



nelson mandela bay
M U N I C I P A L I T Y

2026/27 - 2028/29 BUDGET REPORT

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PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR’S FOREWORD – TABLING OF THE 2026/27 TO 2028/29 BUDGET FOR COUNCIL’S APPROVAL IN LINE WITH SECTION 160(2)(b) OF THE CONSTITUTION (108 OF 1996) AS WELL AS CHAPTER 4 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (56 OF 2003)

Section 16(1) of the Local Government: Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) requires that the Council of a municipality must approve for each financial year an annual budget for the municipality before the start of that financial year. Section 24(1) of the MFMA further states that the Municipal Council must at least 30 days before the start of the budget year consider approval of the annual budget.

The municipal budget is funded from various funding sources, including grants allocated by the Minister of Finance through the Division of Revenue Act (DORA). On 25 February 2026, the Minister of Finance tabled the 2026/27 to 2028/29 Budget in Parliament. The budget as tabled by the Minister of Finance includes various grant allocations (conditional or unconditional) to municipalities, in terms of the DORA.

The municipality’s budget tabled to Council for approval includes the following grant allocations: -

<u>ALLOCATION OF GRANTS i.t.o. THE DIVISION OF REVENUE BILL (2026/2027 to 2028/29)</u>			
GRANT NAME	2026/27	2027/28	2028/29
OPERATING GRANTS			
	R'000	R'000	R'000
Equitable Share (Schedule 3)	1,740,504,000	1,841,721,000	1,867,588,000
Financial Management Grant	1,200,000	1,400,000	1,600,000
Infrastructure Skills Development Grant	8,500,000	9,000,000	9,000,000
EPWP	2,929,000	-	-
City Led Public Employment Program (Included in the NDPG)			
Urban Development Financing Grant (New Grant from National Treasury)			
General Fuel Levy	853,514,000	841,466,000	820,075,000
Programme and Project Preparation Support Grant			
TOTAL - OPERATING	2,606,647,000	2,693,587,000	2,698,263,000
CAPITAL GRANTS			
Urban Settlements Development Grant (USDG) Annexure W5)	234,309,000	207,993,000	171,530,000
Urban Development Financing Grant	650,747,000	758,123,000	971,149,000
Informal Settlement Upgrading Partnership Grant	353,844,000	408,849,000	421,556,000
Public Transport Network Operations Grant	211,004,000	201,025,000	201,186,000
Integrated National Electrification Program Grant (INEPG)	7,000,000	8,000,000	8,000,000
Regional Bulk Infrastructure Grant (Page 312 of 336)	91,589,000		
Energy Efficiency and Demand Side Management Grant			
TOTAL - CAPITAL	1,548,493,000	1,583,990,000	1,773,421,000

TOTAL GRANTS (OPERATING AND CAPITAL)	4,155,140,000	4,277,577,000	4,471,684,000
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In terms of the above table, the total Operating Grants amount to R2.60 billion, R2.69 billion and R2.69 billion for the three financial years, whilst the total Capital Grants amount to R1.55 billion, R1.58 billion and R1.77 billion over the same period.

The above allocations include the Informal Settlements Upgrading Partnership Grant (ISUPG), which has been gazetted, amounting to R353. 1 million, R408.8 million and R421.5 million over the three-year period. The Human Settlements Directorate, in conjunction with the affected Service Delivery Directorates must ensure that the projects to be funded from this grant, are in line with the Business Plan as approved by the National Department of Human Settlements, to enable final approval of the budget by Council by the end of May 2026, when the 2026/27 to 2028/29 Budget will be considered by Council.

The Regional Bulk Infrastructure Grant (RBIG) has been allocated to the municipality only for the 2026/27 financial year to the amount of R91.6 million. This grant was first allocated to the city with effect from the 2024/25 MTREF period, to deal with water drought related issues that the city has been confronted with and will, with effect from the 2027/28 financial year be no longer made available to the City. As Council will be aware all remaining projects funded through this conditional grant are implemented by the Coega Development Corporation (CDC) as an implementing agent.

