalities are cautioned to not only use the National Treasury Cost Reflective Tariff Tool, but also to do the Cost of Supply Study as prescribed by NERSA.

In the municipal financial year 2026/27, Eskom tariffs increase in respect of purchase of electricity is 9 per cent and the proposed electricity tariff increase on sales to consumers is 11,42 per cent.

#### Electricity Surplus/(Deficit)

Description	2026 (Adj. Budget)	2027 (Budget)	2028 (Budget)	2029 (Budget)
Service Charges - Electricity	72 331 012	80 591 213	85 810 317	93 387 368
Bulk Purchases - Electricity	67 867 186	73 975 233	80 633 004	87 889 974
<b>Surplus/(Deficit)</b>	<b>4 463 826</b>	<b>6 615 980</b>	<b>5 177 314</b>	<b>5 497 394</b>
<b>Gross Profit %</b>	<b>6.2%</b>	<b>8.2%</b>	<b>6.0%</b>	<b>5.9%</b>

Compared to the revenue and expenditure per function in Schedule A2, it should be noted that the revenue figures above does not include indigent rebates financed from equitable share (refer to Schedule SA1) as well as any capital grant revenue (if any). Expenditure only relates to operating expenditure.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:



**Comparison between current electricity charges and increases**

DESCRIPTION	Tariff 2025/2026 " R"	Tariff 2026/2027 " R"
<b>Domestic (Pre-paid metering) single phase 0-60 AMP FBS</b>		
Basic / Availability Charge – per month	-	-
Energy Charge – per Unit (kWh) (1 – 50kWh)	-	-
Energy Charge – per Unit (kWh) (51 – 350kWh)	241.36	276.36
Energy Charge – per Unit (kWh) (351 - 600kWh)	354.64	406.06
Energy Charge – per Unit (kWh) (> 600kWh)	413.32	473.25
<b>Domestic (Pre-paid metering) single phase 0-60 AMP NONE FBS</b>		
Basic / Availability Charge – per month	-	-
Energy Charge – per Unit (kWh) (1 – 50kWh)	187.68	214.89
Energy Charge – per Unit (kWh) (51 – 350kWh)	241.36	276.36
Energy Charge – per Unit (kWh) (351 - 600kWh)	354.64	406.06
Energy Charge – per Unit (kWh) (> 600kWh)	413.32	473.25
<b>Domestic (Pre-paid metering) three phase 0-60 AMP</b>		
Basic / Availability Charge – per month	-	-
Energy Charge – per Unit (kWh) (1 – 50kWh)	187.68	214.89
Energy Charge – per Unit (kWh) (51 – 350kWh)	233.77	267.67
Energy Charge – per Unit (kWh) (351 - 600kWh)	354.64	406.06
Energy Charge – per Unit (kWh) (> 600kWh)	413.32	473.25
<b>Domestic : Demand 0 -60 Amp (Credit Metering)</b>		
Basic / Availability Charge -per month	307.23	351.78
Energy Charge – per Unit (kWh) (1 – 50kWh)	187.68	214.89
Energy Charge – per Unit (kWh) (51 – 350kWh)	233.77	267.67
Energy Charge – per Unit (kWh) (351 - 600kWh)	349.29	399.94
Energy Charge – per Unit (kWh) (> 600kWh)	394.36	451.54
<b>Domestic : Demand 60 Amp + (Credit Metering)</b>		
Basic / Availability Charge -per month	725.27	830.43
Energy Charge – per Unit (kWh) (1 – 50kWh)	187.68	214.89
Energy Charge – per Unit (kWh) (51 – 350kWh)	236.25	270.51
Energy Charge – per Unit (kWh) (351 - 600kWh)	349.29	399.94
Energy Charge – per Unit (kWh) (> 600kWh)	394.36	451.54
<b>Commercial (Pre -paid metering) 0 -60 AMP - Single Phase</b>		
Energy Charge -per Unit (KWh) consumed	506.52	579.97
<b>Commercial (Pre -paid metering) 0 -60 AMP - Three Phase</b>		
Energy Charge -per Unit (KWh) consumed	431.82	494.43
<b>Commercial: Small / Medium - (Credit Metering) 0-60 AMP</b>		
Basic / Availability Charge - per month	898.35	1 028.61
Energy Charge - per unit (KWh) consumed	369.70	423.31
<b>Commercial: Large - (Credit Metering) 0 to undifined AMP</b>		
Basic / Availability Charge - per month	2 662.69	3 048.78
Energy Charge - per unit (KWh) consumed	350.59	401.43
Network / Demand Charge - per unit (KVA) consumed	142.00	162.59
<b>Farms 0 to undifined AMP</b>		
Basic / Availability Charge per month	883.84	1 012.00
Energy Charge -per Unit (KWh) consumed	341.41	390.91
Network Demand Charge - (KVA) per Unit	140.87	161.30
<b>STREET LIGHTNING</b>		
Basic Charge (R/month):	898.36	1 028.62
Energy Charge (c/kWh):	369.54	423.12
<b>MUNICIPAL DEPARTMENT</b>		
Basic Charge (R/month):	2 662.69	3 048.78
Energy Charge (c/kWh):	350.60	401.44
Demand Charge (R/kVA)	142.01	162.60
<b>Consumer Deposits (to be paid prior to connection)</b>		
Domestic / Residential	3 522.33	4 033.06
Business / Commercial (Small / Medium): 0 - 60 Amp	8 805.81	10 082.65
Business / Commercial / Industrial: 60 -150 Amp	24 069.26	27 559.31
Businesses / Commercial / Industrial: 150 Amp +	44 029.36	50 413.61
Re - connecting existing connection	880.63	1 008.32
Re - connecting (after default / dis-connection )	968.71	1 109.18
Test Meter (Not Refundable)	880.63	1 008.32
Illegal Connection or tempering of KWH Meter	7 296.62	8 354.63

### 1.4.4 Waste Removal and Impact of Tariff Increases

An average tariff increase of 3,4 per cent for refuse removal services from 1 July 2026 is proposed. This increase was required to ensure that the tariff charged is more cost reflective due to the increase in fuel and other costs involved to provide these services. There are also significant rehabilitation provisions included in the budget that needs to be funded.

#### Waste Management Surplus/(Deficit)

Description	2026 (Adj. Budget)	2027 (Budget)	2028 (Budget)	2029 (Budget)
Revenue - Waste Management	53 371 991	51 767 305	52 028 646	55 167 264
Expenditure - Waste Management	48 646 696	46 918 431	51 584 420	52 342 044
<b>Surplus/(Deficit)</b>	<b>4 725 295</b>	<b>4 848 874</b>	<b>444 225</b>	<b>2 825 220</b>
<b>Surplus/(Deficit) %</b>	<b>8.9%</b>	<b>9.4%</b>	<b>0.9%</b>	<b>5.1%</b>

Compared to the revenue and expenditure per function in Schedule A2, it should be noted that the revenue figures above does not include indigent rebates financed from equitable share (refer to Schedule SA1) as well as any capital grant revenue (if any). Expenditure only relates to operating expenditure.

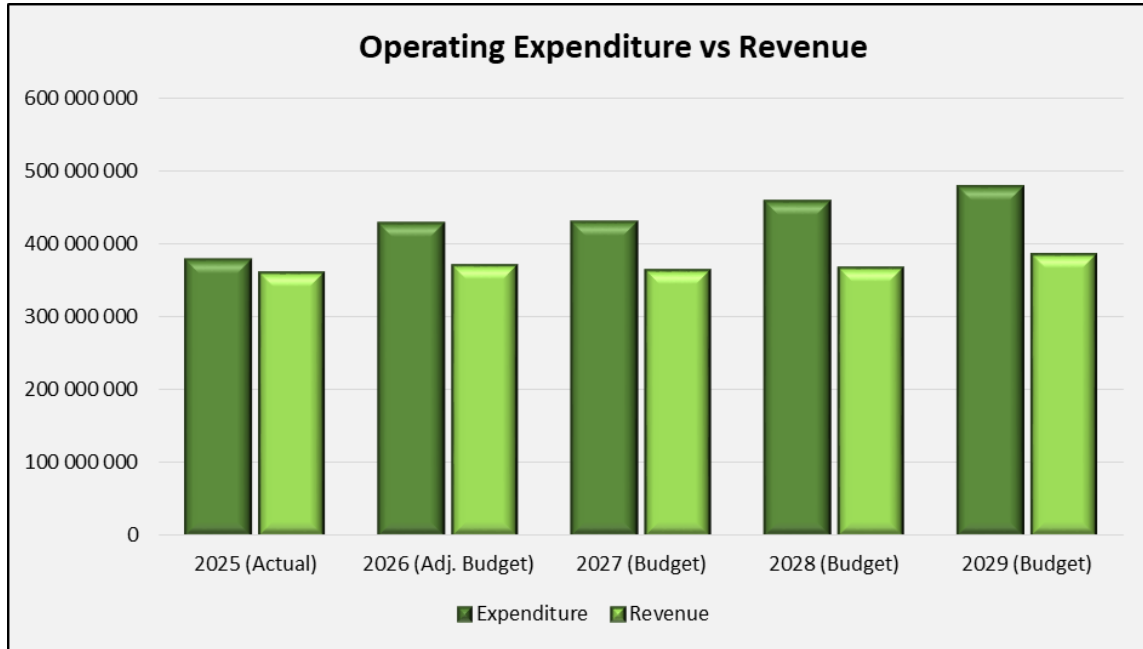
The following table compares current and proposed amounts payable from 1 July 2026:

#### Comparison between current waste removal fees and increases

Tariffs are applicable throughout SENQU municipality unless indicated otherwise	Tariff 2025/2026 "R"	Tariff 2026/2027 "R"
<b>Domestic Consumers</b> (per month for one removal per week)	201.00	<b>207.84</b>
Additional removal (per load or part thereof)	201.00	<b>207.84</b>
<b>Commercial Consumers</b> (per month for two removals per week)	430.19	<b>444.82</b>
Additional removal (per load or part thereof)	430.19	<b>444.82</b>
<b>Public Service Purpose Departments (Schools, hotels, SAPS, prison, hospitals, etc)</b> ( per month for two removals per week)	2 550.72	<b>2 637.44</b>
Additional removal (per load or part thereof)	430.19	<b>444.82</b>
<b>Garden Refuse</b> (per load) (to be paid in advance )	430.19	<b>444.82</b>
<b>Building Rubble</b> (per load) (to be paid in advance )	745.79	<b>771.15</b>
<b>Cleaning of erven</b>	430.19	<b>444.82</b>
<b>Penalty for Illegal Dumping</b>		
MICRO Business Turnover < R20m	5 000.00	<b>5 170.00</b>
Small Business Turnover Between R20M -and R40M	15 000.00	<b>15 510.00</b>
Medium Business Turnover Over R 40M	50 000.00	<b>51 700.00</b>

### 1.5 Operating Expenditure Framework

The following graph provides the operating revenue and expenditure for the 2024/25 (actuals) financial year, the revised budgeted figures for 2025/26 and the budgeted figures for 2026/27 to 2028/29 financial years.



The total operating budget before recognition of capital transfers for 2026/27 amounts to a deficit of R67,02 million. The total operating expenditure budget amounts to R428,49 million, which is 0.32 per cent more than the revised budget of 2025/26 of R427,13 million.

Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

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



**Summary of operating expenditure by standard classification item**

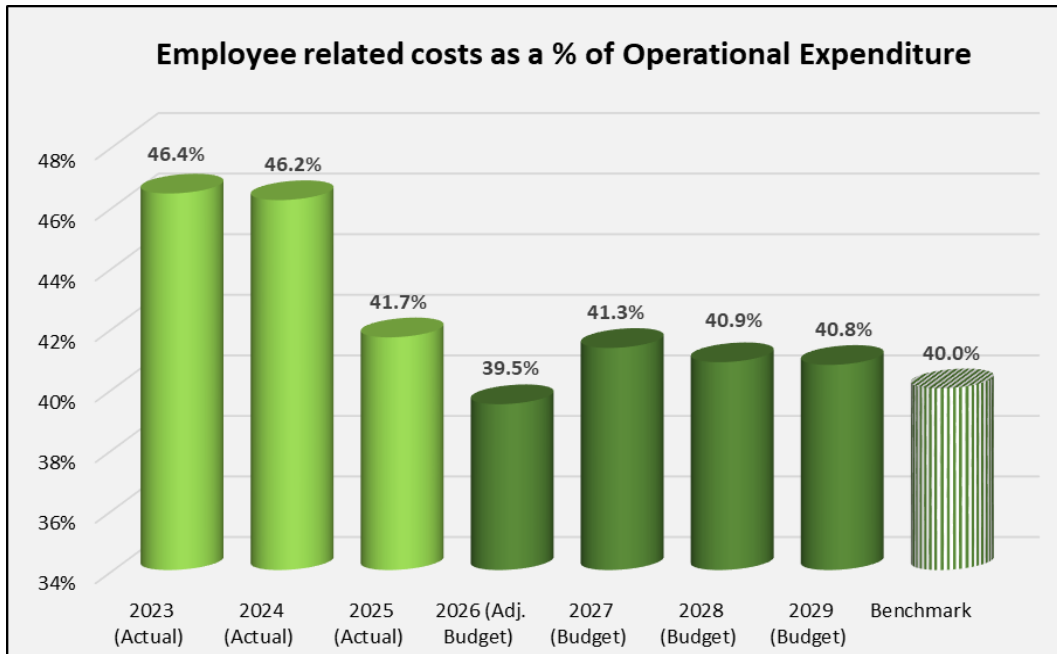
Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2026/27	2027/28	2028/29
<b>Expenditure By Type</b>								
Employee related costs	124 616	132 394	142 902	153 460	152 718	160 422	169 414	176 614
Remuneration of councillors	12 976	13 910	14 498	15 899	15 899	16 693	17 779	18 347
Bulk purchases - electricity	45 499	48 679	62 144	67 567	67 867	73 975	80 633	87 890
Inventory consumed	10 139	10 787	12 851	19 887	17 806	20 052	24 589	26 824
Debt impairment	14 497	17 464	16 137	18 913	14 113	12 613	14 449	13 792
Depreciation, amortisation and impairment	17 306	17 689	18 276	20 835	20 299	20 705	21 119	21 795
Interest, Dividends and Rent on Land	5 397	5 866	6 122	6 627	6 271	8 347	8 911	9 873
Contracted services	31 251	38 519	48 611	62 898	64 790	51 742	54 185	54 607
Transfers and subsidies	42	36	–	146	146	107	159	164
Irrecoverable debts written off	2 144	–	–	3 905	6 000	5 500	6 000	6 000
Operational costs	31 329	29 633	38 803	50 795	58 392	55 926	58 656	59 996
Disposal of Fixed and Intangible Assets	833	706	373	2 805	2 824	2 405	2 205	2 234
Other Losses	3	882	16 880	–	–	–	–	–
<b>Total Expenditure</b>	<b>296 032</b>	<b>316 565</b>	<b>377 599</b>	<b>423 737</b>	<b>427 126</b>	<b>428 487</b>	<b>458 099</b>	<b>478 137</b>

The budgeted allocation for employee related costs for the 2026/27 financial year totals R160,42 million, which equals 37,44 per cent of the total operating expenditure. This percentage is set to decrease to 36,94 per cent over the MTREF.

A detailed analysis regarding employee related costs as set out in MBRR Tables SA22 - 24 in this document.

The cost associated with the Remuneration of Councillors is determined by the Minister of Cooperative 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 taken into account in compiling the Municipality’s budget.

The expenditure on Employee Cost and Remuneration of Councillors is still towards the upper limits of the industry norms (between 25% and 40%) as depicted in the following graph. However, before the municipality reaches any conclusions with regards to levels of employee related costs of the municipality, the municipality should assess the impact of any items that could distort these figures. The municipality should for example exclude any non-cash expenditure (Depreciation and Debt Impairment) in order to compare it with other municipalities on a more equal basis.



The provision of debt impairment was determined based on an average collection rate of 82 per cent and the Debt Write-off Policy of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality’s realistically anticipated revenues.

Provision for depreciation and amortisation has been informed by the Municipality’s Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard totals R20,71 million for the 2026/27 financial year and equates to 4,83 per cent of the total operating expenditure. The appropriation increases to R21,80 million over the MTREF.

The Municipality is limiting its borrowing in order to keep interest charges to the absolute minimum. Interest charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Interest charges amounts to R8,35 million, which is 33.11 per cent more than the revised budget of 2025/26 of R6,27 million. This increase is as a result of the additional annuity loan of R40 million in 2026/27.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Although the municipality is not in control of the increase in the cost of bulk purchases, the municipality could still implement measures to reduce distribution losses as well as internal consumption. Electricity bulk purchases represents 17,26 per cent of expenditure for 2026/27 and this percentage increase to 18,38 per cent over the MTREF.

Inventory consumed consists out of consumables, fuel and oil as well as materials and supplies that is used in repairs and maintenance projects.



Contracted services consists of the delivery of primary services and the classification was largely influenced by the mSCOA chart of accounts. Approximately 22 per cent of the Contracted Services for 2026/2027 relates to Repairs and Maintenance projects and a total of R36,38 million over the MTREF.

Operational Costs comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance). This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

### **1.5.1 Priority given to repairs and maintenance**

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritized as a spending objective in the budget of municipalities.

Municipalities must ensure they prioritize asset management and take into consideration the following:

- 1) 40 per cent of its Capital Budget should be allocated to the renewal/upgrading of existing assets it.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)



**Repairs and maintenance per asset class**

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	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>Repairs and Maintenance by Asset Class</b>	<b>11 619</b>	<b>10 907</b>	<b>16 660</b>	<b>22 711</b>	<b>20 994</b>	<b>19 114</b>	<b>20 099</b>	<b>20 807</b>
<i>Roads Infrastructure</i>	4 593	2 276	3 189	5 726	4 726	5 077	5 493	5 720
<i>Storm water Infrastructure</i>	184	-	-	471	471	440	507	523
<i>Electrical Infrastructure</i>	548	599	1 066	1 622	1 527	1 531	1 700	1 764
<i>Solid Waste Infrastructure</i>	106	45	380	1 487	463	813	632	626
<b>Infrastructure</b>	<b>5 431</b>	<b>2 920</b>	<b>4 636</b>	<b>9 306</b>	<b>7 187</b>	<b>7 860</b>	<b>8 332</b>	<b>8 634</b>
Community Facilities	1 686	1 035	1 741	2 637	2 559	2 348	2 566	2 648
Sport and Recreation Facilities	166	100	46	377	377	337	368	390
<b>Community Assets</b>	<b>1 851</b>	<b>1 135</b>	<b>1 787</b>	<b>3 013</b>	<b>2 936</b>	<b>2 685</b>	<b>2 934</b>	<b>3 038</b>
Revenue Generating	-	-	-	409	259	52	57	63
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>409</b>	<b>259</b>	<b>52</b>	<b>57</b>	<b>63</b>
Operational Buildings	613	870	1 926	2 664	3 034	2 077	2 605	2 689
<b>Other Assets</b>	<b>613</b>	<b>870</b>	<b>1 926</b>	<b>2 664</b>	<b>3 034</b>	<b>2 077</b>	<b>2 605</b>	<b>2 689</b>
Furniture and Office Equipment	458	259	740	1 047	847	1 066	1 110	1 146
Machinery and Equipment	1 135	1 582	1 291	2 000	2 093	2 162	2 046	2 111
Transport Assets	2 131	4 141	6 280	4 271	4 639	3 212	3 014	3 126
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>28 925</b>	<b>28 596</b>	<b>34 936</b>	<b>43 546</b>	<b>41 294</b>	<b>39 819</b>	<b>41 218</b>	<b>42 602</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	68.8%	60.8%	43.7%	42.5%	4.1%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	0.0%	449.3%	400.9%	248.7%	156.6%	10.0%
<i>R&amp;M as a % of PPE &amp; Investment Property</i>	2.2%	1.8%	2.4%	2.7%	2.6%	2.1%	2.1%	2.1%
<i>Renewal and upgrading and R&amp;M as a % of PPE and Investment Property</i>	2.2%	1.8%	2.4%	13.8%	12.6%	7.8%	5.5%	2.3%

Currently the municipality is not achieving the target of 8% for Repairs and Maintenance as a % of PPE & Investment Property. It should however be noted that the municipality is currently not allocating items such as employee related cost utilised in repairs and maintenance projects to the repairs and maintenance line items. This is mainly due to a lack of a costing system to provide for such allocations. It is anticipated that the full implementation of mSCOA will correct this deficiency.

**Repairs and maintenance per expenditure item**

Description	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>					
<b>Repairs and Maintenance by Expenditure Item</b>					
Inventory Consumed (Project Maintenance)	7 156	6 032	7 287	7 366	7 660
Contracted Services	15 061	14 469	11 356	12 310	12 711
Operational Costs	494	494	470	422	436
<b>Total Repairs and Maintenance Expenditure</b>	<b>22 711</b>	<b>20 994</b>	<b>19 114</b>	<b>20 099</b>	<b>20 807</b>



### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilizing the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act.