A new conditional grant named Urban Development Financing Grant (UDFG) has been allocated to the NMBM which comprises of Neighborhood Development Partnership Grant (NDPG), Project Preparation Support Grant (PPPSG) as well as the Metro Trading Services Component as an incentive grant to deal with Trading Services (i.e. Electricity, Water, Sanitation and Waste Management) reforms. The total allocations made in terms of the DORA for the three financial years amount to the following: -

2026/27	=	R650.7 million
2027/28	=	R758.1 million and
2028/29	=	R971.1 million

Of the above allocations, the Metro Trading Services component has been allocated R610,7 million for 2026/27 which Council must commit to have implemented the 8 minimum commitments that must be met by June 2027. Further to this, a Performance Improvement Action Plan (PIAP) must be approved with the budget. Trading Services Directorates will have to heavily rely on the above funding, as other non-Trading Services Directorate cannot utilise this funding source. Trading Services Directorates are permitted to utilise this funding source for both capital and operating projects, accordingly, operating costs such as repairs and maintenance, consultancy services, etc. may also be accommodated in this funding source by Trading Services Directorates.

The budget is also informed by the consideration of tariff increases for various services, such as Electricity, Water, Refuse and Sanitation and Property Rates. The proposed increases for electricity tariffs are dependent on the final outcomes of the ESKOM tariff application to NERSA, accordingly, the proposed increases for electricity are still subject to final approval by NERSA.

The budget has been prepared against the background of an escalation in arrear debt. The following table illustrates the arrear debt at end of April 2026, compared to the position as at the end of June 2025:

ARREAR DEBT AS AT END APRIL 2026					
	OVERDUE AMOUNTS				
Detail	Jun-25	%Ntage of Total	Apr-26	%Ntage of Total	Difference
Trade and Other Receivables from Exchange Transactions – Water	R9,316,231,825	50.1%	R11,851,743,655	50.6%	R2,535,511,830
Trade and Other Receivables from Exchange Transactions – Electricity	R865,756,793	4.7%	R1,019,150,496	4.4%	R153,393,703

ARREAR DEBT AS AT END APRIL 2026					
	OVERDUE AMOUNTS				
Receivables from Non-exchange Transactions - Property Rates	R1,833,780,746	9.9%	R2,259,583,125	9.6%	R425,802,379
Receivables from Exchange Transactions - Waste Water Management	R1,512,178,329	8.1%	R1,829,348,553	7.8%	R317,170,224
Receivables from Exchange Transactions - Waste Management	R742,881,536	4.0%	R874,819,962	3.7%	R131,938,426
Receivables from Exchange Transactions - Property Rental Debtors	R61,488,193	0.3%	R68,680,258	0.3%	R7,192,065
Interest on Arrear Debtor Accounts	R3,822,318,447	20.6%	R5,029,402,067	21.5%	R1,207,083,620
Other	R438,674,731	2.4%	R486,906,877	2.1%	R48,232,146
Total By Income Source	R18,593,310,600	100%	R23,419,634,993	100%	R4,826,324,393
Debtors Age Analysis By Customer Group	Jun-25	%Ntage of Total	Apr-26	%Ntage of Total	Difference
Organs of State	R207,945,308	1.1%	R272,479,740	1.2%	R64,534,432
Commercial	R2,313,305,563	12.4%	R2,626,981,161	11.2%	R313,675,598
NB: Municipal Employees	R24,161,147	0.13%	R10,347,020	0.04%	-R13,814,127
NB: Municipal Councillors	R120,434	0.00%	R102,508	0.00%	-R17,926
Households	R15,991,901,943	86.0%	R20,345,170,484	86.9%	R4,353,268,541
Other NMBM	R55,876,206	0.3%	R164,554,080	0.7%	R108,677,874
Total By Customer Group	R18,593,310,600	100%	R23,419,634,993	100%	R4,826,324,393

The table indicates that the arrear debt has increased by R4.8 billion from R18.59 billion in June 2025 to R23.42 billion in April 2026. The biggest contributor to this increase is the arrear water debt component, due to the punitive water tariff structure implemented by Council due to drought conditions.

As previously reported to Council, it is important to note that the financial position of the Electricity Service is under immense pressure due to the extent of electricity losses, which impacts significantly on the financial sustainability of the municipality. This is supported by the fact that the budget for Electricity Bulk Purchases exceeds the total Electricity Service Charges budget. This means that the Electricity Service, which is a Trading Service, is operating at a substantial deficit, requiring support from property rates.

It is to be noted that Salary and Wage Bill is the second major cost driver after bulk purchases. The current three-year Collective Agreement regarding salary increases for municipal employees is utilised for projecting salary & wage increases. To guide salary increases the projected average CPI, as indicated in the latest National Treasury Budget Circular, was considered.

Council must note that the Trading Services Reforms, as guided or led by National Treasury, linked to all the metropolitan municipalities have resulted in an incentive grant (i.e. Urban Development Financing Grant / UDFG) being availed to NMBM and forming part of this budget. This grant, amounting to **R2.38 billion** over the 2026/27 MTREF period, must only be utilised to finance trading services (i.e. Water, Sanitation, Electricity and Waste Management), accordingly all projects that are incorporated in this budget are linked to these trading services.

Let me take this opportunity to sincerely thank all role players who assisted in ensuring that the budget is submitted to Council for approval.

I therefore table the 2026/27-2028/29 Draft Budget and the accompanying documents before Council for approval.

Thank You / Enkosi / Baie Dankie!!!

**COUNCILLOR B. LOBISHE
EXECUTIVE MAYOR**

1.2 COUNCIL RESOLUTIONS

THE EXECUTIVE MAYOR RECOMMENDS TO COUNCIL THAT:

1. The consolidated annual budget of the Nelson Mandela Bay Municipality for the financial year 2026/27 and the indicative allocations for the projected outer years 2027/28 and 2028/29, and the multi-year and single year capital appropriations, be **APPROVED** for the purpose of complying with Chapter 4 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA), read in conjunction with Municipal Budget and Reporting Regulations No.32141 (dated 17 April 2009), as set out in the following tables:
 - 1.1 Consolidated Budget Summary (revenue and expenditure by standard classification); [Page 18 to 20] (A1);
 - 1.2 Consolidated Budget Financial Performance (revenue and expenditure by municipal vote); [Page 20 to 21] (A2);
 - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type / municipal vote); [Page 22] (A3);
 - 1.4 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source (A5); [Page 25 to 26];
 - 1.5 That the budgeted financial position, budgeted cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:
 - 1.6 Budgeted Financial Position (A6); [Page 26 to 27];
 - 1.7 Budgeted Cash Flows (A7); [Page 28];
 - 1.8 Cash backed reserves and accumulated surplus reconciliation (A8); [Page 29];
 - 1.9 Asset Management (A9); [Page 30 to 36]; and
 - 1.10 Basic service delivery measurement (A10). [Page 36 to 38].
2. That Council notes that the allocations availed to the entity (i.e. MBDA) in this budget for Operating Budget, Capital Budget and Helenvale Urban Renewal Project (HURP), as tabulated below, must inform the baseline in which the budget for the entity is formulated: -

Funding Purpose	2026/27	2027/28	2028/29
MBDA Operating Budget	87,226,500	92,460,090	98,007,700
MBDA Capital Budget	61,783,610	65,490,630	69,420,070
HURP	2,637,660	2,795,920	2,963,680
TOTAL	151,647,770	160,746,640	170,391,450