Tariffs for indigent households are set out below:

- Rates free of charge to the value based on the market value of the property to the maximum of R60 000
- 50 kWh free electricity per month
- Free refuse x 4 removals per month

The cost associated with indigent subsidies amounts to R11,00 million in 2026/27 and increase to R14,35 million and R16,61 million in the 2 outer years respectively. These figures are disclosed under operating expenditure projects and include items such as Bulk purchases, Contracted services, Inventory consumed and Operational cost expenditure in table A4 of the budget schedules. This do not include the Property rates rebates, the 50 kWh electricity and the refuse removal provided to indigents. These amounts are disclosed in table A10 of the budget schedules.



## 1.6 Capital expenditure

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

### 2026/27 Medium-term capital budget per vote

Vote Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be appropriated</b>								
Vote 3 - Corporate Services	-	-	944	1 500	350	2 000	-	-
Vote 5 - Road Transport	10 649	30 309	82 701	94 594	96 276	52 599	38 654	14 109
Vote 6 - Waste Water Management	771	1 616	-	8 090	216	1 833	8 000	10 000
Vote 9 - Community & Social Services	9 032	3 835	4 466	10 145	8 919	4 500	-	7 500
Vote 10 - Sport & Recreation	310	6 905	19 373	3 700	9 135	6 000	9 000	-
Vote 11 - Public Safety	197	1 026	345	279	279	279	167	84
Vote 12 - Electricity	-	-	1 103	1 522	1 832	-	4 527	4 732
Vote 13 - Waste Management	11 226	4 076	-	-	-	2 300	10 200	10 000
<b>Capital multi-year expenditure sub-total</b>	<b>32 185</b>	<b>47 767</b>	<b>108 933</b>	<b>119 830</b>	<b>117 006</b>	<b>69 510</b>	<b>70 548</b>	<b>46 424</b>
<b>Single-year expenditure to be appropriated</b>								
Vote 1 - Executive & Council	776	209	199	69	469	135	75	51
Vote 3 - Corporate Services	1 034	899	1 037	5 743	5 463	526	17	17
Vote 4 - Budget & Treasury	1 045	1 775	1 535	1 169	2 272	1 781	845	857
Vote 5 - Road Transport	-	13 563	18 152	3 053	2 153	20 000	-	-
Vote 9 - Community & Social Services	-	-	170	78	388	49	39	28
Vote 11 - Public Safety	-	-	-	3 000	3 000	3 000	-	-
Vote 12 - Electricity	130	991	1 375	2 769	2 329	16 275	3 000	3 000
Vote 13 - Waste Management	147	17 314	368	281	691	6 685	3 312	3 300
<b>Capital single-year expenditure sub-total</b>	<b>3 132</b>	<b>34 752</b>	<b>22 836</b>	<b>16 161</b>	<b>16 764</b>	<b>48 451</b>	<b>7 288</b>	<b>7 252</b>
<b>Total Capital Expenditure - Vote</b>	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>135 991</b>	<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>

The following table provides more information on the breakdown of the capital budget.



**Asset Management**

Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>Total Capital Expenditure</b>	35 317	82 519	131 769	135 991	133 770	117 961	77 836	53 676
<i>Roads Infrastructure</i>	8 558	31 130	66 733	90 393	79 367	47 799	38 654	14 109
<i>Storm water Infrastructure</i>	–	552	–	8 090	216	1 833	8 000	10 000
<i>Electrical Infrastructure</i>	130	957	2 478	4 290	4 160	16 275	7 527	7 732
<i>Solid Waste Infrastructure</i>	11 226	4 076	–	–	–	5 500	10 200	10 000
<b>Infrastructure</b>	<b>19 914</b>	<b>36 715</b>	<b>69 211</b>	<b>102 773</b>	<b>83 743</b>	<b>71 407</b>	<b>64 381</b>	<b>41 841</b>
Community Facilities	5 013	4 861	4 811	10 424	9 198	4 779	167	7 584
Sport and Recreation Facilities	310	6 905	19 373	3 700	9 135	6 000	9 000	–
<b>Community Assets</b>	<b>5 323</b>	<b>11 766</b>	<b>24 185</b>	<b>14 124</b>	<b>18 332</b>	<b>10 779</b>	<b>9 167</b>	<b>7 584</b>
Operational Buildings	7 540	13 602	17 111	5 945	17 503	6 800	–	–
Housing	–	–	–	3 471	3 071	–	–	–
<b>Other Assets</b>	<b>7 540</b>	<b>13 602</b>	<b>17 111</b>	<b>9 416</b>	<b>20 575</b>	<b>6 800</b>	<b>–</b>	<b>–</b>
Licences and Rights	–	–	–	697	–	–	–	–
<b>Intangible Assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>697</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Computer Equipment	1 454	1 801	1 520	2 172	3 472	1 750	830	857
Furniture and Office Equipment	292	500	313	148	648	145	118	79
Machinery and Equipment	147	17 348	17 769	3 660	3 500	24 080	3 340	3 316
Transport Assets	646	788	1 660	–	500	–	–	–
Land	–	–	–	3 000	3 000	3 000	–	–
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>135 991</b>	<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>

With roads being one of the main economic drivers within the region, an amount of R47,80 million were budgeted for 2026/27 for road- and bridge projects and R100,56 million over the MTREF period. A total of R19,83 million over the MTREF is allocated to Storm water infrastructure projects and R31,53 million for electrical infrastructure projects.

An amount of R5,50 million has been provided for Solid Waste Infrastructure projects for the 2026/27 budget year and a total of R25,70 over the MTREF.

The allocation to community assets amounts to R10,78 million for 2026/27 of which R4,50 million is allocated to community halls and R6,00 million to Sport and recreation facilities.

R6,80 million was allocated to municipal buildings for the 2026/27 financial year and R3,00 million for the purchase of Grazing Land.



## 1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2026/27 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

### MBRR 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	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousands</b>								
<b>Financial Performance</b>								
Property rates	17 331	18 782	17 977	19 969	19 969	20 901	20 673	21 087
Service charges	53 643	65 298	73 005	82 815	82 815	91 494	97 204	105 146
Investment revenue	32 209	43 068	40 744	32 162	34 262	27 410	27 338	23 237
Transfer and subsidies - Operational	188 852	199 773	213 478	215 414	216 398	208 081	205 940	219 304
Other own revenue	17 663	17 564	13 294	14 343	15 023	13 580	13 928	14 374
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>309 696</b>	<b>344 485</b>	<b>358 498</b>	<b>364 702</b>	<b>368 467</b>	<b>361 466</b>	<b>365 084</b>	<b>383 147</b>
Employee costs	124 616	132 394	142 902	153 460	152 718	160 422	169 414	176 614
Remuneration of councillors	12 976	13 910	14 498	15 899	15 899	16 693	17 779	18 347
Depreciation, amortisation and impairment	17 306	17 689	18 276	20 835	20 299	20 705	21 119	21 795
Interest, Dividends and Rent on Land	5 397	5 866	6 122	6 627	6 271	8 347	8 911	9 873
Inventory consumed and bulk purchases	55 638	59 466	74 995	87 454	85 674	94 028	105 222	114 714
Transfers and subsidies	42	36	-	146	146	107	159	164
Other expenditure	80 057	87 204	120 805	139 316	146 120	128 186	135 495	136 629
<b>Total Expenditure</b>	<b>296 032</b>	<b>316 565</b>	<b>377 599</b>	<b>423 737</b>	<b>427 126</b>	<b>428 487</b>	<b>458 099</b>	<b>478 137</b>
<b>Surplus/(Deficit)</b>	<b>13 664</b>	<b>27 920</b>	<b>(19 100)</b>	<b>(59 035)</b>	<b>(58 659)</b>	<b>(67 021)</b>	<b>(93 016)</b>	<b>(94 989)</b>
Transfers and subsidies - capital (monetary allocations)	34 366	43 310	56 709	52 345	55 129	39 452	48 147	49 668
<b>Surplus/(Deficit) for the year</b>	<b>48 030</b>	<b>71 230</b>	<b>37 608</b>	<b>(6 690)</b>	<b>(3 530)</b>	<b>(27 569)</b>	<b>(44 869)</b>	<b>(45 321)</b>
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>135 991</b>	<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>
Transfers recognised - capital	34 366	43 310	56 709	52 345	55 129	39 452	48 147	49 668
Borrowing	-	-	-	-	-	40 000	-	-
Internally generated funds	951	39 209	75 061	83 646	78 641	38 510	29 689	4 008
<b>Total sources of capital funds</b>	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>135 991</b>	<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>
<b>Financial position</b>								
Total current assets	526 525	544 353	517 408	268 545	389 823	317 667	224 408	159 353
Total non current assets	537 674	611 851	702 844	842 353	813 491	908 343	962 855	992 502
Total current liabilities	65 297	72 839	98 778	63 654	79 165	83 124	82 188	84 164
Total non current liabilities	50 677	54 381	62 789	65 452	68 995	115 299	122 358	130 294
Community wealth/Equity	948 225	1 028 984	1 058 686	981 792	1 055 155	1 027 586	982 718	937 397
<b>Cash flows</b>								
Net cash from (used) operating	75 988	91 701	86 051	1 152	6 540	2 046	(14 476)	(12 237)
Net cash from (used) investing	(35 317)	(81 962)	(116 024)	(135 434)	(133 742)	(117 100)	(78 090)	(53 445)
Net cash from (used) financing	(852)	(845)	(873)	(893)	(895)	38 894	(1 348)	(1 414)
<b>Cash/cash equivalents at the year end</b>	<b>497 832</b>	<b>506 726</b>	<b>475 880</b>	<b>224 029</b>	<b>347 783</b>	<b>271 622</b>	<b>177 708</b>	<b>110 612</b>



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	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousands</b>								
<u>Cash backing/surplus reconciliation</u>								
Cash and investments available	497 832	506 726	475 880	224 029	347 783	271 622	177 708	110 612
Application of cash and investments	319 030	302 310	264 261	213 397	264 747	245 000	164 239	106 085
<b>Balance - surplus (shortfall)</b>	<b>178 801</b>	<b>204 416</b>	<b>211 618</b>	<b>10 632</b>	<b>83 036</b>	<b>26 622</b>	<b>13 468</b>	<b>4 527</b>
<u>Asset management</u>								
Asset register summary (WDV)	536 120	610 807	700 281	842 353	813 491	908 343	962 855	992 502
Depreciation	17 306	17 689	18 276	20 835	20 299	20 705	21 119	21 795
Renewal and Upgrading of Existing Assets	-	-	-	93 621	81 379	51 499	33 073	2 182
Repairs and Maintenance	11 619	10 907	16 660	22 711	20 994	19 114	20 099	20 807
<u>Free services</u>								
Cost of Free Basic Services provided	(255)	(185)	-	(5 621)	(5 621)	(5 621)	(5 920)	(6 209)
Revenue cost of free services provided	(7 702)	(6 196)	(6 025)	(6 403)	(6 403)	(6 403)	(6 499)	(6 629)
<u>Households below minimum service level</u>								
Energy:	-	8	9	10	10	10	11	11
Refuse:	-	50	53	55	55	58	61	64

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality’s budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality’s commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The accumulated surplus is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality’s cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows a sharp decline over the MTREF. This will in turn result in a sharp decline in the CRR.



**MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Functional Classification Description R thousand	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Revenue - Functional</b>								
<b>Governance and administration</b>	232 997	255 828	262 176	179 541	181 641	172 815	171 878	176 939
Executive and council	264	-	-	7 990	7 990	8 380	8 671	8 941
Finance and administration	232 733	255 828	262 176	171 552	173 652	164 435	163 207	167 998
<b>Community and public safety</b>	4 688	4 498	5 166	4 500	5 200	5 187	5 102	5 331
Community and social services	1 567	1 567	2 167	2 355	2 355	2 291	2 376	2 518
Sport and recreation	1	0	3	8	8	8	8	8
Public safety	3 120	2 931	2 996	2 138	2 838	2 887	2 718	2 805
<b>Economic and environmental services</b>	42 417	53 690	68 606	67 866	70 798	51 449	54 281	54 905
Planning and development	6 386	8 144	9 629	9 915	9 644	9 823	10 695	9 991
Road transport	36 031	45 547	58 977	56 452	59 654	41 626	43 586	44 914
Environmental protection	-	-	-	1 500	1 500	-	-	-
<b>Trading services</b>	63 391	73 704	78 899	163 408	165 727	171 198	181 668	195 329
Energy sources	50 113	58 428	66 474	111 955	112 355	119 431	129 639	140 162
Waste management	13 277	15 277	12 425	51 453	53 372	51 767	52 029	55 167
<b>Other</b>	569	74	359	1 731	229	270	302	311
<b>Total Revenue - Functional</b>	<b>344 062</b>	<b>387 795</b>	<b>415 207</b>	<b>417 047</b>	<b>423 596</b>	<b>400 918</b>	<b>413 231</b>	<b>432 816</b>
<b>Expenditure - Functional</b>								
<b>Governance and administration</b>	112 718	127 487	163 725	165 914	177 527	175 129	186 559	192 964
Executive and council	31 003	36 268	43 498	49 109	55 386	54 552	56 621	58 232
Finance and administration	78 474	87 618	116 111	112 365	117 883	115 998	125 031	129 450
Internal audit	3 241	3 601	4 116	4 440	4 259	4 579	4 907	5 282
<b>Community and public safety</b>	26 891	27 889	32 016	34 594	37 377	36 951	38 828	40 316
Community and social services	18 595	18 594	20 930	22 997	23 546	24 716	25 776	26 792
Sport and recreation	1 462	2 399	2 451	3 034	3 011	3 085	3 258	3 398
Public safety	6 833	6 895	8 634	8 563	10 821	9 149	9 794	10 127
<b>Economic and environmental services</b>	43 432	45 953	49 650	66 178	60 833	60 425	63 296	64 074
Planning and development	19 006	20 002	21 340	29 842	29 629	28 509	29 734	29 245
Road transport	24 373	25 868	27 954	34 439	29 678	31 815	33 454	34 717
Environmental protection	53	83	356	1 897	1 526	101	108	112
<b>Trading services</b>	110 984	113 594	130 468	153 853	148 086	153 219	166 752	178 008
Energy sources	66 636	69 035	83 770	96 095	93 735	100 250	109 046	119 317
Waste water management	7 354	3 908	3 903	6 199	5 703	6 051	6 121	6 350
Waste management	36 995	40 651	42 794	51 560	48 647	46 918	51 584	52 342
<b>Other</b>	2 007	1 642	1 740	3 198	3 303	2 763	2 665	2 774
<b>Total Expenditure - Functional</b>	<b>296 032</b>	<b>316 565</b>	<b>377 599</b>	<b>423 737</b>	<b>427 126</b>	<b>428 487</b>	<b>458 099</b>	<b>478 137</b>
<b>Surplus/(Deficit) for the year</b>	<b>48 030</b>	<b>71 230</b>	<b>37 608</b>	<b>(6 690)</b>	<b>(3 530)</b>	<b>(27 569)</b>	<b>(44 869)</b>	<b>(45 321)</b>



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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.



**MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Revenue by Vote</b>								
Vote 1 - Executive & Council	264	-	-	7 990	7 990	8 380	8 671	8 941
Vote 2 - Planning & Development	6 953	8 180	9 776	10 054	9 631	9 841	10 736	10 033
Vote 3 - Corporate Services	2 663	3 393	2 088	2 192	2 192	1 494	1 593	1 644
Vote 4 - Budget & Treasury	230 071	252 440	260 093	169 373	171 473	162 964	161 639	166 379
Vote 5 - Road Transport	39 091	48 340	61 892	58 462	62 363	44 398	46 185	47 595
Vote 9 - Community & Social Services	1 569	1 599	2 373	5 434	4 084	2 520	2 613	2 763
Vote 10 - Sport & Recreation	1	0	3	8	8	8	8	8
Vote 11 - Public Safety	59	138	81	128	128	115	119	123
Vote 12 - Electricity	50 113	58 428	66 474	111 955	112 355	119 431	129 639	140 162
Vote 13 - Waste Management	13 277	15 277	12 425	51 453	53 372	51 767	52 029	55 167
<b>Total Revenue by Vote</b>	<b>344 062</b>	<b>387 795</b>	<b>415 207</b>	<b>417 047</b>	<b>423 596</b>	<b>400 918</b>	<b>413 231</b>	<b>432 816</b>
<b>Expenditure by Vote to be appropriated</b>								
Vote 1 - Executive & Council	34 988	41 020	48 960	55 006	61 136	60 659	63 138	65 190
Vote 2 - Planning & Development	20 495	20 770	22 402	31 472	31 145	29 954	31 274	30 847
Vote 3 - Corporate Services	36 707	43 522	66 355	53 860	53 987	50 282	57 222	59 522
Vote 4 - Budget & Treasury	41 045	42 968	48 433	51 676	55 806	56 549	58 322	60 117
Vote 5 - Road Transport	30 999	31 148	34 678	46 281	43 971	46 276	48 671	50 502
Vote 6 - Waste Water Management	7 354	3 908	3 903	6 199	5 703	6 051	6 121	6 350
Vote 9 - Community & Social Services	19 144	19 529	21 941	26 438	26 834	26 109	26 982	28 047
Vote 10 - Sport & Recreation	1 462	2 399	2 451	3 034	3 011	3 085	3 258	3 398
Vote 11 - Public Safety	207	1 615	1 910	2 117	3 151	2 353	2 481	2 506
Vote 12 - Electricity	66 636	69 035	83 770	96 095	93 735	100 250	109 046	119 317
Vote 13 - Waste Management	36 995	40 651	42 794	51 560	48 647	46 918	51 584	52 342
<b>Total Expenditure by Vote</b>	<b>296 032</b>	<b>316 565</b>	<b>377 599</b>	<b>423 737</b>	<b>427 126</b>	<b>428 487</b>	<b>458 099</b>	<b>478 137</b>
<b>Surplus/(Deficit) for the year</b>	<b>48 030</b>	<b>71 230</b>	<b>37 608</b>	<b>(6 690)</b>	<b>(3 530)</b>	<b>(27 569)</b>	<b>(44 869)</b>	<b>(45 321)</b>

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

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



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

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	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>Revenue</b>								
<b>Exchange Revenue</b>								
Service charges - Electricity	44 526	55 766	63 512	72 331	72 331	80 591	85 810	93 387
Service charges - Waste Management	9 117	9 532	9 493	10 484	10 484	10 903	11 394	11 758
Sale of Goods and Rendering of Services	110	404	351	452	319	333	457	472
Agency services	1 204	1 047	1 244	966	966	1 204	1 244	1 284
Interest earned from Receivables	4 752	5 815	4 440	5 228	6 728	6 159	6 363	6 566
Interest earned from Current and Non Current Assets	32 209	43 068	40 744	32 162	34 262	27 410	27 338	23 237
Rent on Land	0	50	-	34	34	15	15	16
Rental from Fixed Assets	1 475	1 763	1 721	1 989	1 989	1 231	1 324	1 366
Licence and permits	1 301	1 226	1 419	2 363	1 513	1 240	1 281	1 322
Operational Revenue	549	551	1 069	498	498	606	566	584
<b>Non-Exchange Revenue</b>								
Property rates	17 331	18 782	17 977	19 969	19 969	20 901	20 673	21 087
Fines, penalties and forfeits	915	1 047	668	172	592	325	131	135
Transfer and subsidies - Operational	188 852	199 773	213 478	215 414	216 398	208 081	205 940	219 304
Interest	1 720	2 000	2 287	2 383	2 383	2 467	2 548	2 629
Gains on disposal of Fixed and Intangible Assets	-	961	96	257	-	-	-	-
Other Gains	5 635	2 698	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>309 696</b>	<b>344 485</b>	<b>358 498</b>	<b>364 702</b>	<b>368 467</b>	<b>361 466</b>	<b>365 084</b>	<b>383 147</b>
<b>Expenditure</b>								
Employee related costs	124 616	132 394	142 902	153 460	152 718	160 422	169 414	176 614
Remuneration of councillors	12 976	13 910	14 498	15 899	15 899	16 693	17 779	18 347
Bulk purchases - electricity	45 499	48 679	62 144	67 567	67 867	73 975	80 633	87 890
Inventory consumed	10 139	10 787	12 851	19 887	17 806	20 052	24 589	26 824
Debt impairment	14 497	17 464	16 137	18 913	14 113	12 613	14 449	13 792
Depreciation, amortisation and impairment	17 306	17 689	18 276	20 835	20 299	20 705	21 119	21 795
Interest, Dividends and Rent on Land	5 397	5 866	6 122	6 627	6 271	8 347	8 911	9 873
Contracted services	31 251	38 519	48 611	62 898	64 790	51 742	54 185	54 607
Transfers and subsidies	42	36	-	146	146	107	159	164
Irrecoverable debts written off	2 144	-	-	3 905	6 000	5 500	6 000	6 000
Operational costs	31 329	29 633	38 803	50 795	58 392	55 926	58 656	59 996
Disposal of Fixed and Intangible Assets	833	706	373	2 805	2 824	2 405	2 205	2 234
Other Losses	3	882	16 880	-	-	-	-	-
<b>Total Expenditure</b>	<b>296 032</b>	<b>316 565</b>	<b>377 599</b>	<b>423 737</b>	<b>427 126</b>	<b>428 487</b>	<b>458 099</b>	<b>478 137</b>
<b>Surplus/(Deficit)</b>	<b>13 664</b>	<b>27 920</b>	<b>(19 100)</b>	<b>(59 035)</b>	<b>(58 659)</b>	<b>(67 021)</b>	<b>(93 016)</b>	<b>(94 989)</b>
Transfers and subsidies - capital (monetary allocations)	34 366	43 310	56 709	52 345	55 129	39 452	48 147	49 668
<b>Surplus/(Deficit) for the year</b>	<b>48 030</b>	<b>71 230</b>	<b>37 608</b>	<b>(6 690)</b>	<b>(3 530)</b>	<b>(27 569)</b>	<b>(44 869)</b>	<b>(45 321)</b>

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.



**MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be appropriated</b>								
Vote 3 - Corporate Services	-	-	944	1 500	350	2 000	-	-
Vote 5 - Road Transport	10 649	30 309	82 701	94 594	96 276	52 599	38 654	14 109
Vote 6 - Waste Water Management	771	1 616	-	8 090	216	1 833	8 000	10 000
Vote 9 - Community & Social Services	9 032	3 835	4 466	10 145	8 919	4 500	-	7 500
Vote 10 - Sport & Recreation	310	6 905	19 373	3 700	9 135	6 000	9 000	-
Vote 11 - Public Safety	197	1 026	345	279	279	279	167	84
Vote 12 - Electricity	-	-	1 103	1 522	1 832	-	4 527	4 732
Vote 13 - Waste Management	11 226	4 076	-	-	-	2 300	10 200	10 000
<b>Capital multi-year expenditure sub-total</b>	<b>32 185</b>	<b>47 767</b>	<b>108 933</b>	<b>119 830</b>	<b>117 006</b>	<b>69 510</b>	<b>70 548</b>	<b>46 424</b>
<b>Single-year expenditure to be appropriated</b>								
Vote 1 - Executive & Council	776	209	199	69	469	135	75	51
Vote 3 - Corporate Services	1 034	899	1 037	5 743	5 463	526	17	17
Vote 4 - Budget & Treasury	1 045	1 775	1 535	1 169	2 272	1 781	845	857
Vote 5 - Road Transport	-	13 563	18 152	3 053	2 153	20 000	-	-
Vote 9 - Community & Social Services	-	-	170	78	388	49	39	28
Vote 11 - Public Safety	-	-	-	3 000	3 000	3 000	-	-
Vote 12 - Electricity	130	991	1 375	2 769	2 329	16 275	3 000	3 000
Vote 13 - Waste Management	147	17 314	368	281	691	6 685	3 312	3 300
<b>Capital single-year expenditure sub-total</b>	<b>3 132</b>	<b>34 752</b>	<b>22 836</b>	<b>16 161</b>	<b>16 764</b>	<b>48 451</b>	<b>7 288</b>	<b>7 252</b>
<b>Total Capital Expenditure - Vote</b>	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>135 991</b>	<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>
<b>Capital Expenditure - Functional</b>								
<b>Governance and administration</b>	<b>2 855</b>	<b>2 884</b>	<b>3 715</b>	<b>8 481</b>	<b>8 554</b>	<b>4 442</b>	<b>937</b>	<b>924</b>
Executive and council	776	209	199	69	469	135	75	51
Finance and administration	2 079	2 674	3 516	8 412	8 085	4 307	862	874
<b>Community and public safety</b>	<b>9 539</b>	<b>11 766</b>	<b>24 185</b>	<b>21 569</b>	<b>38 556</b>	<b>18 628</b>	<b>9 207</b>	<b>7 611</b>
Community and social services	9 032	3 835	4 466	10 145	8 989	4 549	39	7 528
Sport and recreation	310	6 905	19 373	3 700	9 135	6 000	9 000	-
Public safety	197	1 026	345	7 724	20 432	8 079	167	84
<b>Economic and environmental services</b>	<b>10 649</b>	<b>43 873</b>	<b>100 853</b>	<b>93 202</b>	<b>81 275</b>	<b>67 799</b>	<b>38 654</b>	<b>14 109</b>
Road transport	10 649	43 873	100 853	93 202	81 275	67 799	38 654	14 109
<b>Trading services</b>	<b>12 275</b>	<b>23 997</b>	<b>3 016</b>	<b>12 661</b>	<b>5 068</b>	<b>27 093</b>	<b>29 039</b>	<b>31 032</b>
Energy sources	130	991	2 478	4 290	4 160	16 275	7 527	7 732
Water management	-	1 616	-	-	-	-	-	-
Waste water management	771	21 390	368	8 090	216	1 833	8 000	10 000
Waste management	11 373	-	170	281	691	8 985	13 512	13 300
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>318</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>135 991</b>	<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>
<b>Funded by:</b>								
National Government	34 366	35 062	46 986	52 345	55 129	39 403	48 108	49 641
Provincial Government	-	8 248	9 722	-	-	49	39	28
<b>Transfers recognised - capital</b>	<b>34 366</b>	<b>43 310</b>	<b>56 709</b>	<b>52 345</b>	<b>55 129</b>	<b>39 452</b>	<b>48 147</b>	<b>49 668</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40 000</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>951</b>	<b>39 209</b>	<b>75 061</b>	<b>83 646</b>	<b>78 641</b>	<b>38 510</b>	<b>29 689</b>	<b>4 008</b>
<b>Total Capital Funding</b>	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>135 991</b>	<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>

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

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from National, Provincial and Other grants and transfers and internally generated funds from current and prior year surpluses.



**MBRR Table A6 - Budgeted Financial Position**

Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>ASSETS</b>								
<b>Current assets</b>								
Cash and cash equivalents	497 832	506 726	475 880	224 029	347 783	271 622	177 708	110 612
Trade and other receivables from exchange transactions	13 955	24 314	20 623	32 497	19 889	24 385	24 951	26 149
Receivables from non-exchange transactions	7 581	7 346	9 474	5 848	10 771	12 045	12 638	13 300
Inventory	608	673	518	673	518	518	518	518
VAT Receivable	6 549	5 242	10 862	5 498	10 862	9 097	8 593	8 774
Other current assets	0	51	52	-	-	-	-	-
<b>Total current assets</b>	<b>526 525</b>	<b>544 353</b>	<b>517 408</b>	<b>268 545</b>	<b>389 823</b>	<b>317 667</b>	<b>224 408</b>	<b>159 353</b>
<b>Non current assets</b>								
Investments	-	-	-	-	-	-	-	-
Investment property	47 272	48 397	35 328	48 397	35 328	35 328	35 328	35 328
Property, plant and equipment	490 072	563 407	667 497	793 272	778 163	873 015	927 527	957 174
Intangible assets	330	48	19	684	-	-	-	-
<b>Total non current assets</b>	<b>537 674</b>	<b>611 851</b>	<b>702 844</b>	<b>842 353</b>	<b>813 491</b>	<b>908 343</b>	<b>962 855</b>	<b>992 502</b>
<b>TOTAL ASSETS</b>	<b>1 064 199</b>	<b>1 156 204</b>	<b>1 220 253</b>	<b>1 110 897</b>	<b>1 203 315</b>	<b>1 226 010</b>	<b>1 187 263</b>	<b>1 151 855</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Financial liabilities	887	943	964	987	987	1 423	1 491	1 250
Consumer deposits	1 885	1 949	1 986	2 088	2 056	2 128	2 202	2 279
Trade and other payables from exchange transactions	9 617	15 591	36 683	27 498	36 756	39 090	38 124	39 343
Trade and other payables from non-exchange transactions	27 075	27 925	36 872	13 250	15 753	15 543	14 048	13 537
Provision	25 113	25 666	21 329	18 177	22 611	23 685	24 810	25 989
Other current liabilities	721	767	943	1 654	1 002	1 256	1 511	1 766
<b>Total current liabilities</b>	<b>65 297</b>	<b>72 839</b>	<b>98 778</b>	<b>63 654</b>	<b>79 165</b>	<b>83 124</b>	<b>82 188</b>	<b>84 164</b>
<b>Non current liabilities</b>								
Financial liabilities	5 957	4 978	4 014	3 027	3 026	41 413	39 922	38 672
Provision	24 971	27 186	31 813	32 820	34 651	37 593	40 653	43 835
Other non-current liabilities	19 749	22 216	26 962	29 605	31 318	36 293	41 783	47 787
<b>Total non current liabilities</b>	<b>50 677</b>	<b>54 381</b>	<b>62 789</b>	<b>65 452</b>	<b>68 995</b>	<b>115 299</b>	<b>122 358</b>	<b>130 294</b>
<b>TOTAL LIABILITIES</b>	<b>115 974</b>	<b>127 220</b>	<b>161 567</b>	<b>129 106</b>	<b>148 160</b>	<b>198 423</b>	<b>204 545</b>	<b>214 458</b>
<b>NET ASSETS</b>	<b>948 225</b>	<b>1 028 984</b>	<b>1 058 686</b>	<b>981 792</b>	<b>1 055 155</b>	<b>1 027 586</b>	<b>982 718</b>	<b>937 397</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated surplus/(deficit)	582 571	672 483	769 536	698 085	747 668	737 066	770 855	784 216
Reserves and funds	365 654	356 502	289 150	283 707	307 487	290 521	211 863	153 180
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>948 225</b>	<b>1 028 984</b>	<b>1 058 686</b>	<b>981 792</b>	<b>1 055 155</b>	<b>1 027 586</b>	<b>982 718</b>	<b>937 397</b>



### Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Trade and other receivables from exchange transactions;
  - Receivables from non-exchange transactions;
  - Inventory;
  - Property, plant and equipment;
  - Financial liabilities;
  - Trade and other payables from exchange transactions;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



**MBRR Table A7 - Budgeted Cash Flow Statement**

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	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates	13 342	16 011	13 620	15 518	13 422	14 048	13 896	14 173
Service charges	48 290	49 801	66 745	61 164	73 616	81 777	87 005	94 485
Other revenue	5 606	3 550	6 451	8 623	4 746	4 243	4 469	4 612
Transfers and Subsidies - Operational	184 102	200 396	223 113	211 689	211 689	206 656	204 608	218 961
Transfers and Subsidies - Capital	41 916	42 516	54 983	38 719	38 719	39 452	48 147	49 668
Interest	32 980	44 088	44 111	36 378	39 659	32 414	32 507	28 572
<b>Payments</b>								
Suppliers and employees	(249 596)	(264 025)	(322 459)	(370 207)	(374 784)	(374 268)	(402 797)	(420 380)
Finance charges	(610)	(600)	(513)	(585)	(381)	(2 170)	(2 152)	(2 164)
Transfers and Subsidies	(42)	(36)	-	(146)	(146)	(107)	(159)	(164)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>75 988</b>	<b>91 701</b>	<b>86 051</b>	<b>1 152</b>	<b>6 540</b>	<b>2 046</b>	<b>(14 476)</b>	<b>(12 237)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	-	557	-	-	-	-	-	-
<b>Payments</b>								
Capital assets	(35 317)	(82 519)	(116 024)	(135 434)	(133 742)	(117 100)	(78 090)	(53 445)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(35 317)</b>	<b>(81 962)</b>	<b>(116 024)</b>	<b>(135 434)</b>	<b>(133 742)</b>	<b>(117 100)</b>	<b>(78 090)</b>	<b>(53 445)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Borrowing long term/refinancing	-	-	-	-	-	40 000	-	-
Increase (decrease) in consumer deposits	64	64	38	71	70	72	74	77
<b>Payments</b>								
Repayment of borrowing	(917)	(909)	(911)	(964)	(964)	(1 178)	(1 423)	(1 491)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(852)</b>	<b>(845)</b>	<b>(873)</b>	<b>(893)</b>	<b>(895)</b>	<b>38 894</b>	<b>(1 348)</b>	<b>(1 414)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>39 819</b>	<b>8 895</b>	<b>(30 847)</b>	<b>(135 175)</b>	<b>(128 097)</b>	<b>(76 161)</b>	<b>(93 914)</b>	<b>(67 096)</b>
Cash/cash equivalents at the year begin:	458 013	497 832	506 726	359 204	475 880	347 783	271 622	177 708
Cash/cash equivalents at the year end:	497 832	506 726	475 880	224 029	347 783	271 622	177 708	110 612

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The investment in capital infrastructure, which is much higher than the cash generated by operations, is the main reason for the annual decline in cash resources.



**MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	497 832	506 726	475 880	224 029	347 783	271 622	177 708	110 612
<b>Cash and investments available:</b>	<b>497 832</b>	<b>506 726</b>	<b>475 880</b>	<b>224 029</b>	<b>347 783</b>	<b>271 622</b>	<b>177 708</b>	<b>110 612</b>
<b>Application of cash and investments</b>								
Unspent conditional transfers	27 075	27 925	36 872	13 250	15 753	14 328	12 995	12 652
Other working capital requirements	(9 677)	(9 263)	9 390	(3 005)	10 375	7 691	5 540	4 978
Other provisions	27 001	27 534	21 329	19 831	23 613	24 941	26 321	27 755
Reserves to be backed by cash/investments	274 632	256 115	196 670	183 320	215 006	198 040	119 382	60 700
<b>Total Application of cash and investments:</b>	<b>319 030</b>	<b>302 310</b>	<b>264 261</b>	<b>213 397</b>	<b>264 747</b>	<b>245 000</b>	<b>164 239</b>	<b>106 085</b>
<b>Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits</b>	<b>178 801</b>	<b>204 416</b>	<b>211 618</b>	<b>10 632</b>	<b>83 036</b>	<b>26 622</b>	<b>13 468</b>	<b>4 527</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”. The municipality’s budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2026/27 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.



**MBRR Table A9 - Asset Management**

Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>CAPITAL EXPENDITURE</b>								
<b>Total New Assets</b>	35 317	82 519	131 769	42 370	52 391	66 463	44 764	51 494
<i>Roads Infrastructure</i>	8 558	31 130	66 733	244	244	800	5 581	11 927
<i>Storm water Infrastructure</i>	-	552	-	8 090	216	1 833	8 000	10 000
<i>Electrical Infrastructure</i>	130	957	2 478	4 290	4 160	16 275	7 527	7 732
<i>Solid Waste Infrastructure</i>	11 226	4 076	-	-	-	5 500	10 200	10 000
<b>Infrastructure</b>	<b>19 914</b>	<b>36 715</b>	<b>69 211</b>	<b>12 624</b>	<b>4 621</b>	<b>24 408</b>	<b>31 308</b>	<b>39 659</b>
Community Facilities	5 013	4 861	4 811	10 424	6 941	279	167	7 584
Sport and Recreation Facilities	310	6 905	19 373	3 700	9 135	6 000	9 000	-
<b>Community Assets</b>	<b>5 323</b>	<b>11 766</b>	<b>24 185</b>	<b>14 124</b>	<b>16 076</b>	<b>6 279</b>	<b>9 167</b>	<b>7 584</b>
Operational Buildings	7 540	13 602	17 111	5 945	17 503	6 800	-	-
Housing	-	-	-	-	3 071	-	-	-
<b>Other Assets</b>	<b>7 540</b>	<b>13 602</b>	<b>17 111</b>	<b>5 945</b>	<b>20 575</b>	<b>6 800</b>	-	-
Licences and Rights	-	-	-	697	-	-	-	-
<b>Intangible Assets</b>	-	-	-	<b>697</b>	-	-	-	-
Computer Equipment	1 454	1 801	1 520	2 172	3 472	1 750	830	857
Furniture and Office Equipment	292	500	313	148	648	145	118	79
Machinery and Equipment	147	17 348	17 769	3 660	3 500	24 080	3 340	3 316
Transport Assets	646	788	1 660	-	500	-	-	-
Land	-	-	-	3 000	3 000	3 000	-	-
<b>Total Renewal of Existing Assets</b>	-	-	-	<b>80 266</b>	<b>73 494</b>	<b>30 438</b>	<b>23 073</b>	-
<i>Roads Infrastructure</i>	-	-	-	76 794	71 238	25 938	23 073	-
<b>Infrastructure</b>	-	-	-	<b>76 794</b>	<b>71 238</b>	<b>25 938</b>	<b>23 073</b>	-
Community Facilities	-	-	-	-	2 256	4 500	-	-
<b>Community Assets</b>	-	-	-	-	<b>2 256</b>	<b>4 500</b>	-	-
Housing	-	-	-	3 471	-	-	-	-
<b>Other Assets</b>	-	-	-	<b>3 471</b>	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	-	-	-	<b>13 355</b>	<b>7 885</b>	<b>21 061</b>	<b>10 000</b>	<b>2 182</b>
<i>Roads Infrastructure</i>	-	-	-	13 355	7 885	21 061	10 000	2 182
<b>Infrastructure</b>	-	-	-	<b>13 355</b>	<b>7 885</b>	<b>21 061</b>	<b>10 000</b>	<b>2 182</b>
<b>Total Capital Expenditure</b>	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>135 991</b>	<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>
<i>Roads Infrastructure</i>	8 558	31 130	66 733	90 393	79 367	47 799	38 654	14 109
<i>Storm water Infrastructure</i>	-	552	-	8 090	216	1 833	8 000	10 000
<i>Electrical Infrastructure</i>	130	957	2 478	4 290	4 160	16 275	7 527	7 732
<i>Solid Waste Infrastructure</i>	11 226	4 076	-	-	-	5 500	10 200	10 000
<b>Infrastructure</b>	<b>19 914</b>	<b>36 715</b>	<b>69 211</b>	<b>102 773</b>	<b>83 743</b>	<b>71 407</b>	<b>64 381</b>	<b>41 841</b>
Community Facilities	5 013	4 861	4 811	10 424	9 198	4 779	167	7 584
Sport and Recreation Facilities	310	6 905	19 373	3 700	9 135	6 000	9 000	-
<b>Community Assets</b>	<b>5 323</b>	<b>11 766</b>	<b>24 185</b>	<b>14 124</b>	<b>18 332</b>	<b>10 779</b>	<b>9 167</b>	<b>7 584</b>
Operational Buildings	7 540	13 602	17 111	5 945	17 503	6 800	-	-
Housing	-	-	-	3 471	3 071	-	-	-
<b>Other Assets</b>	<b>7 540</b>	<b>13 602</b>	<b>17 111</b>	<b>9 416</b>	<b>20 575</b>	<b>6 800</b>	-	-
Licences and Rights	-	-	-	697	-	-	-	-
<b>Intangible Assets</b>	-	-	-	<b>697</b>	-	-	-	-
Computer Equipment	1 454	1 801	1 520	2 172	3 472	1 750	830	857
Furniture and Office Equipment	292	500	313	148	648	145	118	79
Machinery and Equipment	147	17 348	17 769	3 660	3 500	24 080	3 340	3 316
Transport Assets	646	788	1 660	-	500	-	-	-
Land	-	-	-	3 000	3 000	3 000	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>135 991</b>	<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>