3. That Council notes that transfer of grants to the entity (i.e. MBDA) will be undertaken on a quarterly basis, based on compliance with the required conditions as per the signed service delivery agreement (SDA).
4. That the proposed tariffs increase for the 2026/27 (i.e. 1 July 2026) financial year are as follows:

Property rates	-	5.5%
Water	-	6.50%
Sanitation	-	6.50%
Refuse	-	6.50%
Electricity	-	10.95% (On average, depending on the various customer categories, subject to NERSA's final approval).
6. That the indicative tariffs for 2027/28 and 2028/29 be increased as follows (considering the external factors impacting on Electricity and Water Services):

	2027/28	2028/29
Property Rates	6.00%	6.25%
Water	7.00%	7.00%
Sanitation	7.00%	7.00%
Refuse	7.00%	7.00%
Electricity	9.00%	9.00%

7. That Council **notes** the contents of **National Treasury MFMA Budget Circulars 132 and 134** (attached elsewhere to the Budget Report) for guiding the budgeting processes leading up to budget approval by the end of May 2026.
8. That the acting / Chief Financial Officer be authorised to implement any changes (where applicable), without significantly changing the bottomline, that may be identified, after the tabling of the 2026/27 MTREF Budget in Council for approval, prior to submission to National Treasury and publication on the municipal website.
9. That Council notes that as attached to this Budget Report for approval is the (i) Electricity Tariff Policy and (ii) Solid Waste Management Tariff Policy.
10. That Council notes that attached as separate item for approval is the Property Rates Policy, implementable with effect from 1st July 2026, after being availed to public for comments.
11. That Council notes that upon approval of the Budget (2026/27 to 2028/29) a detailed Tariffs Book will be concluded and placed on NMBM's website for publicity or information.
12. That Council notes that upon approval of the Budget (2026/27 to 2027/28) a detailed Procurement Plan will be submitted to National Treasury upon receipt of the necessary internal authority.
13. That Council approves the Revenue Enhancement Strategies and Cost Containment Measures discussed or presented under paragraph 2.11 of this Budget Report to improve financial sustainability of the municipality, with effect from the 2026/27 financial year.

**THE 2026/27 TO 2028/29
BUDGET REPORT**

1.3 EXECUTIVE SUMMARY

The key service delivery priorities, as reflected in the Integrated Development Plan (IDP), informed the development of the Budget, including the need to maintain the Municipality's financial sustainability.

This budget has been prepared against the background of a declining Collection Rate, however with strategies that will continue to be implemented to improve the status quo. As previously reported to Council, the imposition of punitive water tariffs due to water drought situation, impacted negatively on the collection rate and the outstanding debtors for water service charges. In June 2022, Council resolved, inter alia, to move from Part C to Part D of the water tariff structure. In February 2023, Council resolved, inter alia, to revert to Part C of the water tariff structure and on the 12th December 2024 Council resolved to revert to Part B.

Specific revenue collection strategies to improve the collection of outstanding consumer debt are continuously being implemented by the Municipality. Cost containment Regulations and Policy are also being implemented to curb costs and to improve operational efficiency, in line with the requirements of the Cost Containment Regulations (Number 42514 dated 7 June 2019), as well as the approved Cost Containment Policy of Council.

All National Treasury's MFMA Circulars were taken into consideration in guiding the compilation of the 2025/26 MTREF, including the latest MFMA Budget Circular 132 and 134, as attached elsewhere in this budget report.

The Municipality is faced with the following significant challenges during the compilation of the 2026/27 MTREF which inter-alia include the following:

- The declining collection rate impacting on the financial sustainability of the municipality.
- The poor financial performance of the Electricity service, as it now operates at a huge deficit, as well as other Trading Services.
- The escalating electricity and water losses that are at unacceptable high levels, despite external debt taken up recently, aimed at addressing the situation.
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of property rates and tariff increases.
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure.
- Underfunded mandates negatively impacting on the municipality's budget, such as the Library Services.
- Financial commitments emanating from prior Council decisions, such as the insourcing of security guards, which become a permanent cost in the municipality's payroll.
- The required resources for systematic implementation of the Municipal Standard Chart of Accounts (MSCOA) reforms as regulated in terms of National Treasury's MSCOA Regulations.

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

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases, to ensure the delivery of services on a financially sustainable basis.
- In accordance with Section 19 of the Local Government: Municipal Finance Management Act (56 of 2003) (MFMA), the relevant Acting/Executive Directors must submit comprehensive reports in relation to new projects, inter alia, dealing with the total project costs, funding sources, future operating budget implications and associated tariff implications, before Council finally approves the implementation of any new projects.
- It is also a requirement that new projects in the budgeting process, must be accompanied by a Business Plan, Cash Flows and a Procurement Plan.

In view of the aforementioned, the following table represents a **consolidated overview** (which includes the MBDA) of the draft 2025/26 Medium-Term Revenue and Expenditure Framework:

To support the 2026/27 Operating Budget, the following increase in property rates and service charges are proposed, with effect from 1 July 2026:

Property rates	-	5.5%	
Water	-	6.5%	
Sanitation	-	6.5%	
Refuse	-	6.5%	
Electricity (Average)	-	10.95%	(On average depending on various customer categories, subject to NERSA's final approval).

1.3.1. Summary of the Capital Budget (2026/27 to 2028/29)

The capital budget for the 2026/27, 2027/28 and 2028/29 (NMBM only) financial years amounts to R1.85 billion, R1.80 billion and R1.95 billion respectively. The Capital Budget is funded from various sources, such as grants and internal sources, which includes the Fuel Levy.

A high-level summary of the Capital Budget by Directorate, including percentage allocation is as follows:

TABLE 1 (2026/27 MEDIUM-TERM CAPITAL BUDGET PER VOTE / DIRECTORATE – NMBM Only)

Directorate	2026/27 Draft Capital Budget	%Ntage Allocation per Directorate	2027/28 Draft Capital Budget	%Ntage Allocation per Directorate	2028/29 Draft Capital Budget	%Ntage Allocation per Directorate
Budget & Treasury	54,083,000	2.92%	35,300,000	1.96%	40,250,000	2.07%
Chief Operating Officer	2,026,400	0.11%	1,795,450	0.10%	1,748,390	0.09%
Corporate Services	53,600,000	2.89%	32,300,000	1.79%	37,150,000	1.91%
Economic Development, Tourism and Agriculture	5,703,690	0.31%	3,399,340	0.19%	4,703,690	0.24%
Sport and Recreation	59,273,480	3.20%	66,651,230	3.70%	65,181,180	3.34%
Human Settlements	161,763,820	8.72%	144,387,910	8.02%	147,719,070	7.58%
Electricity and Energy	316,371,460	17.06%	331,671,680	18.41%	369,153,270	18.94%
Roads, Stormwater, Transportation & Fleet	573,200,170	30.91%	576,890,300	32.03%	580,115,310	29.77%
Water Services	312,148,770	16.83%	258,446,160	14.35%	308,460,930	15.83%
Sanitation Services	155,718,680	8.40%	184,113,570	10.22%	229,167,470	11.76%
Public Health	122,409,280	6.60%	133,088,710	7.39%	132,670,400	6.81%
Safety & Security	35,372,030	1.91%	32,600,000	1.81%	32,600,000	1.67%
NMBM Stadium	2,700,000	0.15%	500,000	0.03%	-	0.00%
TOTAL NMBM CAPITAL BUDGET	1,854,370,780	100%	1,801,144,351	100%	1,948,919,710	100%

The above table gives a high-level breakdown of the Capital Budget per Vote / Directorate and percentage allocation per Vote / Directorate (NMBM only). Based on the above it can be seen that the Capital Budget is mainly utilised to fund projects that are implemented within the service delivery Directorates. The details of the Capital budget per Directorate are found in the Capital Works Plan, which is attached as an Annexure to this Budget Report.