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	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	536 120	610 807	700 281	842 353	813 491	908 343	962 855	992 502
<i>Roads Infrastructure</i>	117 774	142 846	203 970	296 137	276 683	317 919	349 898	357 151
<i>Storm water Infrastructure</i>	48 599	47 968	46 791	51 184	44 907	44 514	50 461	58 343
<i>Electrical Infrastructure</i>	23 752	23 386	24 385	27 275	26 790	41 282	46 997	52 868
<i>Solid Waste Infrastructure</i>	60 231	62 869	61 263	59 972	62 166	65 973	74 445	82 662
<b>Infrastructure</b>	<b>250 356</b>	<b>277 069</b>	<b>336 409</b>	<b>434 567</b>	<b>410 546</b>	<b>469 687</b>	<b>521 801</b>	<b>551 025</b>
<b>Community Assets</b>	59 698	64 659	81 858	99 960	97 342	105 215	111 418	115 943
<b>Investment properties</b>	<b>47 272</b>	<b>48 397</b>	<b>35 328</b>	<b>48 397</b>	<b>35 328</b>	<b>35 328</b>	<b>35 328</b>	<b>35 328</b>
<b>Other Assets</b>	124 987	147 336	160 920	159 743	180 230	185 740	184 425	183 067
<b>Intangible Assets</b>	330	48	19	684	-	-	-	-
<b>Computer Equipment</b>	<b>2 263</b>	<b>3 306</b>	<b>3 622</b>	<b>5 936</b>	<b>5 370</b>	<b>5 363</b>	<b>4 400</b>	<b>3 407</b>
<b>Furniture and Office Equipment</b>	<b>997</b>	<b>1 212</b>	<b>1 195</b>	<b>927</b>	<b>1 509</b>	<b>1 313</b>	<b>1 084</b>	<b>804</b>
<b>Machinery and Equipment</b>	<b>14 965</b>	<b>13 920</b>	<b>13 523</b>	<b>34 671</b>	<b>13 021</b>	<b>33 329</b>	<b>32 825</b>	<b>32 173</b>
<b>Transport Assets</b>	<b>5 066</b>	<b>22 687</b>	<b>39 819</b>	<b>22 035</b>	<b>39 556</b>	<b>38 778</b>	<b>37 985</b>	<b>37 166</b>
<b>Land</b>	<b>30 185</b>	<b>32 174</b>	<b>27 589</b>	<b>35 432</b>	<b>30 589</b>	<b>33 589</b>	<b>33 589</b>	<b>33 589</b>
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>536 120</b>	<b>610 807</b>	<b>700 281</b>	<b>842 353</b>	<b>813 491</b>	<b>908 343</b>	<b>962 855</b>	<b>992 502</b>
<b>EXPENDITURE OTHER ITEMS</b>	<b>28 925</b>	<b>28 596</b>	<b>34 936</b>	<b>43 546</b>	<b>41 294</b>	<b>39 819</b>	<b>41 218</b>	<b>42 602</b>
<b>Depreciation</b>	17 306	17 689	18 276	20 835	20 299	20 705	21 119	21 795
<b>Repairs and Maintenance by Asset Class</b>	<b>11 619</b>	<b>10 907</b>	<b>16 660</b>	<b>22 711</b>	<b>20 994</b>	<b>19 114</b>	<b>20 099</b>	<b>20 807</b>
<i>Roads Infrastructure</i>	4 593	2 276	3 189	5 726	4 726	5 077	5 493	5 720
<i>Storm water Infrastructure</i>	184	-	-	471	471	440	507	523
<i>Electrical Infrastructure</i>	548	599	1 066	1 622	1 527	1 531	1 700	1 764
<i>Solid Waste Infrastructure</i>	106	45	380	1 487	463	813	632	626
<b>Infrastructure</b>	<b>5 431</b>	<b>2 920</b>	<b>4 636</b>	<b>9 306</b>	<b>7 187</b>	<b>7 860</b>	<b>8 332</b>	<b>8 634</b>
Community Facilities	1 686	1 035	1 741	2 637	2 559	2 348	2 566	2 648
Sport and Recreation Facilities	166	100	46	377	377	337	368	390
<b>Community Assets</b>	<b>1 851</b>	<b>1 135</b>	<b>1 787</b>	<b>3 013</b>	<b>2 936</b>	<b>2 685</b>	<b>2 934</b>	<b>3 038</b>
Revenue Generating	-	-	-	409	259	52	57	63
<b>Investment properties</b>	-	-	-	<b>409</b>	<b>259</b>	<b>52</b>	<b>57</b>	<b>63</b>
Operational Buildings	613	870	1 926	2 664	3 034	2 077	2 605	2 689
<b>Other Assets</b>	<b>613</b>	<b>870</b>	<b>1 926</b>	<b>2 664</b>	<b>3 034</b>	<b>2 077</b>	<b>2 605</b>	<b>2 689</b>
Furniture and Office Equipment	<b>458</b>	<b>259</b>	<b>740</b>	<b>1 047</b>	<b>847</b>	<b>1 066</b>	<b>1 110</b>	<b>1 146</b>
Machinery and Equipment	<b>1 135</b>	<b>1 582</b>	<b>1 291</b>	<b>2 000</b>	<b>2 093</b>	<b>2 162</b>	<b>2 046</b>	<b>2 111</b>
Transport Assets	<b>2 131</b>	<b>4 141</b>	<b>6 280</b>	<b>4 271</b>	<b>4 639</b>	<b>3 212</b>	<b>3 014</b>	<b>3 126</b>
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>28 925</b>	<b>28 596</b>	<b>34 936</b>	<b>43 546</b>	<b>41 294</b>	<b>39 819</b>	<b>41 218</b>	<b>42 602</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	68.8%	60.8%	43.7%	42.5%	4.1%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	0.0%	449.3%	400.9%	248.7%	156.6%	10.0%
<i>R&amp;M as a % of PPE &amp; Investment Property</i>	2.2%	1.8%	2.4%	2.7%	2.6%	2.1%	2.1%	2.1%
<i>Renewal and upgrading and R&amp;M as a % of PPE and Investment Property</i>	2.2%	1.8%	2.4%	13.8%	12.6%	7.8%	5.5%	2.3%

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

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal and upgrade of existing assets, as well as spending on repairs and maintenance by asset class in line with the mSCOA classifications.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet the target of 8 per cent for Repairs and Maintenance as a % of PPE, as discussed in section 1.5.1 of this report.



**MBRR Table A10 - Basic Service Delivery Measurement**

Description	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Household service targets</b>								
<b>Energy:</b>								
Electricity (at least min.service level)	-	46 051	48 814	54 184	54 184	56 893	59 737	62 724
Electricity - prepaid (min.service level)	-	3 663	3 883	4 310	4 310	4 526	4 752	4 990
<i>Minimum Service Level and Above sub-total</i>	-	49 714	52 697	58 494	58 494	61 419	64 489	67 714
Other energy sources	-	8 303	8 801	9 769	9 769	10 258	10 771	11 309
<i>Below Minimum Service Level sub-total</i>	-	8 303	8 801	9 769	9 769	10 258	10 771	11 309
<b>Total number of households</b>	-	<b>58 017</b>	<b>61 498</b>	<b>68 263</b>	<b>68 263</b>	<b>71 676</b>	<b>75 260</b>	<b>79 023</b>
<b>Refuse:</b>								
Removed at least once a week	-	8 251	8 746	9 096	9 096	9 551	10 028	10 530
<i>Minimum Service Level and Above sub-total</i>	-	8 251	8 746	9 096	9 096	9 551	10 028	10 530
Using communal refuse dump	-	49 929	52 924	55 041	55 041	57 793	60 683	63 717
<i>Below Minimum Service Level sub-total</i>	-	49 929	52 924	55 041	55 041	57 793	60 683	63 717
<b>Total number of households</b>	-	<b>58 180</b>	<b>61 670</b>	<b>64 137</b>	<b>64 137</b>	<b>67 344</b>	<b>70 711</b>	<b>74 247</b>
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>								
Electricity/other energy (50kwh per indigent household per month)	-	-	-	(997)	(997)	(997)	(1 087)	(1 183)
Refuse (removed once a week for indigent households)	(255)	(185)	-	(4 624)	(4 624)	(4 624)	(4 809)	(5 026)
<b>Total cost of FBS provided</b>	<b>(255)</b>	<b>(185)</b>	<b>-</b>	<b>(5 621)</b>	<b>(5 621)</b>	<b>(5 621)</b>	<b>(5 896)</b>	<b>(6 209)</b>
<b>Highest level of free service provided per household</b>								
Property rates (R value threshold)	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50
Refuse (average litres per week)	140	140	140	140	140	140	140	140
<b>Revenue cost of subsidised services provided (R'000)</b>								
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	(7 702)	(6 196)	(6 025)	(6 403)	(6 403)	(6 403)	(6 499)	(6 629)
<b>Total revenue cost of subsidised services provided</b>	<b>(7 702)</b>	<b>(6 196)</b>	<b>(6 025)</b>	<b>(6 403)</b>	<b>(6 403)</b>	<b>(6 403)</b>	<b>(6 499)</b>	<b>(6 629)</b>



## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **2.1.1 IDP and Service Delivery and Budget Implementation Plan**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2025) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in July 2025.

Key dates applicable to the process were:



**IDP and Service Delivery and Budget Implementation Plan**

Time Frames	Mayor and Council	Administration - Municipality
<p><b>July 2025 – December 2025</b></p>	<p>Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process MFMA s 53</p> <p>IDP &amp; Budget Steering Committee Meeting to discuss draft IDP &amp; Budget process plan <b>21 July 2025</b></p> <p>IDP Rep Forum to discuss process plan <b>22 July 2025</b></p> <p>Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year <b>4 August 2025</b>. MFMA s 21,22, 23; MSA s 34, Ch 4 as amended</p> <p>IDP &amp; Budget Steering Committee to discuss departmental issues and develop draft objectives, strategies and project proposals <b>12 December 2025</b></p> <p>Council finalises tariff (rates and service charges) policies for next financial year MSA s 74, 75</p>	<p>Accounting officers and senior officials of municipality begin planning for next three-year budget MFMA s 68, 77</p> <p>Accounting Officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year's performance as per audited financial statements by <b>19 December 2025</b></p>
<p><b>January 2026</b></p>		<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January) MFMA s 36</p>
<p><b>February 2026</b></p>	<p>Alignment Meeting to discuss project proposals and budgets with sector departments <b>11 - 12 February 2026</b></p> <p>IDP and Budget Steering Committee <b>20 February 2026</b></p>	<p>Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report</p> <p>Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year MFMA s 37(2)</p>
<p><b>March 2026</b></p>	<p>IDP Rep Forum to discuss draft reviewed IDP and budget <b>17 March 2026</b></p>	<p>Accounting officer reviews any changes in</p>
	<p>IDP &amp; Budget Steering Committee meeting to develop draft high level SDBIP <b>23 March 2026</b></p> <p>Mayor tables municipality budget, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year MFMA s 18, 22, 23, 87; MSA s 34 <b>31 March 2026</b></p>	<p>prices for bulk resources as communicated by 15 March MFMA s 42</p>



Time Frames	Mayor and Council	Administration - Municipality
<p><b>April – May 2026</b></p>	<p>Public hearings on the budget <b>10 April to 8 May 2026</b>, and Council debate. Council considers views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration MFMA s 23, 24; MSA Ch 4 as amended</p> <p>IDP &amp; Budget Steering Committee meeting to discuss SDBIP and budget submissions <b>13 May 2026</b></p> <p>IDP Rep Forum to discuss draft PMS targets <b>19 May 2026</b></p> <p>Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc <b>MFMA s 21</b></p> <p>Council to consider approval of budget and plans at least 30 days before start of budget year. <b>29 May 2026</b>. MFMA s 23, 24; MSA Ch 4 as amended</p> <p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year <b>29 May 2026</b> MFMA s 16, 24, 26, 53</p> <p>IDP submitted to Mec of Local Government <b>8 June 2026</b></p>	<p>Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed MFMA s 22 &amp; 37; MSA Ch 4 as amended</p> <p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p> <p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature</p> <p>Accounting officers of Municipality publishes adopted budget and plans <b>8 June 2026</b> MFMA s 75, 87</p>
<p><b>June – July 2026</b></p>	<p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA <b>26 June 2026</b>.</p> <p>Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The Mayor submits the approved SDBIP and performance agreements to Council <b>26 June 2026</b>, MEC for local government and makes public within 14 days after approval <b>10 July 2026</b>. MFMA s 53; MSA s 38-45, 57(2)</p> <p>Council must finalise a system of delegations. MFMA s 59, 79, 82; MSA s 59-65</p>	<p>Accounting officer submits to the Mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA (<b>12 June 2026</b>). MFMA s 69; MSA s 57</p>
<p><b>Abbreviations:</b> IDP - Integrated Development Plan; MFMA - Local Government: Municipal Finance Management Act, No. 56 of 2003; MSA - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; MTBPS - National Treasury annual publication, Medium Term Budget and Policy Statement; NT - National Treasury; PT - Provincial Treasuries; SDBIP - Service Delivery and Budget Implementation Plan</p>		

The Municipality’s IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2026/27 MTREF, based on the approved 2025/26 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.



### **2.1.2 Community Consultation**

A full consultation process were carried out during April 2026. During this process, members of the community were given the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs were reviewed and where viable, the proposed changes were incorporated into the final budget to be approved by Council in May 2026.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

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

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The 2026/27 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.



**MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	MTDP Service Outcome	IUDF	Current Year 2025/26	2026/27 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>						
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	2 710	2 773	2 598	2 682
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	59 654	41 626	43 586	44 914
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	201	107	200	207
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	28	29	31	32
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	8	8	8	8
To provide library services to all residents	LIBRARIES	BSD06	2 126	2 155	2 145	2 280
To create a healthy and sustainable environment by maintaining and developing public open spaces	PARKS AND PUBLIC OPEN SPACES	BSD07	1 500	-	-	-
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMALS	BSD08	357	344	356	367
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	53 372	51 767	52 029	55 167
That all registered indigent households receive free basic electricity and refuse removal	FREE BASIC SERVICES	BSD10	(6 403)	(6 499)	(6 629)	(6 761)
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	112 355	119 431	129 639	140 162
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report / To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	7 990	8 380	8 671	8 941
To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	13	24	24	25
To promote responsible tourism and arts and heritage through continued support to local initiatives	TOURISM	LED01	-	41	65	67
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP	FINANCIAL MANAGEMENT	MFMV03	177 838	169 424	168 226	173 098
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	38	39	41	42
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RECRUITMENT, SELECTION AND EMPLOYEE MANAGEMENT	MTID03	244	253	261	270
To ensure that municipal buildings and assets are maintained and secured/To provide office space and parking by building new offices and renovating existing buildings	BUILDINGS	MTID09	1 935	1 218	1 307	1 349
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation /To manage urbanisation of existing urban areas	SPATIAL PLANNING	MTID12	1 480	1 505	1 496	511
To ensure capital Infrastructure management and reporting	PMU REPORTING	MTID14	8 151	8 295	9 175	9 454
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>423 596</b>	<b>400 918</b>	<b>413 231</b>	<b>432 816</b>



**MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	MTDP Service Outcome	IUDF	Current Year 2025/26	2026/27 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>						
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	11 141	10 014	10 773	11 206
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	30 490	33 044	34 426	35 713
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	17 246	17 894	19 196	19 965
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	2 438	3 045	2 605	2 693
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	2 937	3 009	3 180	3 317
To provide library services to all residents	LIBRARIES	BSD06	3 787	3 623	3 844	3 998
To create a healthy and sustainable environment by maintaining and developing public open spaces	PARKS AND PUBLIC OPEN SPACES	BSD07	1 601	178	185	193
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMALS	BSD08	4 335	4 001	4 025	4 191
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	40 608	40 046	43 148	43 558
That all registered indigent households receive free basic electricity and refuse removal	FREE BASIC SERVICES	BSD10	9 344	11 005	14 353	16 615
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	85 877	90 350	97 142	105 274
To undertake risk assessments and develop risk plans to combat or mitigate risk where possible / To implement the fraud prevention policy	RISK & FRAUD PREVENTION	GGPP01	1 442	1 472	1 560	1 624
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report/ To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	59 351	58 735	61 154	63 153
To promote interactive communication with customers around service delivery issues / To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	CUSTOMER CARE & PUBLIC PARTICIPATION	GGPP04	6 478	6 990	7 676	7 948
To ensure that the HIV & Aids strategy is implemented through HIV & Aids Council meetings and public participation / To ensure that targeted groups such as the elderly, people with disabilities, youth and women are developed and included in government activities / To increase the participation of youth in government activities through the Mayoral Cup and youth festival	MAINSTREAMING	GGPP05	706	632	767	792
To promote responsible tourism and arts and heritage through continued support to local initiatives	TOURISM	LED01	1 496	1 403	1 474	1 535
To promote and attract development in the local economy through implementation of the LED strategy	LOCAL ECONOMIC DEVELOPMENT	LED02	10 920	9 700	10 387	10 741
To promote the growth of BBEE and local contractors through supply chain management processes / To ensure that bid committees function in accordance with scm legislation / To comply with the MFMA prescriptions of supply chain management	SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING)	MFMV01	4 729	4 764	5 017	5 171
To ensure monitoring of Municipal Assets per Department through regular asset checks and reporting / To ensure compliance by developing and maintaining a fully GRAP compliant asset register	ASSET MANAGEMENT	MFMV02	3 889	3 636	3 834	3 990
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP	FINANCIAL MANAGEMENT	MFMV03	32 899	33 058	34 086	35 051



Strategic Objective	MTDP Service Outcome	IUDF	Current Year 2025/26	2026/27 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>						
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	2 057	1 268	1 273	1 287
To develop and submit S 71 reports as per MFMA guidelines and prescripts	REPORTING	MFMV06	6 599	7 664	7 884	8 143
To ensure an continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment	IT	MFMV07	11 295	12 486	12 740	13 185
To develop and implement an effective HR strategy / To develop, adopt and implement the workplace skills plan (WSDP)	SKILLS DEVELOPMENT	MTID01	3 800	3 233	3 277	3 321
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RECRUITMENT, SELECTION AND EMPLOYEE MANAGEMENT	MTID03	8 580	7 804	9 050	9 698
To ensure the physical and mental well being of employees through the implantation of an employee wellness programme	EMPLOYEE WELLNESS PROGRAMME	MTID04	2 790	1 989	2 486	2 550
To ensure that all Senqu buildings and staff adhere to and implement OHS legislation	OCCUPATIONAL HEALTH AND SAFETY	MTID05	1 015	924	817	843
To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation	LEGAL SERVICES	MTID07	5 270	5 139	4 622	4 772
To review and implement departmental policies, procedures, procedure manuals and bylaws annually	POLICIES AND BY	MTID08	8	8	8	8
To ensure that municipal buildings and assets are maintained and secured/To provide office space and parking by building new offices and renovating existing buildings	BUILDINGS	MTID09	18 626	15 751	18 820	19 416
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	9 893	10 352	12 226	12 708
To ensure that a system of departmental and individual performance management system is implemented	PERFORMANCE MANAGEMENT AND REPORTING	MTID11	10 692	10 734	11 056	11 398
To develop a new SDF and implement SPLUMA regulations / To ensure adherence to town planning and building control legislation /To manage urbanisation of existing urban areas	SPATIAL PLANNING	MTID12	10 250	9 812	9 982	8 847
To ensure capital Infrastructure management and reporting	PMU REPORTING	MTID14	4 539	4 725	5 027	5 233
<b>Total Expenditure</b>			<b>427 126</b>	<b>428 487</b>	<b>458 099</b>	<b>478 137</b>



**MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	MTDP Service Outcome	IUDF	Current Year 2025/26	2026/27 Medium Term Revenue & Expenditure Framework		
			Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>						
To ensure that the traffic section operates effectively and efficiently	TRAFFIC	BSD01	17 153	4 800	-	-
To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE	BSD02	81 275	67 799	38 654	14 109
To ensure effective management and maintenance of indoor recreational community facilities	INDOOR RECREATIONAL COMMUNITY FACILITIES	BSD03	8 119	4 500	-	-
To ensure effective management, construction and maintenance of cemeteries and pauper burials	CEMETRIES AND PAUPER BURIAL	BSD04	800	-	-	7 500
To construct, maintain, identify, establish and upgrade existing urban sportsfields	SPORTS	BSD05	9 135	6 000	9 000	-
To provide library services to all residents	LIBRARIES	BSD06	70	49	39	28
To maintain and control the municipal commonage / To maintain and effectively operate the pounds	LICENSING AND CONTROL OF ANIMALS	BSD08	3 597	3 279	167	84
To improve the quality of life for residents by increasing the % of households receiving basic refuse collection/ To reduce waste through awareness campaigns/To effectively manage and reduce waste	WASTE MANAGEMENT	BSD09	691	8 985	13 512	13 300
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance/To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	ELECTRICITY AND STREET LIGHTING	BSD11	4 160	16 275	7 527	7 732
To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report/ To ensure that Council and ExCo meetings are held quarterly and to track Council resolutions taken / To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	OVERSIGHT	GGPP03	469	135	75	51
To promote and attract development in the local economy through implementation of the LED strategy	LOCAL ECONOMIC DEVELOPMENT	LED02	216	1 833	8 000	10 000
To ensure the financial viability of the municipality by applying the Cogta prescribed ratios for debt coverage, outstanding service debtors to revenue and cost coverage / To expand and protect the municipal revenue base by providing accurate bills for services rendered / To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP	FINANCIAL MANAGEMENT	MFMV03	500	-	-	-
To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	BUDGET COMPILATION	MFMV05	1 772	1 781	845	857
To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements / To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	RERUITMENT, SELECTION AND EMPLOYEE MANAGEMENT	MTID03	250	250	-	-
To ensure that municipal buildings and assets are maintained and secured/To provide office space and parking by building new offices and renovating existing buildings	BUILDINGS	MTID09	3 786	2 257	-	-
To ensure that Municipal information is kept secure and filed and archived according to legislation	RECORDS MANAGEMENT	MTID10	1 777	19	17	17
<b>Total Capital Expenditure</b>			<b>133 770</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>

**Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. 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 of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee’s performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year’s performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 32 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	Current Year 2025/26	2026/27 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Vote 3 - Corporate Services</b>					
<b>Function 1 - Buildings</b>					
<b>Sub-function 1 - Other Buildings</b>					
<i>Construction of Fleet Bay_Sterkspruit</i>	Completion of project	350	2 000	-	-
<b>Vote5 - Road Transport</b>					
<b>Function 1 - Roads</b>					
<b>Sub-function 1 - Access Roads</b>					
<i>Tienbank_Access to Property (180 Properties)</i>	Completion of project to the specification of the engineers	244	-	-	-
<b>Sub-function 2 - Surfaced Roads</b>					
<i>New Rest Construction - Paving</i>	Completion of project to the specification of the engineers	250	21 061	10 000	2 182
<i>Construction of interlock paved streets in Khewzi Naledi (Steve Tswete) W 14</i>	Completion of project to the specification of the engineers	7 635	-	-	-
<i>Rehabilitation of Roads &amp; Stormwater in Mokhesi Ward 8</i>	Completion of project to the specification of the engineers	16 614	3 249	-	-
<i>Rehabilitation of Roads &amp; Stormwater in Ward 10</i>	Completion of project to the specification of the engineers	23 327	5 500	-	-
<i>Rehabilitation of Roads &amp; Stormwater in Lady Grey Ward 14</i>	Completion of project to the specification of the engineers	3 304	9 500	23 073	-
<i>Rehabilitation of Roads &amp; Stormwater in Barkly East Ward 15 &amp; 16</i>	Completion of project to the specification of the engineers	11 583	7 689	-	-
<i>Construction of 3km Paved Road with Motorway Bridge Esilindini to Frans Ward 12</i>	Completion of project to the specification of the engineers	-	800	5 581	11 927
<i>Repairing of 5.2 km gravel roads and stormwater channels in Ward 1: Ndofela, Bikizana and Mbobo</i>	Completion of project to the specification of the engineers	5 351	-	-	-
<i>Repairing of 6 km gravel roads and stormwater channels in Ward 17: Sunduza, Bensonville, Jozana nek</i>	Completion of project to the specification of the engineers	6 143	-	-	-
<i>Repairing of 4,5 km gravel roads and stormwater channels in Ward 9: Jovelani, Hinana and Voyizana</i>	Completion of project to the specification of the engineers	4 917	-	-	-



Description	Unit of measurement	Current Year 2025/26	2026/27 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Function 3 - Road and Traffic Regulation</b>					
<b>Sub-function 1 - Municipal Offices</b>					
<i>Driving Licence and Testing Centre Sterkspruit</i>	Completion of project to the specification of the engineers	17 153	4 800	-	-
<b>Vote 6 - Waste Water Management</b>					
<b>Function 1 - Storm water</b>					
<b>Sub-function 1 - Storm water Conveyance</b>					
<i>Lining, fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges..</i>	Completion of project to the specification of the engineers	216	1 833	8 000	10 000
<b>Vote9 - Community &amp; Social Services</b>					
<b>Function 1 - Community Halls</b>					
<b>Sub-function 1 - Buildings</b>					
<i>Renovations (Barkly East Town Hall)</i>	Renovation of the hall to specifications	2 256	4 500	-	-
<i>Herschel Community Hall</i>	Completion of project to the specification of the engineers	5 863	-	-	-
<b>Function 2 - Cemeteries</b>					
<b>Sub-function 1 - Cemeteries</b>					
<i>Fencing of existing cemeteries at Joveleni, Hinana and Voyizana</i>	Completion of project to the specification of the engineers	800	-	-	-
<i>Lady Grey and Herschel Cemeteries</i>	Completion of project to the specification of the engineers	-	-	-	7 500
<b>Vote10 - Sport &amp; Recreation</b>					
<b>Function 1 - Sport Facilities</b>					
<b>Sub-function 1 - Sport Facilities</b>					
<i>Construction of Blue-Gums Sportsfield</i>	Fully functional sport facilities	9 135	6 000	9 000	-
<b>Vote11 - Public Safety</b>					
<b>Function 1 - Licensing and Control of Animals</b>					
<b>Sub-function 1 - Licensing and Control of Animals</b>					
<i>Purchase of Grazing Land</i>	Grazing Land for animals	3 000	3 000	-	-
<b>Vote12 - Electricity</b>					
<b>Function 1 - Electricity distribution</b>					
<b>Sub-function 1 - Infrastructure</b>					
<i>Pre-Paid Electricity Meters</i>	Completion of project to the specification of the engineers	1 974	3 000	3 000	3 000
<i>Electrification of Households at Mountain View Ward 10</i>	Completion of project to the specification of the engineers	1 832	-	-	-
<i>Ward 16 Reroute of LV Overhead Line with Street Lights for Lulama Location</i>	Completion of project to the specification of the engineers	300	-	-	-
<i>Electrification of Households at Lulama Village Ward 16</i>	Completion of project to the specification of the engineers	-	-	4 527	4 732
<b>Vote13 - Waste Management</b>					
<b>Function 1 - Refuse</b>					
<b>Sub-function 1 - Waste sites Infrastructure</b>					
<i>Construction of Sterkspruit Solid Waste Site</i>	Completion of project to satisfy specifications of the engineers	-	800	7 700	10 000
<i>Electrification of Rossouw Solid Waste Site</i>	Completion of project to satisfy specifications of the engineers	-	3 200	-	-
<i>Construction of Transfer Station in Rhodes</i>	Completion of project to satisfy specifications of the engineers	-	1 500	2 500	-



The following table sets out the municipalities main performance objectives and benchmarks for the 2026/27 MTREF. (Derived from the National Treasury formats)

**MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	Current Year 2025/26	2026/27 Medium Term Revenue & Expenditure Framework		
		Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b><u>Borrowing Management</u></b>					
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.7%	2.2%	2.3%	2.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.0%	2.6%	2.8%	3.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	103.9%	0.0%	0.0%
<b><u>Safety of Capital</u></b>					
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>					
Current Ratio	Current assets/current liabilities	4.9	3.8	2.7	1.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.9	3.8	2.7	1.9
Liquidity Ratio	Monetary Assets/Current Liabilities	4.6	3.6	2.5	1.6
<b><u>Revenue Management</u></b>					
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	104.7%	104.7%	104.4%	103.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		104.7%	104.4%	103.3%	102.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.6%	15.8%	15.6%	15.1%
<b><u>Creditors Management</u></b>					
Creditors to Cash and Investments		10.6%	14.4%	21.5%	35.6%
<b><u>Other Indicators</u></b>					
Employee costs	Employee costs/(Total Revenue - capital revenue)	41.4%	44.4%	46.4%	46.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	45.8%	49.0%	51.3%	50.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.7%	5.3%	5.5%	5.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.2%	8.0%	8.2%	8.3%
<b><u>IDP regulation financial viability indicators</u></b>					
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	9.1	10.7	12.1	12.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.3%	23.3%	22.0%	21.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	7.4	5.8	3.7	2.2

## Performance indicators and benchmarks

### 2.2.1.1 *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Senqu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2026/27 MTREF:

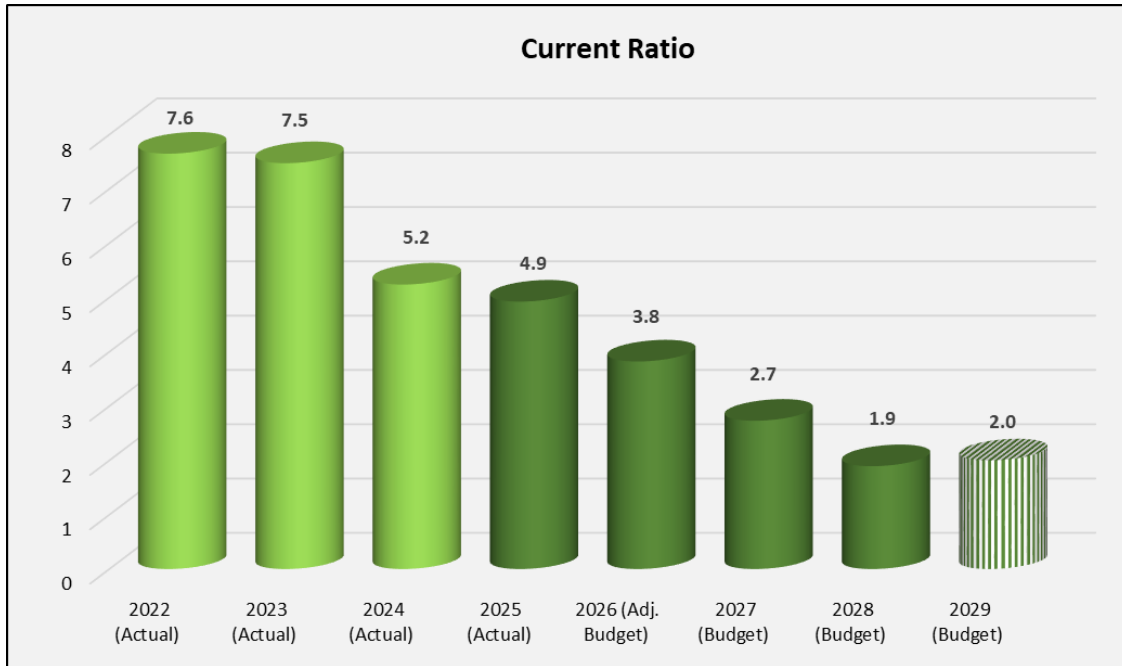
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. The cost of borrowing increased from 1,7 per cent to 2,2 per cent after the inclusion of the R40 million annuity loan in the 2026/27 financial year.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality intend to borrow an amount of R40 million in the 2026/27 financial year.

### 2.2.1.2 *Safety of Capital*

- The *gearing ratio* is a measure of the total long term borrowings over funds and reserves.

### 2.2.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2. This ratio is above this norm set for the entire MTREF as depicted on the graph on the next page. There is however a decline as a result of the declining cash resources over the MTREF at the Senqu Municipality. This could significantly impact on the long term sustainability of the entity, as discussed earlier in this report.



- The *liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2026/27 financial year the ratio is 3,6 and this ratio is projected to decline to 1,6 in 2028/29. Although these ratios are still considered to be healthy, the municipality should put in place measures to stem the downward trend in the liquidity ratio.

#### 2.2.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

#### 2.2.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.



### 2.2.1.6 Other Indicators

- Employee costs as a percentage of operating revenue increase from 41,4 per cent to 44,4 per cent over the MTREF. As discussed previously in this report, the employee related costs at the municipality is slightly above the industry norms and the room for any upward adjustments are very restricted.
- Repairs and maintenance as percentage of operating revenue is increasing slightly over the MTREF. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

## 2.3 Overview of budget related-policies and municipal by-laws

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies as well as by-laws. As per section 21 of the MFMA, all budget related policies were reviewed and in certain cases amended. Municipal by-laws were also reviewed during the year, but no amendments were made.

### List of all budget related policies

<u>Policy Name</u>	<u>Date Reviewed</u>	<u>Amendments Made</u>
Asset Management and Insurance Policy	March 2026	No
Borrowing & Funding & Reserves Policy	March 2026	No
Cash Management Banking Investment Policy	March 2026	No
Credit Control & Debt Collection Policy	March 2026	No
Free Basic Services & Indigent Subsidy Support Policy	March 2026	No
Property Rates & Valuation Policy	March 2026	No
Supply Chain Management Policy	March 2026	Yes
Tariff & Services Policy	March 2026	No



<u>Policy Name</u>	<u>Date Reviewed</u>	<u>Amendments Made</u>
Virement Policy	March 2026	No
Cost Containment Policy	March 2026	No
Liquidity Policy	March 2026	No
Debt Incentive Scheme Policy	March 2026	No
Debt Write-off Policy	March 2026	No
Municipal Corporate ICT Governance Framework Policy	March 2026	No
ICT Strategic Plan	March 2026	No
Vehicle Allowance Policy	March 2026	No
Subsistence and Travelling Policy	March 2026	Yes
Fleet Management Policy	March 2026	No
Budget & IDP Policy	March 2026	No
Revenue Enhancement Strategy	March 2026	No
Strategic Procurement Framework	March 2026	No
Long term Financial Planning Policy	March 2026	No
UIFWE Reduction Policy	March 2026	No
Expenditure Policy	March 2026	New

\* The majority of the amendments made to the policies listed above includes minor changes such as approval dates.



### **2.3.1 Challenges**

Potential Service Delivery inefficiencies may result if proposed amendments are not adopted.

### **2.3.2 Financial Implications**

Potential Financial losses may occur if policies are not amended due to inefficiencies left unaddressed.

### **2.3.3 Legal Implications**

To comply with Section 21 (1) (b) (ii) of the Municipal Finance Management Act 56 of 2003

### **2.3.4 Recommendations**

That the Committee Members take note of the Review of all the Budget Related Policies and that the amendments (if any) be adopted with the approval of the 2026/27 MTREF.

## **2.4 Overview of budget assumptions**

Certain broad assumptions had been made on which the budget is based for the MTREF. These assumptions are based on external factors but also internal trends and factors. These assumptions provide a framework for setting priorities, determining service levels and allocating limited financial resources. This section provides a summary of the assumptions used in preparing the budget for the 2026/27 MTREF period.

### **2.4.1 External factors**

Local government has a vital role to play in turning around the economy. In many areas of the country, municipal finances are under pressure.

The National Treasury's economic outlook for South Africa indicates a gradual recovery with a forecasted growth rate of 1.9%. This growth is supported by improved investor confidence, stable electricity supply, lower interest rates, and a declining risk premium. The medium-term outlook is optimistic, with higher investment and household consumption expected to drive growth. However, challenges such as weak activity in agriculture and transport, and a third-quarter GDP contraction, have led to a downward adjustment in growth estimates. The government's commitment to structural reforms and macroeconomic stability is crucial for sustaining this growth and creating jobs.

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

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

**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%

Source: National Treasury Budget Review 2026.

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

## 2.4.3 Credit rating outlook

S&P decided to upgrade both SA's foreign currency long-term sovereign credit rating to 'BB' from 'BB-' and local currency long-term sovereign credit rating to 'BB+' from 'BB'. Its outlook remains positive. A 'BB+' rating is one notch below investment grade, while a 'BB' rating is two notches below investment grade, according to S&P's website.

## Interest rates for borrowing and investment of funds

The South African Reserve Bank unsurprisingly held its key repo rate at 6.75% in March 2026, marking a second consecutive pause, citing upside risks to the inflation outlook due to the ongoing Middle East conflict.

## 2.4.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The average collection rate in the cash collected from consumers expressed as a percentage of the amount billed and is currently 82%. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.



### **2.4.5 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **2.4.6 Salary increases**

The personnel budget is calculated by reviewing the individual posts that are currently filled on the municipal organogram, as well as previous years' expenditure on the salary budget. Provision is also made for the filling of vacant and new posts during the 2026/27 financial year.

The salary and wage collective agreement were signed by the parties of the South African Local Government Bargaining Council (SALGBC) on Friday, 6 September 2024 and municipalities were expected to implement the agreement with immediate effect as from 1 July 2024.

In respect of the 2026/27 financial year, all employees covered by this agreement shall receive, with effect from 1 July 2026, a salary increase linked to the Consumer Price Index (CPI) plus 0.75 per cent.

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

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

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

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

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

It is estimated that a spending rate of at least 82 per cent is achieved on operating expenditure and 76 per cent on the capital programme for the 2024/25 MTREF of which performance has been factored into the cash flow budget.

## 2.5 Overview of budget funding

### 2.5.1 Medium-term outlook: operating revenue

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

#### Operating revenue over medium-term

Description	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework					
	Adjusted	%	Budget Year	%	Budget Year	%	Budget Year	%
	Budget		2026/27		2027/28		2028/29	
<b>Revenue</b>								
<b>Exchange Revenue</b>								
Service charges - Electricity	72 331	19.6%	80 591	22.3%	85 810	23.5%	93 387	24.4%
Service charges - Waste Management	10 484	2.8%	10 903	3.0%	11 394	3.1%	11 758	3.1%
Sale of Goods and Rendering of Services	319	0.1%	333	0.1%	457	0.1%	472	0.1%
Agency services	966	0.3%	1 204	0.3%	1 244	0.3%	1 284	0.3%
Interest earned from Receivables	6 728	1.8%	6 159	1.7%	6 363	1.7%	6 566	1.7%
Interest earned from Current and Non Current Assets	34 262	9.3%	27 410	7.6%	27 338	7.5%	23 237	6.1%
Rent on Land	34	0.0%	15	0.0%	15	0.0%	16	0.0%
Rental from Fixed Assets	1 989	0.5%	1 231	0.3%	1 324	0.4%	1 366	0.4%
Licence and permits	1 513	0.4%	1 240	0.3%	1 281	0.4%	1 322	0.3%
Operational Revenue	498	0.1%	606	0.2%	566	0.2%	584	0.2%
<b>Non-Exchange Revenue</b>								
Property rates	19 969	5.4%	20 901	5.8%	20 673	5.7%	21 087	5.5%
Fines, penalties and forfeits	592	0.2%	325	0.1%	131	0.0%	135	0.0%
Transfer and subsidies - Operational	216 398	58.7%	208 081	57.6%	205 940	56.4%	219 304	57.2%
Interest	2 383	0.6%	2 467	0.7%	2 548	0.7%	2 629	0.7%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>368 467</b>	<b>100%</b>	<b>361 466</b>	<b>100%</b>	<b>365 084</b>	<b>100%</b>	<b>383 147</b>	<b>100%</b>
<b>Total Revenue from Rates and Service Charges</b>	<b>104 773</b>	<b>28.4%</b>	<b>113 626</b>	<b>31.4%</b>	<b>119 201</b>	<b>32.7%</b>	<b>127 598</b>	<b>33.3%</b>

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

### 2.5.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from ‘Ratepayers and other’ to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**MBRR Table A7 - Budget cash flow statement**

Description	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property rates	15 518	13 422	14 048	13 896	14 173
Service charges	61 164	73 616	81 777	87 005	94 485
Other revenue	8 623	4 746	4 243	4 469	4 612
Transfers and Subsidies - Operational	211 689	211 689	206 656	204 608	218 961
Transfers and Subsidies - Capital	38 719	38 719	39 452	48 147	49 668
Interest	36 378	39 659	32 414	32 507	28 572
<b>Payments</b>					
Suppliers and employees	(370 207)	(374 784)	(374 268)	(402 797)	(420 380)
Finance charges	(585)	(381)	(2 170)	(2 152)	(2 164)
Transfers and Subsidies	(146)	(146)	(107)	(159)	(164)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1 152</b>	<b>6 540</b>	<b>2 046</b>	<b>(14 476)</b>	<b>(12 237)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Payments</b>					
Capital assets	(135 434)	(133 742)	(117 100)	(78 090)	(53 445)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(135 434)</b>	<b>(133 742)</b>	<b>(117 100)</b>	<b>(78 090)</b>	<b>(53 445)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Borrowing long term/refinancing	–	–	40 000	–	–
Increase (decrease) in consumer deposits	71	70	72	74	77
<b>Payments</b>					
Repayment of borrowing	(964)	(964)	(1 178)	(1 423)	(1 491)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(893)</b>	<b>(895)</b>	<b>38 894</b>	<b>(1 348)</b>	<b>(1 414)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(135 175)</b>	<b>(128 097)</b>	<b>(76 161)</b>	<b>(93 914)</b>	<b>(67 096)</b>
Cash/cash equivalents at the year begin:	359 204	475 880	347 783	271 622	177 708
Cash/cash equivalents at the year end:	224 029	347 783	271 622	177 708	110 612

### 2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality’s budget must be ‘funded’. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected).

It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

#### MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>					
<b>Cash and investments available</b>					
Cash/cash equivalents at the year end	224 029	347 783	271 622	177 708	110 612
<b>Cash and investments available:</b>	<b>224 029</b>	<b>347 783</b>	<b>271 622</b>	<b>177 708</b>	<b>110 612</b>
<b>Application of cash and investments</b>					
Unspent conditional transfers	13 250	15 753	14 328	12 995	12 652
Other working capital requirements	(3 005)	10 375	7 691	5 540	4 978
Other provisions	19 831	23 613	24 941	26 321	27 755
Reserves to be backed by cash/investments	183 320	215 006	198 040	119 382	60 700
<b>Total Application of cash and investments:</b>	<b>213 397</b>	<b>264 747</b>	<b>245 000</b>	<b>164 239</b>	<b>106 085</b>
<b>Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits</b>	<b>10 632</b>	<b>83 036</b>	<b>26 622</b>	<b>13 468</b>	<b>4 527</b>

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.



- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be at least 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations. The municipality's levels are currently for 13 months.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Valuation Roll Reserve.

#### **2.5.4 Funding compliance measurement**

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows.