The following table provides a breakdown of the funding sources supporting the Capital Budget:

TABLE 2 (2026/27 MEDIUM-TERM CAPITAL BUDGET PER FUNDING SOURCE NMBM ONLY)

Sources of Finance	2026/27 Draft Capital Budget	%Ntage Allocation per Directorate	2027/28 Draft Capital Budget	%Ntage Allocation per Directorate	2028/29 Draft Capital Budget	%Ntage Allocation per Directorate
Total CRR - 901	139,560,360	7.53%	84,867,440	4.71%	84,377,440	4.33%
Total Levies Replacement Grant Funding - 959	460,763,160	24.85%	462,593,910	25.68%	478,086,060	24.53%
Total Public Contributions Funding - 923	43,000,000	2.32%	43,000,000	2.39%	25,000,000	1.28%

Sources of Finance	2026/27 Draft Capital Budget	%Ntage Allocation per Directorate	2027/28 Draft Capital Budget	%Ntage Allocation per Directorate	2028/29 Draft Capital Budget	%Ntage Allocation per Directorate
Urban Settlements Development Grant - 951	197,634,550	10.66%	175,437,570	9.74%	144,681,830	7.42%
Urban Development Financing Grant - 974	477,975,920	25.78%	562,009,300	31.20%	728,725,300	37.39%
Informal Settlements Upgrading Partnership Grant - 972	292,451,860	15.77%	324,456,141	18.01%	339,269,090	17.41%
IPTS Grant - 918	131,168,400	7.07%	115,736,510	6.43%	115,736,510	5.94%
Neighbourhood Development Grant - 919	26,086,960	1.41%	26,086,960	1.45%	26,086,960	1.34%
Regional Bulk Infrastructure Grant - 973	79,642,610	4.29%	-	0.00%	-	0.00%
INEP - 953	6,086,960	0.33%	6,956,520	0.39%	6,956,520	0.36%
Total Capital Budget Funding	1,854,370,780	100%	1,801,144,351	100%	1,948,919,710	100%

The aforementioned table indicates that the Capital Budget is mainly funded from conditional grants.

1.4. HISTORIC PROPERTY RATES AND TARIFFS INCREASES

The following table illustrates the historic increases for the various services:

TABLE 3 (HISTORIC PERCENTAGE INCREASES FOR SERVICES)

VARIOUS SERVICES	2026/27	2025/26	2024/25	2024/25	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
			%	%	%	%	%	%	%	%	%	%	%
Electricity	10.95 (average)	12.74 (average)	15.7 (average)	18.49(average)	7.47 (average)	14.59 (average)	6.22 (average)	13.04	5.43 (average)	1.88	7.64	12.2	7.39
Water	6.5	5.5	6	6	5	6	6	7.5	8.5	9	9	13	12
Sanitation	6.5	5.5	6	6	5	6	6	7.5	8.5	9	9	12	12
Property Rates	5.5	5	5	5	5.5	6	6	7.77	5	4.4	9.5	9.5	9.5
Refuse	6.5	6	6	6	5	6	6	7.5	7.5	9	9	11	12

It is noted from the table that all efforts are made to maintain tariff increases within the CPIX range, as projected by National Treasury, except for electricity tariff increases, which are influenced by NERSA tariff determinations.

1.5 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services is largely dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of critical importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with section 18(1) (a) of the Local Government: Municipal Finance Management Act (56 of 2003) (MFMA), expenditure must be limited to the realistically anticipated revenues.