The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**MBRR SA10 – Funding compliance measurement**

Description	MFMA section	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Funding measures</b>						
Cash/cash equivalents at the year end - R'000	18(1)b	224 029	347 783	271 622	177 708	110 612
Cash + investments at the yr end less applications - R'000	18(1)b	10 632	83 036	26 622	13 468	4 527
Cash year end/monthly employee/supplier payments	18(1)b	4.7	7.4	5.8	3.7	2.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(6 690)	(3 530)	(27 569)	(44 869)	(45 321)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	7.0%	(6.0%)	3.4%	(1.1%)	1.1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	79.6%	86.0%	86.2%	86.7%	87.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	18.4%	13.7%	11.2%	12.3%	10.9%
Capital payments % of capital expenditure	18(1)c,19	99.6%	100.0%	99.3%	100.3%	99.6%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	50.9%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a			100.6%	100.5%	100.1%
Current consumer debtors % change - incr(decr)	18(1)a	27.4%	(20.0%)	18.8%	3.2%	4.9%
Long term receivables % change - incr(decr)	18(1)a	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	2.7%	2.6%	2.1%	2.1%	0.0%
Asset renewal % of capital budget	20(1)(vi)	59.0%	54.9%	25.8%	29.6%	0.0%

**2.5.4.1 Cash/cash equivalent position**

The Municipality’s forecast cash position was discussed as part of the budgeted cash flow statement. A ‘positive’ cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality’s forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable. This could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2026/27 MTREF shows R271,62 million, R177,71 million and R110,61 million for each respective financial year.

**2.5.4.2 Cash plus investments less application of funds**

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.



#### 2.5.4.3 *Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The ratio is at 5,8 for 2026/27, well above the benchmark indicators.

#### 2.5.4.4 *Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### 2.5.4.5 *Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

#### 2.5.4.6 *Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on an 80 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.



#### *2.5.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

#### *2.5.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

#### *2.5.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

#### *2.5.4.10 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

#### *2.5.4.11 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained elsewhere in this report.

#### *2.5.4.12 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

## 2.6 Expenditure on grants and reconciliations of unspent funds

### MBRR SA19 - Expenditure on transfers and grant programmes

Description	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>					
<b>EXPENDITURE</b>					
<b>Operating</b>					
<b><u>National Government</u></b>					
<b>Monetary Allocations</b>					
<i>Local Government Equitable Share</i>	188 084	188 084	183 678	181 899	195 426
<i>Finance Management</i>	1 800	1 800	2 000	2 100	2 200
<i>Nat Gov: Councillor Remuneration</i>	7 990	7 990	8 380	8 671	8 941
<i>Municipal Infrastructure Grant (MIG)</i>	8 151	8 151	8 295	9 175	9 454
<i>EPWP Incentive</i>	2 058	2 058	2 218	-	-
<i>Neighbourhood Development Grant</i>	700	683	683	643	-
<i>Integrated National Electrification Programme</i>	-	-	-	679	710
<i>Municipal Disaster Recovery Grant</i>	2 044	2 462	-	-	-
<b>Total Monetary Allocations</b>	<b>210 827</b>	<b>211 228</b>	<b>205 255</b>	<b>203 167</b>	<b>216 731</b>
<b>Total National Government</b>	<b>210 827</b>	<b>211 228</b>	<b>205 255</b>	<b>203 167</b>	<b>216 731</b>
<b><u>Provincial Government</u></b>					
<b>Monetary Allocations</b>					
<i>Libraries</i>	2 106	2 106	2 085	2 084	2 230
<i>EPWP</i>	1 500	1 500	-	-	-
<i>Greenest Municipality</i>	300	899	77	-	-
<i>Herschel Housing Grant</i>	681	665	665	689	343
<b>Total Monetary Allocations</b>	<b>4 587</b>	<b>5 170</b>	<b>2 827</b>	<b>2 773</b>	<b>2 573</b>
<b>Total Provincial Government</b>	<b>4 587</b>	<b>5 170</b>	<b>2 827</b>	<b>2 773</b>	<b>2 573</b>
<b>Total operating expenditure of Transfers and Grants</b>	<b>215 414</b>	<b>216 398</b>	<b>208 081</b>	<b>205 940</b>	<b>219 304</b>
<b>Capital</b>					
<b><u>National Government</u></b>					
<b>Monetary Allocations</b>					
<i>Municipal Infrastructure Grant (MIG)</i>	38 719	38 719	39 403	43 581	44 909
<i>Integrated National Electrification Programme</i>	-	-	-	4 527	4 732
<i>Municipal Disaster Recovery Grant</i>	13 626	16 411	-	-	-
<b>Total Monetary Allocations</b>	<b>52 345</b>	<b>55 129</b>	<b>39 403</b>	<b>48 108</b>	<b>49 641</b>
<b>Total National Government</b>	<b>52 345</b>	<b>55 129</b>	<b>39 403</b>	<b>48 108</b>	<b>49 641</b>
<b><u>Provincial Government</u></b>					
<b>Monetary Allocations</b>					
<i>Libraries</i>	-	-	49	39	28
<b>Total Monetary Allocations</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>39</b>	<b>28</b>
<b>Total Provincial Government</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>39</b>	<b>28</b>
<b>Total capital expenditure of Transfers and Grants</b>	<b>52 345</b>	<b>55 129</b>	<b>39 452</b>	<b>48 147</b>	<b>49 668</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>267 759</b>	<b>271 527</b>	<b>247 533</b>	<b>254 088</b>	<b>268 972</b>



**MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>					
<b>Operating transfers and grants:</b>					
<b>Monetary Allocations</b>					
Balance unspent at beginning of the year	3 354	4 472	1 327	643	-
Current year receipts	208 083	208 083	204 571	202 524	216 731
<b>Conditions met - transferred to revenue</b>	<b>210 827</b>	<b>211 228</b>	<b>205 255</b>	<b>203 167</b>	<b>216 731</b>
Conditions still to be met - transferred to liabilities	610	1 327	643	-	-
<b>Provincial Government:</b>					
Balance unspent at beginning of the year	13 621	15 990	14 426	13 684	12 995
Current year receipts	3 606	3 606	2 085	2 084	2 230
<b>Conditions met - transferred to revenue</b>	<b>4 587</b>	<b>5 170</b>	<b>2 827</b>	<b>2 773</b>	<b>2 573</b>
Conditions still to be met - transferred to liabilities	12 640	14 426	13 684	12 995	12 652
<b>Total operating transfers and grants revenue</b>	<b>215 414</b>	<b>216 398</b>	<b>208 081</b>	<b>205 940</b>	<b>219 304</b>
<b>Total operating transfers and grants - CTBM</b>	<b>13 250</b>	<b>15 753</b>	<b>14 328</b>	<b>12 995</b>	<b>12 652</b>
<b>Capital transfers and grants:</b>					
<b>Monetary Allocations</b>					
Balance unspent at beginning of the year	13 626	16 411	-	-	-
Current year receipts	38 719	38 719	39 403	48 108	49 641
<b>Conditions met - transferred to revenue</b>	<b>52 345</b>	<b>55 129</b>	<b>39 403</b>	<b>48 108</b>	<b>49 641</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-
<b>Provincial Government:</b>					
Balance unspent at beginning of the year	-	-	-	-	-
Current year receipts	-	-	49	39	28
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>39</b>	<b>28</b>
Conditions still to be met - transferred to liabilities	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>	<b>52 345</b>	<b>55 129</b>	<b>39 452</b>	<b>48 147</b>	<b>49 668</b>
<b>Total capital transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>267 759</b>	<b>271 527</b>	<b>247 533</b>	<b>254 088</b>	<b>268 972</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>13 250</b>	<b>15 753</b>	<b>14 328</b>	<b>12 995</b>	<b>12 652</b>

**2.7 Allocations and Grants made by the municipality**

The following cash allocations are provided for in the proposed budget of the municipality:

**Allocations and Grants made by the municipality**

Description	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>					
<b>Monetary Transfers to Organisations</b>					
<i>Grants and donations in aid</i>	146	146	107	159	164
<b>Total Monetary Transfers To Organisations</b>	<b>146</b>	<b>146</b>	<b>107</b>	<b>159</b>	<b>164</b>
<b>TOTAL TRANSFERS AND GRANTS</b>	<b>146</b>	<b>146</b>	<b>107</b>	<b>159</b>	<b>164</b>



## 2.8 Councilor and employee benefits

### MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
	D	E	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>					
<b>Allowances and Service Related Benefits</b>					
Basic Salary	14 190	14 190	14 899	15 868	16 375
Cell phone Allowance	1 709	1 709	1 794	1 911	1 972
<b>Total Allowances and Service Related Benefits</b>	<b>15 899</b>	<b>15 899</b>	<b>16 693</b>	<b>17 779</b>	<b>18 347</b>
<b>Total Councillors</b>	<b>15 899</b>	<b>15 899</b>	<b>16 693</b>	<b>17 779</b>	<b>18 347</b>
% increase	9.7%	-	5.0%	6.5%	3.2%
<b>Senior Managers of the Municipality</b>					
<b>Salaries and Allowances</b>					
Basic Salary	11 437	9 691	11 894	12 667	13 205
Bonuses	2 496	2 496	2 596	2 765	2 882
<b>Allowance</b>					
Cellular and Telephone	289	307	320	332	346
Housing Benefits	367	225	381	406	423
Travel or Motor Vehicle	1 603	731	760	790	824
<b>Total Allowance</b>	<b>2 259</b>	<b>1 263</b>	<b>1 461</b>	<b>1 529</b>	<b>1 594</b>
<b>Service Related Benefits</b>					
Acting	252	131	136	145	151
Bonus	700	700	728	776	809
Leave Pay	411	370	427	455	474
<b>Total Service Related Benefits</b>	<b>1 363</b>	<b>1 201</b>	<b>1 292</b>	<b>1 376</b>	<b>1 434</b>
<b>Total Salaries and Allowances</b>	<b>17 555</b>	<b>14 651</b>	<b>17 242</b>	<b>18 336</b>	<b>19 115</b>
<b>Social Contributions</b>					
Unemployment Insurance	13	17	19	20	21
<b>Total Social Contributions</b>	<b>13</b>	<b>17</b>	<b>19</b>	<b>20</b>	<b>21</b>
<b>Sub Total - Senior Managers of Municipality</b>	<b>17 568</b>	<b>14 668</b>	<b>17 261</b>	<b>18 356</b>	<b>19 136</b>
% increase	23.4%	(16.5%)	17.7%	6.3%	4.3%



Summary of Employee and Councillor remuneration R thousand	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Other Municipal Staff</b>					
<b>Salaries and Allowances</b>					
Basic Salary	87 569	87 750	91 124	96 247	100 337
Bonuses	2 278	2 278	2 369	2 523	2 630
<b>Allowance</b>					
Accommodation, Travel and Incidental	3	-	-	-	-
Cellular and Telephone	1 143	1 186	1 188	1 266	1 319
Housing Benefits	246	496	256	273	284
Travel or Motor Vehicle	3 295	3 332	3 426	3 649	3 804
<b>Total Allowance</b>	<b>4 686</b>	<b>5 015</b>	<b>4 871</b>	<b>5 187</b>	<b>5 408</b>
<b>Service Related Benefits</b>					
Acting	342	773	356	379	395
Bonus	6 920	6 920	7 196	7 664	7 990
Leave Pay	3 640	3 276	3 786	4 032	4 203
Long Service Award	481	459	528	575	599
Overtime	3 133	3 080	3 258	3 470	3 618
Standby Allowance	963	1 127	1 172	1 219	1 271
<b>Total Service Related Benefits</b>	<b>15 480</b>	<b>15 636</b>	<b>16 297</b>	<b>17 340</b>	<b>18 076</b>
<b>Total Salaries and Allowances</b>	<b>110 013</b>	<b>110 678</b>	<b>114 660</b>	<b>121 297</b>	<b>126 452</b>
<b>Social Contributions</b>					
Bargaining Council	43	43	45	46	48
Medical	8 301	8 743	9 092	9 456	9 858
Pension	14 946	15 950	16 588	17 251	17 984
Unemployment Insurance	729	684	712	740	772
<b>Total Social Contributions</b>	<b>24 020</b>	<b>25 419</b>	<b>26 436</b>	<b>27 494</b>	<b>28 662</b>
<b>Post-retirement Benefit</b>					
Medical	1 860	1 952	2 064	2 268	2 364
<b>Total Post-retirement Benefit</b>	<b>1 860</b>	<b>1 952</b>	<b>2 064</b>	<b>2 268</b>	<b>2 364</b>
<b>Sub Total - Other Municipal Staff</b>	<b>135 893</b>	<b>138 050</b>	<b>143 160</b>	<b>151 058</b>	<b>157 478</b>
<b>% increase</b>	<b>5.6%</b>	<b>1.6%</b>	<b>3.7%</b>	<b>5.5%</b>	<b>4.3%</b>
<b>Total Parent Municipality</b>	<b>169 359</b>	<b>168 616</b>	<b>177 115</b>	<b>187 193</b>	<b>194 962</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>169 359</b>	<b>168 616</b>	<b>177 115</b>	<b>187 193</b>	<b>194 962</b>
<b>% increase</b>	<b>7.6%</b>	<b>(0.4%)</b>	<b>5.0%</b>	<b>5.7%</b>	<b>4.2%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>153 460</b>	<b>152 718</b>	<b>160 422</b>	<b>169 414</b>	<b>176 614</b>



**MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	Total Package
<b>Rand per annum</b>					
<b><u>Councillors</u></b>					
Speaker	986 586	–	52 858		1 039 444
Chief Whip	766 615	–	52 858		819 474
Executive Mayor	1 127 859	–	52 858		1 180 718
Executive Committee	1 888 136	–	211 433		2 099 569
Total for all other councillors	10 129 900	–	1 424 324		11 554 224
<b>Total Councillors</b>	<b>14 899 097</b>	<b>–</b>	<b>1 794 332</b>		<b>16 693 429</b>
<b><u>Senior Managers of the Municipality</u></b>					
Municipal Manager (MM)	2 766 170	2 255	493 246	501 727	3 763 397
Chief Finance Officer	1 399 170	2 255	474 951	181 705	2 058 080
Technical Services	1 724 206	2 255	475 954	455 692	2 658 106
Community and Social Services	2 234 500	7 717	271 979	693 680	3 207 876
Corporate and Support Services	1 938 427	2 414	649 597	416 287	3 006 726
Development and Town Planning Services	1 831 504	2 255	386 683	346 721	2 567 163
<b>Total Senior Managers of the Municipality</b>	<b>11 893 977</b>	<b>19 150</b>	<b>2 752 410</b>	<b>2 595 811</b>	<b>17 261 349</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>26 793 074</b>	<b>19 150</b>	<b>4 546 742</b>	<b>2 595 811</b>	<b>33 954 777</b>



**MBRR SA24 – Summary of personnel numbers**

Summary of Personnel Numbers Number	2024/25			Current Year 2025/26			Budget Year 2026/27		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	34	-	34	34	-	34	34	-	34
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	6	2	4	6	5	1	6	5	1
Other Managers	22	22	-	22	22	-	22	22	-
Professionals	48	48	-	48	48	-	48	48	-
<i>Finance</i>	15	15	-	15	15	-	15	15	-
<i>Other</i>	33	33	-	33	33	-	33	33	-
Technicians	21	21	-	21	21	-	21	21	-
<i>Spatial/town planning</i>	2	2	-	2	2	-	2	2	-
<i>Information Technology</i>	2	2	-	2	2	-	2	2	-
<i>Roads</i>	1	1	-	1	1	-	1	1	-
<i>Electricity</i>	4	4	-	4	4	-	4	4	-
<i>Refuse</i>	4	4	-	4	4	-	4	4	-
<i>Other</i>	8	8	-	8	8	-	8	8	-
Clerks (Clerical and administrative)	53	53	-	53	53	-	53	53	-
Service and sales workers	6	6	-	6	6	-	6	6	-
Plant and Machine Operators	22	22	-	22	22	-	22	22	-
Elementary Occupations	118	118	-	120	118	-	120	118	-
<b>TOTAL PERSONNEL NUMBERS</b>	<b>330</b>	<b>292</b>	<b>38</b>	<b>332</b>	<b>295</b>	<b>35</b>	<b>332</b>	<b>295</b>	<b>35</b>
<b>% increase</b>				0.6%	1.0%	(7.9%)	-	-	-

**2.9 Monthly targets for revenue, expenditure and cash flow**



**MBRR SA25 - Budgeted monthly revenue and expenditure**

Description	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>															
<b>Revenue</b>															
<b>Exchange Revenue</b>															
Service charges - Electricity	8 059	8 059	6 447	5 641	5 641	5 641	6 447	8 059	7 253	5 641	6 447	7 253	80 591	85 810	93 387
Service charges - Waste Management	909	909	909	909	909	909	909	909	909	909	909	909	10 903	11 394	11 758
Sale of Goods and Rendering of Services	33	33	27	23	23	23	27	33	30	23	27	30	333	457	472
Agency services	120	120	96	84	84	84	96	120	108	84	96	108	1 204	1 244	1 284
Interest	206	206	206	206	206	206	206	206	206	206	206	206	-	-	-
Interest earned from Receivables	513	513	513	513	513	513	513	513	513	513	513	513	6 159	6 363	6 566
Interest earned from Current and Non Current Assets	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	27 410	27 338	23 237
Rent on Land	1	1	1	1	1	1	1	1	1	1	1	1	15	15	16
Rental from Fixed Assets	103	103	103	103	103	103	103	103	103	103	103	103	1 231	1 324	1 366
Licence and permits	124	124	99	87	87	87	99	124	112	87	99	112	1 240	1 281	1 322
Operational Revenue	61	61	48	42	42	42	48	61	55	42	48	55	606	566	584
<b>Non-Exchange Revenue</b>															
Property rates	8 037	1 169	1 169	1 169	1 169	1 169	1 169	1 169	1 169	1 169	1 169	1 169	20 901	20 673	21 087
Fines, penalties and forfeits	8	8	6	5	5	5	6	8	7	5	6	255	325	131	135
Transfer and subsidies - Operational	84 506	-	5 069	-	-	51 861	-	-	64 583	-	-	2 063	208 081	205 940	219 304
Interest	206	206	206	206	206	206	206	206	206	206	206	206	2 467	2 548	2 629
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>105 168</b>	<b>13 795</b>	<b>17 183</b>	<b>11 274</b>	<b>11 274</b>	<b>63 135</b>	<b>12 114</b>	<b>13 795</b>	<b>77 538</b>	<b>11 274</b>	<b>12 114</b>	<b>15 267</b>	<b>361 466</b>	<b>365 084</b>	<b>383 147</b>
<b>Expenditure</b>															
Employee related costs	11 782	11 782	11 716	11 684	11 684	11 684	11 716	11 782	11 749	11 684	11 716	31 443	160 422	169 414	176 614
Remuneration of councillors	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	16 693	17 779	18 347
Bulk purchases - electricity	7 299	7 299	5 938	5 257	5 257	5 257	5 938	7 299	6 619	5 257	5 938	6 619	73 975	80 633	87 890
Inventory consumed	2 005	2 005	1 604	1 404	1 404	1 404	1 604	2 005	1 805	1 404	1 604	1 805	20 052	24 589	26 824
Debt impairment	-	-	-	-	-	6 306	-	-	-	-	-	6 306	12 613	14 449	13 792
Depreciation, amortisation and impairment	-	-	-	-	-	-	-	-	-	-	-	-	20 705	21 119	21 795
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	-	-	-	-	-	8 347	8 911	9 873
Contracted services	5 139	5 114	4 091	3 880	3 855	3 580	4 091	5 114	4 603	3 580	4 091	4 603	51 742	54 185	54 607
Transfers and subsidies	-	-	-	-	-	-	-	-	107	-	-	-	107	159	164
Irrecoverable debts written off	-	-	-	-	-	-	-	-	-	-	-	5 500	5 500	6 000	6 000
Operational costs	5 593	5 593	4 474	3 922	3 935	3 867	4 474	5 599	5 033	3 915	4 488	5 033	55 926	58 656	59 996
Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	2 405	2 205	2 234
<b>Total Expenditure</b>	<b>33 209</b>	<b>33 184</b>	<b>29 215</b>	<b>27 537</b>	<b>27 526</b>	<b>33 489</b>	<b>29 215</b>	<b>33 191</b>	<b>31 306</b>	<b>27 230</b>	<b>29 229</b>	<b>62 700</b>	<b>428 487</b>	<b>458 099</b>	<b>478 137</b>
<b>Surplus/(Deficit)</b>	<b>71 959</b>	<b>(19 389)</b>	<b>(12 032)</b>	<b>(16 263)</b>	<b>(16 252)</b>	<b>29 647</b>	<b>(17 100)</b>	<b>(19 395)</b>	<b>46 231</b>	<b>(15 956)</b>	<b>(17 114)</b>	<b>(47 433)</b>	<b>(67 021)</b>	<b>(93 016)</b>	<b>(94 989)</b>
Transfers and subsidies - capital (monetary allocations)	-	-	11 821	-	-	11 870	-	-	11 821	-	-	3 940	39 452	48 147	49 668
<b>Surplus/(Deficit) for the year</b>	<b>71 959</b>	<b>(19 389)</b>	<b>(211)</b>	<b>(16 263)</b>	<b>(16 252)</b>	<b>41 516</b>	<b>(17 100)</b>	<b>(19 395)</b>	<b>58 052</b>	<b>(15 956)</b>	<b>(17 114)</b>	<b>(43 493)</b>	<b>(27 569)</b>	<b>(44 869)</b>	<b>(45 321)</b>



**MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>															
<b>Revenue by Vote</b>															
Vote 1 - Executive & Council	3 687	-	-	-	-	2 095	-	-	2 598	-	-	-	8 380	8 671	8 941
Vote 2 - Planning & Development	20	20	2 504	14	14	2 502	16	20	3 197	14	16	1 505	9 841	10 736	10 033
Vote 3 - Corporate Services	129	129	124	121	121	121	124	129	126	121	124	126	1 494	1 593	1 644
Vote 4 - Budget & Treasury	58 994	3 662	4 262	3 661	3 661	31 798	3 662	3 662	38 408	3 661	3 662	3 870	162 964	161 639	166 379
Vote 5 - Road Transport	257	257	13 358	180	180	12 110	206	257	12 669	180	206	4 537	44 398	46 185	47 595
Vote 9 - Community & Social Services	37	37	657	28	28	703	31	37	660	28	31	243	2 520	2 613	2 763
Vote 10 - Sport & Recreation	1	1	1	1	1	1	1	1	1	1	1	1	8	8	8
Vote 11 - Public Safety	11	11	9	8	8	8	9	11	10	8	9	10	115	119	123
Vote 12 - Electricity	24 409	8 232	6 620	5 814	5 814	15 006	6 620	8 232	18 823	5 814	6 620	7 426	119 431	129 639	140 162
Vote 13 - Waste Management	17 418	1 241	1 264	1 241	1 241	10 455	1 241	1 241	12 661	1 241	1 241	1 284	51 767	52 029	55 167
<b>Total Revenue by Vote</b>	<b>104 963</b>	<b>13 590</b>	<b>28 798</b>	<b>11 068</b>	<b>11 068</b>	<b>74 800</b>	<b>11 909</b>	<b>13 590</b>	<b>89 153</b>	<b>11 068</b>	<b>11 909</b>	<b>19 001</b>	<b>400 918</b>	<b>413 231</b>	<b>432 816</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Executive & Council	5 193	5 193	4 763	4 548	4 550	4 690	4 763	5 194	4 978	4 547	4 765	7 476	60 659	63 138	65 190
Vote 2 - Planning & Development	2 427	2 427	2 230	2 131	2 131	2 173	2 230	2 427	2 435	2 131	2 230	4 982	29 954	31 274	30 847
Vote 3 - Corporate Services	4 250	4 225	3 726	3 381	3 361	4 377	3 644	4 227	4 017	3 354	3 649	8 072	50 282	57 222	59 522
Vote 4 - Budget & Treasury	4 138	4 138	3 679	3 453	3 459	6 370	3 679	4 141	3 909	3 450	3 686	12 446	56 549	58 322	60 117
Vote 5 - Road Transport	2 801	2 801	3 494	2 424	2 424	7 491	2 549	2 801	3 620	2 424	2 549	10 898	46 276	48 671	50 502
Vote 6 - Waste Water Management	314	314	293	283	283	909	293	314	304	283	293	2 166	6 051	6 121	6 350
Vote 9 - Community & Social Services	1 884	1 884	1 765	1 980	1 980	2 669	1 765	1 884	1 825	1 705	1 765	5 003	26 109	26 982	28 047
Vote 10 - Sport & Recreation	194	194	184	180	180	431	184	194	189	180	184	792	3 085	3 258	3 398
Vote 11 - Public Safety	197	197	190	187	187	187	190	197	194	187	190	251	2 353	2 481	2 506
Vote 12 - Electricity	8 873	8 873	7 382	6 550	6 550	8 450	7 324	8 873	8 156	6 550	7 324	15 344	100 250	109 046	119 317
Vote 13 - Waste Management	2 939	2 939	2 593	2 420	2 420	6 094	2 593	2 939	2 766	2 420	2 593	14 205	46 918	51 584	52 342
<b>Total Expenditure by Vote</b>	<b>33 209</b>	<b>33 184</b>	<b>30 300</b>	<b>27 537</b>	<b>27 526</b>	<b>43 841</b>	<b>29 215</b>	<b>33 191</b>	<b>32 391</b>	<b>27 230</b>	<b>29 229</b>	<b>81 634</b>	<b>428 487</b>	<b>458 099</b>	<b>478 137</b>
<b>Surplus/(Deficit)</b>	<b>71 754</b>	<b>(19 594)</b>	<b>(1 501)</b>	<b>(16 469)</b>	<b>(16 457)</b>	<b>30 958</b>	<b>(17 306)</b>	<b>(19 601)</b>	<b>56 762</b>	<b>(16 162)</b>	<b>(17 320)</b>	<b>(62 633)</b>	<b>(27 569)</b>	<b>(44 869)</b>	<b>(45 321)</b>



**MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

Description	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Revenue - Functional</b>															
<i>Governance and administration</i>	62 808	3 789	4 383	3 781	3 781	34 012	3 783	3 789	41 130	3 781	3 783	3 994	172 815	171 878	176 939
Executive and council	3 687	-	-	-	-	2 095	-	-	2 598	-	-	-	8 380	8 671	8 941
Finance and administration	59 121	3 789	4 383	3 781	3 781	31 917	3 783	3 789	38 532	3 781	3 783	3 994	164 435	163 207	167 998
<i>Community and public safety</i>	283	283	854	201	201	875	228	283	881	201	228	669	5 187	5 102	5 331
Community and social services	14	14	638	12	12	687	13	14	639	12	13	222	2 291	2 376	2 518
Sport and recreation	1	1	1	1	1	1	1	1	1	1	1	1	8	8	8
Public safety	268	268	215	188	188	188	215	268	241	188	215	447	2 887	2 718	2 805
<i>Economic and environmental services</i>	18	18	15 656	13	13	14 432	15	18	15 633	13	15	5 604	51 449	54 281	54 905
Planning and development	18	18	2 503	13	13	2 501	14	18	3 195	13	14	1 503	9 823	10 695	9 991
Road transport	0	0	13 153	0	0	11 931	0	0	12 438	0	0	4 101	41 626	43 586	44 914
<i>Trading services</i>	41 826	9 473	7 884	7 055	7 055	25 461	7 861	9 473	31 485	7 055	7 861	8 710	171 198	181 668	195 329
Energy sources	24 409	8 232	6 620	5 814	5 814	15 006	6 620	8 232	18 823	5 814	6 620	7 426	119 431	129 639	140 162
Waste management	17 418	1 241	1 264	1 241	1 241	10 455	1 241	1 241	12 661	1 241	1 241	1 284	51 767	52 029	55 167
<i>Other</i>	27	27	22	19	19	19	22	27	24	19	22	24	270	302	311
<b>Total Revenue - Functional</b>	<b>104 963</b>	<b>13 590</b>	<b>28 798</b>	<b>11 068</b>	<b>11 068</b>	<b>74 800</b>	<b>11 909</b>	<b>13 590</b>	<b>89 153</b>	<b>11 068</b>	<b>11 909</b>	<b>19 001</b>	<b>400 918</b>	<b>413 231</b>	<b>432 816</b>
<b>Expenditure - Functional</b>															
<i>Governance and administration</i>	13 581	13 556	12 168	11 382	11 371	15 438	12 086	13 562	12 903	11 351	12 099	27 968	167 464	178 654	184 799
Executive and council	4 705	4 705	4 306	4 107	4 107	4 244	4 306	4 705	4 506	4 107	4 306	6 448	54 552	56 621	58 232
Finance and administration	8 502	8 477	7 515	6 942	6 929	10 854	7 433	8 483	8 037	6 911	7 445	20 803	108 333	117 126	121 285
Internal audit	374	374	346	333	335	340	346	374	360	332	348	717	4 579	4 907	5 282
<i>Community and public safety</i>	2 670	2 670	2 517	2 716	2 716	3 886	2 517	2 670	2 594	2 441	2 517	7 036	36 951	38 828	40 316
Community and social services	1 780	1 780	1 668	1 886	1 887	2 575	1 668	1 780	1 724	1 611	1 668	4 690	24 716	25 776	26 792
Sport and recreation	194	194	184	180	180	431	184	194	189	180	184	792	3 085	3 258	3 398
Public safety	696	696	665	650	650	880	665	696	681	650	665	1 555	9 149	9 794	10 127
<i>Economic and environmental services</i>	4 613	4 613	5 147	3 996	3 996	8 874	4 202	4 613	5 352	3 996	4 202	14 486	68 089	71 201	72 239
Planning and development	2 311	2 311	2 127	2 034	2 034	2 076	2 127	2 311	2 219	2 034	2 127	4 796	28 509	29 734	29 245
Road transport	2 301	2 301	3 020	1 961	1 961	6 797	2 075	2 301	3 133	1 961	2 075	9 594	39 480	41 359	42 882
Environmental protection	0	0	0	0	0	0	0	0	0	0	0	96	101	108	112
<i>Trading services</i>	12 126	12 126	10 268	9 253	9 253	15 453	10 211	12 126	11 226	9 253	10 211	31 715	153 219	166 752	178 008
Energy sources	8 873	8 873	7 382	6 550	6 550	8 450	7 324	8 873	8 156	6 550	7 324	15 344	100 250	109 046	119 317
Waste water management	314	314	293	283	283	909	293	314	304	283	293	2 166	6 051	6 121	6 350
Waste management	2 939	2 939	2 593	2 420	2 420	6 094	2 593	2 939	2 766	2 420	2 593	14 205	46 918	51 584	52 342
<i>Other</i>	220	220	200	190	190	190	200	220	317	190	200	428	2 763	2 665	2 774
<b>Total Expenditure - Functional</b>	<b>33 209</b>	<b>33 184</b>	<b>30 300</b>	<b>27 537</b>	<b>27 526</b>	<b>43 841</b>	<b>29 215</b>	<b>33 191</b>	<b>32 391</b>	<b>27 230</b>	<b>29 229</b>	<b>81 634</b>	<b>428 487</b>	<b>458 099</b>	<b>478 137</b>
<b>Surplus/(Deficit)</b>	<b>71 754</b>	<b>(19 594)</b>	<b>(1 501)</b>	<b>(16 469)</b>	<b>(16 457)</b>	<b>30 958</b>	<b>(17 306)</b>	<b>(19 601)</b>	<b>56 762</b>	<b>(16 162)</b>	<b>(17 320)</b>	<b>(62 633)</b>	<b>(27 569)</b>	<b>(44 869)</b>	<b>(45 321)</b>



**MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>															
<b>Multi-year expenditure to be appropriated</b>															
Vote 3 - Corporate Services	-	-	-	-	-	-	-	500	500	500	500	-	2 000	-	-
Vote 5 - Road Transport	8 460	7 209	6 649	3 960	4 960	2 000	2 000	5 000	4 500	3 500	2 461	1 900	52 599	38 654	14 109
Vote 6 - Waste Water Management	-	-	-	-	300	100	100	-	100	500	733	-	1 833	8 000	10 000
Vote 9 - Community & Social Services	-	-	1 125	1 125	1 125	563	563	-	-	-	-	-	4 500	-	7 500
Vote 11 - Public Safety	-	40	-	-	40	-	-	50	-	50	-	99	279	167	84
Vote 12 - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	4 527	4 732
<b>Capital multi-year expenditure sub-total</b>	<b>9 460</b>	<b>8 249</b>	<b>8 774</b>	<b>6 085</b>	<b>7 425</b>	<b>3 663</b>	<b>2 663</b>	<b>5 950</b>	<b>5 500</b>	<b>5 300</b>	<b>4 443</b>	<b>1 999</b>	<b>69 510</b>	<b>70 548</b>	<b>46 424</b>
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - Executive & Council	-	10	50	10	50	15	-	-	-	-	-	-	135	75	51
Vote 3 - Corporate Services	-	-	-	-	10	-	-	9	-	507	-	-	526	17	17
Vote 4 - Budget & Treasury	-	-	-	500	31	250	-	-	500	500	-	-	1 781	845	857
Vote 5 - Road Transport	-	-	-	-	-	-	-	8 000	-	-	12 000	-	20 000	-	-
Vote 9 - Community & Social Services	-	-	-	20	-	-	-	-	29	-	-	-	49	39	28
Vote 11 - Public Safety	3 000	-	-	-	-	-	-	-	-	-	-	-	3 000	-	-
Vote 12 - Electricity	-	-	-	2 216	3 321	4 425	2 209	1 105	-	-	-	3 000	16 275	3 000	3 000
Vote 13 - Waste Management	239	-	3 234	-	12	-	-	1 600	1 600	-	-	-	6 685	3 312	3 300
<b>Capital single-year expenditure sub-total</b>	<b>3 239</b>	<b>10</b>	<b>3 284</b>	<b>2 746</b>	<b>3 423</b>	<b>4 690</b>	<b>2 209</b>	<b>10 714</b>	<b>2 129</b>	<b>1 007</b>	<b>12 000</b>	<b>3 000</b>	<b>48 451</b>	<b>7 288</b>	<b>7 252</b>
<b>Total Capital Expenditure</b>	<b>12 699</b>	<b>8 259</b>	<b>12 058</b>	<b>8 831</b>	<b>10 848</b>	<b>8 352</b>	<b>4 872</b>	<b>16 664</b>	<b>7 629</b>	<b>6 307</b>	<b>16 443</b>	<b>4 999</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>



**MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

Description	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Capital Expenditure - Functional</b>															
<i>Governance and administration</i>	-	10	50	510	91	265	-	509	1 000	1 507	500	-	4 442	937	924
Executive and council	-	10	50	10	50	15	-	-	-	-	-	-	135	75	51
Finance and administration	-	-	-	500	41	250	-	509	1 000	1 507	500	-	4 307	862	874
<i>Community and public safety</i>	4 960	2 000	3 085	3 105	3 125	1 563	563	50	29	50	-	99	18 628	9 207	7 611
Community and social services	-	-	1 125	1 145	1 125	563	563	-	29	-	-	-	4 549	39	7 528
Public safety	3 960	1 000	960	960	1 000	-	-	50	-	50	-	99	8 079	167	84
<i>Economic and environmental services</i>	7 500	6 249	5 689	3 000	4 000	2 000	2 000	13 000	4 500	3 500	14 461	1 900	67 799	38 654	14 109
Road transport	7 500	6 249	5 689	3 000	4 000	2 000	2 000	13 000	4 500	3 500	14 461	1 900	67 799	38 654	14 109
<i>Trading services</i>	239	-	3 234	2 216	3 633	4 525	2 309	3 105	2 100	1 250	1 483	3 000	27 093	29 039	31 032
Energy sources	-	-	-	2 216	3 321	4 425	2 209	1 105	-	-	-	3 000	16 275	7 527	7 732
Waste water management	-	-	-	-	300	100	100	-	100	500	733	-	1 833	8 000	10 000
Waste management	239	-	3 234	-	12	-	-	2 000	2 000	750	750	-	8 985	13 512	13 300
<b>Total Capital Expenditure - Functional</b>	<b>12 699</b>	<b>8 259</b>	<b>12 058</b>	<b>8 831</b>	<b>10 848</b>	<b>8 352</b>	<b>4 872</b>	<b>16 664</b>	<b>7 629</b>	<b>6 307</b>	<b>16 443</b>	<b>4 999</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>
<b>Funded by:</b>															
National Government	-	-	3 234	3 716	6 121	6 025	3 809	4 605	3 600	4 000	2 793	1 500	39 403	48 108	49 641
Provincial Government	-	-	-	20	-	-	-	-	29	-	-	-	49	39	28
<b>Transfers recognised - capital</b>	<b>-</b>	<b>-</b>	<b>3 234</b>	<b>3 736</b>	<b>6 121</b>	<b>6 025</b>	<b>3 809</b>	<b>4 605</b>	<b>3 629</b>	<b>4 000</b>	<b>2 793</b>	<b>1 500</b>	<b>39 452</b>	<b>48 147</b>	<b>49 668</b>
<b>Borrowing</b>	<b>6 000</b>	<b>2 500</b>	<b>3 000</b>	<b>1 500</b>	<b>1 500</b>	<b>500</b>	<b>500</b>	<b>10 000</b>	<b>1 500</b>	<b>500</b>	<b>12 500</b>	<b>-</b>	<b>40 000</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>6 699</b>	<b>5 759</b>	<b>5 824</b>	<b>3 595</b>	<b>3 228</b>	<b>1 827</b>	<b>563</b>	<b>2 059</b>	<b>2 500</b>	<b>1 807</b>	<b>1 150</b>	<b>3 499</b>	<b>38 510</b>	<b>29 689</b>	<b>4 008</b>
<b>Total Capital Funding</b>	<b>12 699</b>	<b>8 259</b>	<b>12 058</b>	<b>8 831</b>	<b>10 848</b>	<b>8 352</b>	<b>4 872</b>	<b>16 664</b>	<b>7 629</b>	<b>6 307</b>	<b>16 443</b>	<b>4 999</b>	<b>117 961</b>	<b>77 836</b>	<b>53 676</b>



**MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>															
<b>Cash Receipts By Source</b>													1		
Property rates	5 402	786	786	786	786	786	786	786	786	786	786	786	14 048	13 896	14 173
Service charges - electricity revenue	7 833	7 833	6 267	5 483	5 483	5 483	6 267	7 833	7 050	5 483	6 267	7 050	78 334	83 406	90 771
Service charges - refuse revenue	287	287	287	287	287	287	287	287	287	287	287	287	3 444	3 599	3 714
Rental of facilities and equipment	71	71	71	71	71	71	71	71	71	71	71	71	856	919	948
Interest earned - external investments	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	2 284	27 410	27 338	23 237
Interest earned - outstanding debtors	417	417	417	417	417	417	417	417	417	417	417	417	5 004	5 169	5 334
Fines, penalties and forfeits	0	0	0	0	0	0	0	0	0	0	0	4	5	2	2
Licences and permits	124	124	99	87	87	87	99	124	112	87	99	112	1 240	1 281	1 322
Agency services	120	120	96	84	84	84	96	120	108	84	96	108	1 204	1 244	1 284
Transfers and Subsidies - Operational	83 927	-	5 034	-	-	51 506	-	-	64 140	-	-	2 049	206 656	204 608	218 961
Other revenue	94	94	75	66	66	66	75	94	84	66	75	84	939	1 023	1 056
<b>Cash Receipts by Source</b>	<b>100 560</b>	<b>12 017</b>	<b>15 417</b>	<b>9 566</b>	<b>9 566</b>	<b>61 072</b>	<b>10 383</b>	<b>12 017</b>	<b>75 340</b>	<b>9 566</b>	<b>10 383</b>	<b>13 253</b>	<b>339 139</b>	<b>342 484</b>	<b>360 803</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	11 821	-	-	11 870	-	-	11 821	-	-	3 940	39 452	48 147	49 668
Borrowing long term/refinancing	-	-	40 000	-	-	-	-	-	-	-	-	-	40 000	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	72	74	77
<b>Total Cash Receipts by Source</b>	<b>100 560</b>	<b>12 017</b>	<b>67 238</b>	<b>9 566</b>	<b>9 566</b>	<b>72 942</b>	<b>10 383</b>	<b>12 017</b>	<b>87 161</b>	<b>9 566</b>	<b>10 383</b>	<b>17 193</b>	<b>418 663</b>	<b>390 706</b>	<b>410 549</b>
<b>Cash Payments by Type</b>															
Employee related costs	11 556	11 556	11 492	11 460	11 460	11 460	11 492	11 556	11 524	11 460	11 492	30 842	157 352	166 243	173 703
Remuneration of councillors	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	1 391	16 693	17 779	18 347
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	2 170	2 152	2 164
Bulk purchases - Electricity	7 246	7 246	5 894	5 218	5 218	5 218	5 894	7 246	6 570	5 218	5 894	6 570	73 435	80 896	87 512
Acquisition inventory - water and other inventory	1 991	1 991	1 592	1 393	1 393	1 393	1 592	1 991	1 792	1 393	1 592	1 792	19 906	24 670	26 708
Contracted services	5 102	5 077	4 061	3 852	3 827	3 554	4 061	5 077	4 569	3 554	4 061	4 569	51 364	54 362	54 372
Transfers and subsidies - other	-	-	-	-	-	-	-	-	107	-	-	-	107	159	164
Other expenditure	5 552	5 552	4 441	3 893	3 907	3 839	4 441	5 558	4 997	3 886	4 455	4 997	55 517	58 847	59 738
<b>Cash Payments by Type</b>	<b>32 837</b>	<b>32 813</b>	<b>28 873</b>	<b>27 208</b>	<b>27 196</b>	<b>26 856</b>	<b>28 873</b>	<b>32 819</b>	<b>30 950</b>	<b>26 903</b>	<b>28 887</b>	<b>50 160</b>	<b>376 545</b>	<b>405 108</b>	<b>422 708</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	12 606	8 199	11 970	8 767	10 769	8 291	4 836	16 542	7 573	6 261	16 323	4 962	117 100	78 090	53 445
Repayment of borrowing	-	-	589	-	-	-	-	-	589	-	-	-	1 178	1 423	1 491
<b>Total Cash Payments by Type</b>	<b>45 444</b>	<b>41 012</b>	<b>41 432</b>	<b>35 974</b>	<b>37 966</b>	<b>35 147</b>	<b>33 709</b>	<b>49 361</b>	<b>39 112</b>	<b>33 165</b>	<b>45 210</b>	<b>55 123</b>	<b>494 823</b>	<b>484 620</b>	<b>477 645</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>55 116</b>	<b>(28 994)</b>	<b>25 806</b>	<b>(26 409)</b>	<b>(28 400)</b>	<b>37 795</b>	<b>(23 326)</b>	<b>(37 344)</b>	<b>48 049</b>	<b>(23 599)</b>	<b>(34 827)</b>	<b>(37 929)</b>	<b>(76 161)</b>	<b>(93 914)</b>	<b>(67 096)</b>
Cash/cash equivalents at the month/year begin:	347 783	402 899	373 904	399 710	373 301	344 902	382 696	359 370	322 026	370 075	346 477	311 650	347 783	271 622	177 708
Cash/cash equivalents at the month/year end:	402 899	373 904	399 710	373 301	344 902	382 696	359 370	322 026	370 075	346 477	311 650	273 720	271 622	177 708	110 612



## **2.10 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.11 Capital expenditure details**

The following five tables present details of the Municipality's capital expenditure program, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets, then the depreciation per asset class and finally the upgrade of assets.