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

- National Treasury's guidelines in this regard in terms of the relevant Budget Circulars (i.e. Circular 132 and 134).
- Tariff and Credit Control Policies of the municipality.
- The Municipal Property Rates Policy as amended every financial year.
- The ATTP Policy and provision of free basic services as funded from the Equitable Share allocated in terms of the Division of Revenue Act (DORA).
- The level of property rates and tariff increases must ensure financially sustainable service delivery.
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services.
- Replenishing the Capital Replacement Reserve (CRR) to finance Capital projects, from internal funding sources.
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA).

- Water bulk tariff increases as approved by the Department of Water and Sanitation.
- Efficient revenue management, targeting the budgeted collection rate for property rates and service charges.

1.5.1. Summary of main revenue sources

The following table provides a breakdown of the various operating grants and subsidies allocated through the national fiscus to the Municipality over the 2026/27 medium term (NB: These are only grants allocated in terms of the Division of Revenue Act):

TABLE 4 (OPERATING TRANSFERS AND GRANT RECEIPTS (NB: Only DORA Grants))

GRANT NAME	2026/27	2027/28	2028/29
OPERATING GRANTS			
	R'000	R'000	R'000
Equitable Share (Schedule 3)	1,740,504,000	1,841,721,000	1,867,588,000
Financial Management Grant	1,200,000	1,400,000	1,600,000
Infrastructure Skills Development Grant	8,500,000	9,000,000	9,000,000
EPWP	2,929,000	-	-
City Led Public Employment Program (Included in the NDPG)			
Urban Development Financing Grant (New Grant from National Treasury)			
General Fuel Levy	853,514,000	841,466,000	820,075,000
Programme and Project Preparation Support Grant			
TOTAL - OPERATING	2,606,647,000	2,693,587,000	2,698,263,000

The above grants are utilised to fund operating expenditure in line with the conditions of the grant in terms of the Division of Revenue Act (DORA). The General Fuel Levy, can, however fund both capital and operating budgets.

1.5.3. Property Rates

Property rates fund the costs associated with the provision of general services, such as recreational, library, safety & security, and roads and storm water services, etc.

The following provisions in the Property Rates Policy are highlighted:

- The first R15,000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- 100% rebate will be granted to registered indigents in terms of the Indigent Policy / Assistance to the Poor Policy, as approved by Council.
- Pensioners, physically and mentally disabled property owners of rateable property may on submission of an application be granted a rebate. The rebate will be granted on a sliding scale basis with the income levels and corresponding percentage reductions being determined by Council in its annual budget. In this regard the following stipulations are relevant to the applicant:
 - (a) must be a natural person.
 - (b) be the owner of the property.
 - (c) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
 - (d) produce certified copy/ies of owner/s' bar-coded identity document.
 - (e) - *pensioners*: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60.

- *disabled*: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.
- (f) be in receipt of a total gross annual income (as defined in Part 2 of the policy), excluding medical aid contributions and child support/grant not exceeding a value as determined by Council in its annual budget; submit pension statements, previous 3 months (or the number of months determined necessary by the Chief Financial Officer (CFO) bank statements from all bank and investment accounts of owner and spouse, and proof of total gross annual income of any other persons living on the property (not just rental received). All documents provided must clearly state who it is for – documents which do not reflect person’s name or ID. No. will not be considered.
- (g) not be in receipt of an indigent subsidy.
- (h) provide a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income.
- (i) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc;
- (j) ensure that his/her accounts are not in arrears (or arrangements made to pay all outstanding amounts) before applying for the rebate and continue to pay the rates account in full until rebate is granted as no interest will be reversed.
- (k) a usufructuary will be regarded as the owner.
- (l) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this policy; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income of the beneficiaries staying on that property.
- (m) owners qualify for only one rebate per year, if financial circumstances change, they can only apply for future years.