**MBRR SA34a - Capital expenditure on new assets by asset class**

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	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	<b>19 914</b>	<b>36 715</b>	<b>69 211</b>	<b>12 624</b>	<b>4 621</b>	<b>24 408</b>	<b>31 308</b>	<b>39 659</b>
Roads Infrastructure	8 558	31 130	66 733	244	244	800	5 581	11 927
<i>Roads</i>	8 558	31 130	66 733	244	244	800	5 581	11 927
Storm water Infrastructure	-	552	-	8 090	216	1 833	8 000	10 000
<i>Storm water Conveyance</i>	-	552	-	8 090	216	1 833	8 000	10 000
Electrical Infrastructure	130	957	2 478	4 290	4 160	16 275	7 527	7 732
<i>MV Networks</i>	130	957	2 478	1 522	1 832	-	4 527	4 732
<i>LV Networks</i>	-	-	-	2 769	2 329	16 275	3 000	3 000
Solid Waste Infrastructure	11 226	4 076	-	-	-	5 500	10 200	10 000
<i>Landfill Sites</i>	11 226	4 076	-	-	-	4 000	7 700	10 000
<i>Waste Transfer Stations</i>	-	-	-	-	-	1 500	2 500	-
<b>Community Assets</b>	<b>5 323</b>	<b>11 766</b>	<b>24 185</b>	<b>14 124</b>	<b>16 076</b>	<b>6 279</b>	<b>9 167</b>	<b>7 584</b>
Community Facilities	5 013	4 861	4 811	10 424	6 941	279	167	7 584
<i>Halls</i>	-	3 618	4 466	4 491	5 863	-	-	-
<i>Cemeteries/Crematoria</i>	4 816	216	-	5 654	800	-	-	7 500
<i>Public Open Space</i>	197	1 026	345	279	279	279	167	84
Sport and Recreation Facilities	310	6 905	19 373	3 700	9 135	6 000	9 000	-
<i>Outdoor Facilities</i>	310	6 905	19 373	3 700	9 135	6 000	9 000	-
<b>Other assets</b>	<b>7 540</b>	<b>13 602</b>	<b>17 111</b>	<b>5 945</b>	<b>20 575</b>	<b>6 800</b>	<b>-</b>	<b>-</b>
Operational Buildings	7 540	13 602	17 111	5 945	17 503	6 800	-	-
<i>Municipal Offices</i>	7 540	13 602	17 111	5 945	17 503	6 800	-	-
Housing	-	-	-	-	3 071	-	-	-
<i>Staff Housing</i>	-	-	-	-	3 071	-	-	-
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>697</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Licences and Rights	-	-	-	697	-	-	-	-
<i>Computer Software and Applications</i>	-	-	-	697	-	-	-	-
<b>Computer Equipment</b>	<b>1 454</b>	<b>1 801</b>	<b>1 520</b>	<b>2 172</b>	<b>3 472</b>	<b>1 750</b>	<b>830</b>	<b>857</b>
Computer Equipment	1 454	1 801	1 520	2 172	3 472	1 750	830	857
<b>Furniture and Office Equipment</b>	<b>292</b>	<b>500</b>	<b>313</b>	<b>148</b>	<b>648</b>	<b>145</b>	<b>118</b>	<b>79</b>
Furniture and Office Equipment	292	500	313	148	648	145	118	79
<b>Machinery and Equipment</b>	<b>147</b>	<b>17 348</b>	<b>17 769</b>	<b>3 660</b>	<b>3 500</b>	<b>24 080</b>	<b>3 340</b>	<b>3 316</b>
Machinery and Equipment	147	17 348	17 769	3 660	3 500	24 080	3 340	3 316
<b>Transport Assets</b>	<b>646</b>	<b>788</b>	<b>1 660</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transport Assets	646	788	1 660	-	500	-	-	-
<b>Land</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 000</b>	<b>3 000</b>	<b>3 000</b>	<b>-</b>	<b>-</b>
Land	-	-	-	3 000	3 000	3 000	-	-
<b>Total Capital Expenditure on new assets</b>	<b>35 317</b>	<b>82 519</b>	<b>131 769</b>	<b>42 370</b>	<b>52 391</b>	<b>66 463</b>	<b>44 764</b>	<b>51 494</b>



**MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description R thousand	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	-	-	-	76 794	71 238	25 938	23 073	-
Roads Infrastructure	-	-	-	76 794	71 238	25 938	23 073	-
Roads	-	-	-	76 794	71 238	25 938	23 073	-
<b>Community Assets</b>	-	-	-	-	2 256	4 500	-	-
Community Facilities	-	-	-	-	2 256	4 500	-	-
Halls	-	-	-	-	2 256	4 500	-	-
<b>Other assets</b>	-	-	-	3 471	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-
Housing	-	-	-	3 471	-	-	-	-
Staff Housing	-	-	-	3 471	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-	-	80 266	73 494	30 438	23 073	-
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	59.0%	54.9%	25.8%	29.6%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.0%	385.2%	362.1%	147.0%	109.2%	0.0%



**MBRR SA34c - Repairs and maintenance expenditure by asset class**

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	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>								
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	<b>5 431</b>	<b>2 920</b>	<b>4 636</b>	<b>9 306</b>	<b>7 187</b>	<b>7 860</b>	<b>8 332</b>	<b>8 634</b>
Roads Infrastructure	4 593	2 276	3 189	5 726	4 726	5 077	5 493	5 720
Roads	4 593	2 276	3 189	5 726	4 726	5 077	5 493	5 720
Storm water Infrastructure	184	-	-	471	471	440	507	523
Storm water Conveyance	184	-	-	471	471	440	507	523
Electrical Infrastructure	548	599	1 066	1 622	1 527	1 531	1 700	1 764
MV Networks	86	222	582	856	856	817	864	892
LV Networks	462	377	484	765	671	714	836	872
Solid Waste Infrastructure	106	45	380	1 487	463	813	632	626
Landfill Sites	106	45	380	1 363	339	341	379	396
Waste Transfer Stations	-	-	-	124	124	472	253	230
<b>Community Assets</b>	<b>1 851</b>	<b>1 135</b>	<b>1 787</b>	<b>3 013</b>	<b>2 936</b>	<b>2 685</b>	<b>2 934</b>	<b>3 038</b>
Community Facilities	1 686	1 035	1 741	2 637	2 559	2 348	2 566	2 648
Halls	768	189	491	736	737	627	793	818
Centres	56	28	32	141	141	80	92	95
Libraries	-	-	288	380	380	321	319	330
Cemeteries/Crematoria	832	818	904	1 288	1 238	1 225	1 264	1 305
Parks	-	-	-	16	16	16	17	18
Public Open Space	29	-	25	32	32	33	35	36
Public Ablution Facilities	-	-	-	29	10	30	30	31
Taxi Ranks/Bus Terminals	-	-	-	15	6	15	16	16
Sport and Recreation Facilities	166	100	46	377	377	337	368	390
Outdoor Facilities	166	100	46	377	377	337	368	390
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>409</b>	<b>259</b>	<b>52</b>	<b>57</b>	<b>63</b>
Revenue Generating	-	-	-	409	259	52	57	63
Improved Property	-	-	-	409	259	52	57	63
<b>Other assets</b>	<b>613</b>	<b>870</b>	<b>1 926</b>	<b>2 664</b>	<b>3 034</b>	<b>2 077</b>	<b>2 605</b>	<b>2 689</b>
Operational Buildings	613	870	1 926	2 664	3 034	2 077	2 605	2 689
Municipal Offices	373	704	1 869	2 513	2 883	1 920	2 442	2 520
Stores	240	165	57	151	151	157	163	169
<b>Furniture and Office Equipment</b>	<b>458</b>	<b>259</b>	<b>740</b>	<b>1 047</b>	<b>847</b>	<b>1 066</b>	<b>1 110</b>	<b>1 146</b>
Furniture and Office Equipment	458	259	740	1 047	847	1 066	1 110	1 146
<b>Machinery and Equipment</b>	<b>1 135</b>	<b>1 582</b>	<b>1 291</b>	<b>2 000</b>	<b>2 093</b>	<b>2 162</b>	<b>2 046</b>	<b>2 111</b>
Machinery and Equipment	1 135	1 582	1 291	2 000	2 093	2 162	2 046	2 111
<b>Transport Assets</b>	<b>2 131</b>	<b>4 141</b>	<b>6 280</b>	<b>4 271</b>	<b>4 639</b>	<b>3 212</b>	<b>3 014</b>	<b>3 126</b>
Transport Assets	2 131	4 141	6 280	4 271	4 639	3 212	3 014	3 126
<b>Total Repairs and Maintenance Expenditure</b>	<b>11 619</b>	<b>10 907</b>	<b>16 660</b>	<b>22 711</b>	<b>20 994</b>	<b>19 114</b>	<b>20 099</b>	<b>20 807</b>
<b>R&amp;M as a % of PPE &amp; Investment Property</b>	2.2%	1.8%	2.4%	2.7%	2.6%	2.1%	2.1%	2.1%
<b>R&amp;M as % Operating Expenditure</b>	3.9%	3.4%	4.4%	5.4%	4.9%	4.5%	4.7%	4.5%



**MBRR SA34d - Depreciation by asset class**

Description	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>									
<b>Depreciation by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>10 917</b>	<b>10 831</b>	<b>10 263</b>	<b>12 337</b>	<b>9 805</b>	<b>9 805</b>	<b>10 001</b>	<b>10 201</b>	<b>10 527</b>
Roads Infrastructure	6 892	6 058	5 609	7 788	5 454	5 454	5 563	5 674	5 856
Roads	6 892	6 058	5 609	7 788	5 454	5 454	5 563	5 674	5 856
Storm water Infrastructure	1 196	1 183	1 178	1 352	1 228	1 228	1 253	1 278	1 319
Storm water Conveyance	1 196	1 183	1 178	1 352	1 228	1 228	1 253	1 278	1 319
Electrical Infrastructure	1 391	1 385	1 402	1 572	1 462	1 462	1 492	1 521	1 570
MV Networks	1 169	1 164	1 180	1 321	1 230	1 230	1 254	1 279	1 320
LV Networks	222	222	222	251	233	233	237	242	250
Solid Waste Infrastructure	1 439	2 206	2 074	1 626	1 660	1 660	1 694	1 727	1 783
Landfill Sites	1 439	2 206	2 074	1 626	1 660	1 660	1 694	1 727	1 783
<b>Community Assets</b>	<b>2 358</b>	<b>2 711</b>	<b>2 713</b>	<b>2 664</b>	<b>2 849</b>	<b>2 849</b>	<b>2 906</b>	<b>2 964</b>	<b>3 059</b>
Community Facilities	1 918	2 271	2 272	2 167	2 386	2 386	2 433	2 482	2 562
Halls	872	890	891	986	936	936	955	974	1 005
Cemeteries/Crematoria	599	812	812	677	853	853	870	887	915
Public Open Space	60	183	183	68	192	192	196	200	206
Taxi Ranks/Bus Terminals	386	386	386	436	405	405	414	422	435
Sport and Recreation Facilities	440	440	441	497	463	463	472	482	497
Outdoor Facilities	440	440	441	497	463	463	472	482	497
<b>Other assets</b>	<b>1 008</b>	<b>1 101</b>	<b>1 204</b>	<b>1 139</b>	<b>1 264</b>	<b>1 264</b>	<b>1 290</b>	<b>1 315</b>	<b>1 358</b>
Operational Buildings	1 008	1 101	1 204	1 139	1 264	1 264	1 290	1 315	1 358
Municipal Offices	1 008	1 101	1 204	1 139	1 264	1 264	1 290	1 315	1 358
<b>Intangible Assets</b>	<b>61</b>	<b>29</b>	<b>28</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Licences and Rights	61	29	28	31	-	-	-	-	-
Computer Software and Applications	61	29	28	31	-	-	-	-	-
<b>Computer Equipment</b>	<b>683</b>	<b>723</b>	<b>1 165</b>	<b>770</b>	<b>1 723</b>	<b>1 723</b>	<b>1 758</b>	<b>1 793</b>	<b>1 850</b>
Computer Equipment	683	723	1 165	770	1 723	1 723	1 758	1 793	1 850
<b>Furniture and Office Equipment</b>	<b>381</b>	<b>310</b>	<b>318</b>	<b>429</b>	<b>334</b>	<b>334</b>	<b>341</b>	<b>348</b>	<b>359</b>
Furniture and Office Equipment	381	310	318	429	334	334	341	348	359
<b>Machinery and Equipment</b>	<b>1 595</b>	<b>1 791</b>	<b>2 229</b>	<b>2 193</b>	<b>3 561</b>	<b>3 561</b>	<b>3 632</b>	<b>3 705</b>	<b>3 824</b>
Machinery and Equipment	1 595	1 791	2 229	2 193	3 561	3 561	3 632	3 705	3 824
<b>Transport Assets</b>	<b>303</b>	<b>193</b>	<b>357</b>	<b>1 271</b>	<b>763</b>	<b>763</b>	<b>778</b>	<b>794</b>	<b>819</b>
Transport Assets	303	193	357	1 271	763	763	778	794	819
<b>Total Depreciation</b>	<b>17 306</b>	<b>17 689</b>	<b>18 276</b>	<b>20 835</b>	<b>20 299</b>	<b>20 299</b>	<b>20 705</b>	<b>21 119</b>	<b>21 795</b>



**MBRR SA34e - Capital expenditure on the upgrade of existing assets by asset class**

Description	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	-	13 355	7 885	7 885	21 061	10 000	2 182
Roads Infrastructure	-	-	-	13 355	7 885	7 885	21 061	10 000	2 182
Roads	-	-	-	13 355	7 885	7 885	21 061	10 000	2 182
<b>Total Capital Expenditure on upgrading of existing assets</b>	-	-	-	13 355	7 885	7 885	21 061	10 000	2 182
<i>Upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	9.8%	5.9%	5.9%	17.9%	12.8%	4.1%
<i>Upgrading of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.0%	64.1%	38.8%	38.8%	101.7%	47.4%	10.0%

**MBRR SA35 - Future financial implications of the capital budget**

Full detail with regards to the future implications identified on the capital budget beyond the MTREF period is available in Table SA 35 accompanying this report.

**MBRR SA36 - Detailed capital budget per municipal vote**

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.

**MBRR SA37 - Projects delayed from previous financial year/s**

No projects delayed from previous financial years were identified on the capital budget over the MTREF period.

**MBRR SA38 - Consolidated detailed operational projects**

Full detail with regards to the Consolidated detailed operational is available in Table SA 38 accompanying this report.



## 2.12 Legislation compliance status

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

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and employs on average seven interns every year, undergoing training in various divisions of the Financial Services Department, Risk management and Internal audit unit.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detailed SDBIP document will be finalised after approval of the 2026/27 MTREF in May 2026, directly aligned and informed by the 2026/27 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
Budget related policies were reviewed and updated, if so required, for final submission with the approval of the 2026/27 MTREF.



## **2.13 Other supporting documents**

All other supporting schedules are included in the A-Schedules accompanying this report.

## **2.14 Service Delivery Standards**

Below is the Schedule of Service Delivery Standards for Senqu Municipality.



### Schedule of Service Delivery Standards

Standard	Description	Ref	Year C-2	Year C-1	Year C-0	Current year			Service Level
			Actual Outcome	Actual Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	
<b>Solid Waste Removal</b>									
	Premise based removal (Residential Frequency)								
	Premise based removal (Business Frequency)								
	Bulk Removal (Frequency)								
	Removal Bags provided(Yes/No)								
	Garden refuse removal Included (Yes/No)								
	Street Cleaning Frequency in CBD								
	Street Cleaning Frequency in areas excluding CBD								
	How soon are public areas cleaned after events (24hours/48hours/longer)								
	Clearing of illegal dumping (24hours/48hours/longer)								
	Recycling or environmentally friendly practices(Yes/No)								
	Licensed landfill site(Yes/No)								
<b>Electricity Service</b>									
	What is your electricity availability percentage on average per month?								
	Do your municipality have a ripple control in place that is operational? (Yes/No)								
	How much do you estimate is the cost saving in utilizing the ripple control system?								
	What is the frequency of meters being read? (per month, per year)								
	Are estimated consumption calculated at consumption over (two month's/three month's/longer period)								
	On average for how long does the municipality use estimates before reverting back to actual readings? (months)								
	Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)								
	Are accounts normally calculated on actual readings? (Yes/no)								
	Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)								
	How long does it take to replace faulty meters? (days)								
	Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)								
	How effective is the action plan in curbing line losses? (Good/Bad)								
	How soon does the municipality provide a quotation to a customer upon a written request? (days)								
	How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)								
	How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)								
	How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)								
<b>Road Infrastructure Services</b>									
	Time taken to repair a single pothole on a major road? (Hours)								
	Time taken to repair a single pothole on a minor road? (Hours)								
	Time taken to repair a road following an open trench service crossing? (Hours)								
	Time taken to repair walkways? (Hours)								
<b>Property valuations</b>									
	How long does it take on average from completion to the first account being issued? (one month/three months or longer)								
	Do you have any special rating properties? (Yes/No)								



Standard	Description	Ref	Year C-2	Year C-1	Year C-0	Current year			Service Level
			Actual Outcome	Actual Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	
<b>Financial Management</b>									
	Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)								
	Are the financial statement outsourced? (Yes/No)								
	Are there Council adopted business process restructuring the flow and management of documentation feeding to Trial Balance?								
	How long does it take for an Tax/Invoice to be paid from the date it has been received?								
	Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?								
<b>Administration</b>									
	Reaction time on enquiries and requests?								
	Time to respond to a verbal customer enquiry or request? (working days)								
	Time to respond to a written customer enquiry or request? (working days)								
	Time to resolve a customer enquiry or request? (working days)								
	What percentage of calls are not answered? (5%,10% or more)								
	How long does it take to respond to voice mails? (hours)								
	Does the municipality have control over locked enquiries? (Yes/No)								
	Is there a reduction in the number of complaints or not? (Yes/No)								
	How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)								
	How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?								
<b>Community safety and licensing services</b>									
	How long does it take to register a vehicle? (minutes)								
	How long does it take to renew a vehicle license? (minutes)								
	How long does it take to issue a duplicate registration certificate vehicle? (minutes)								
	How long does it take to de-register a vehicle? (minutes)								
	How long does it take to renew a drivers license? (minutes)								
	What is the average reaction time of the fire service to an incident? (minutes)								
	What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)								
	What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)								
<b>Economic development</b>									
	How many economic development projects does the municipality drive?								
	How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?								
	What percentage of the projects have created sustainable job security?								
	Does the municipality have any incentive plans in place to create a conducive environment for economic development? (Yes/No)								
<b>Other Service delivery and communication</b>									
	Is a information package handed to the new customer? (Yes/No)								
	Does the municipality have training or information sessions to inform the community? (Yes/No)								
	Are customers treated in a professional and humanly manner? (Yes/No)								



## 2.15 Municipal Manager's quality certificate

I ....., Municipal Manager of Senqu 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 \_\_\_\_\_

Municipal Manager of Senqu Municipality

Signature \_\_\_\_\_

Date \_\_\_\_\_



## **Part 3 – Appendices**

### **3.1 Appendix A – A-schedules**

Attached

### **3.2 Appendix B – Annual Procurement Plan**

Attached