- Sporting organisations, the sole purpose of which is to use the property owned/leased by them for sporting purposes, whether for gain or not, may qualify for a rebate, with amateur bodies being granted 100% and professional bodies 40%. Any profits earned must be invested in the betterment of the organisation and not be for private gain. Audited financial statement must be provided, if however, the sporting body does not have audited financial statement reasons therefore must be provided on the clubs’ official letterhead.
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- All accounts of the applicant must be up to date, or arrangements must be made to pay any outstanding balances before any rebate will be granted. The applicant must continue to pay the rates account in full until the rebate is granted as no interest will be reversed.

An average increase of 5.5% on the property rates revenue is proposed, with effect from 1 July 2026.

The property rates increase is mainly influenced by the following:

- Employee related costs increase.
- Creating a Provision for Long Service Awards and Long Service Bonuses based on an Actuarial assessment.
- Costs of servicing existing external borrowing to fund all loans taken by Council for various projects.
- Providing for debt impairment and repayment of long-term debt, and
- Implementation of salary adjustments for municipal employees in line with the Collective Agreement, as well as TASK implementation, amongst others.

1.5.4. Sale of Water and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85, 86, 89, 91, 93, 94, 95, 98, 99, 107, 108, 112, 115, 122, 123, 126, 128,129, 132 and 134); Municipalities are encouraged to review the level and structure of their water tariffs to ensure the following:

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

In terms of paragraph 5.2 of the previously issued Circular, i.e. National Treasury Circular 78 municipalities were urged to ensure that water tariffs are fully cost reflective. In this regard in instances where tariffs are not cost recovery based, a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term.

A tariff increase of 6.5% is proposed, effective as from 1 July 2026. The proposed tariff increase is mainly influenced by the following:

- The increased employee related costs necessitated by the Collective Agreement.
- Year-to-year increases in the cost of bulk water purchases.
- Costs of servicing existing external borrowing to fund water infrastructure; and
- Providing for debt impairment.

It must be noted that the water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate due to the prevailing drought conditions (i.e. punitive water tariff structure).

1.5.5. Sale of Electricity and Impact of Tariff Increases

The electricity tariff increases are mainly influenced by the following:

- The increased employee related costs necessitated by the Collective Agreement.
- Year-to-year increases in the cost of bulk electricity purchases as approved by NERSA.
- Costs of servicing existing external borrowing to fund electricity infrastructure, and
- Providing for debt impairment.

1.5.6. Sanitation and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85, 86, 89, 91, 93, 94, 95, 98, 99, 107, 108, 112, 115, 122, 123, 126, 128,129, 132 and 134); Municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

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

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective. In this regard a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term, in case of any discrepancies.

Sanitation charges are determined based on the volume of water consumed, which is appropriately reduced by the percentage of water discharged into the sewer system.

A tariff increase of 6.5% is proposed, effective as from 1 July 2026. The proposed tariff increase is mainly influenced by the following:

- The increased employee related costs necessitated by the Collective Agreement.
- Costs of servicing existing external borrowing to fund sanitation infrastructure, and
- Providing for debt impairment.

1.5.7. Refuse Collection and Disposal and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective. The tariffs should consider the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2025/26 MTREF and a phasing-in approach is recommended.

A tariff increase of 6.5% is proposed for the refuse collection and disposal service, effective as from 1 July 2026.

The tariff increase is mainly influenced by the following:

- The increased employee related costs necessitated by the Collective Agreement.
- Costs of servicing external service providers used for hiring of refuse compactors and or other necessary equipment to render this service.
- Costs of servicing existing external borrowing, and
- Providing for debt impairment.

1.6. OPERATING EXPENDITURE FRAMEWORK

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

- The funding of the budget over the medium-term is informed by the requirements of Sections 18 and 19 of the Local Government: Municipal Finance Management Act (56 of 2003).
- A balanced budget approach by limiting operating expenditure to the operating revenue, accordingly Directorates are informed upfront of their available funding so that they limit their demands according to priorities for the budget to remain funded and credible.
- The asset renewal strategy and the repairs and maintenance plan.
- Making use of the guidelines issued by National Treasury in terms of the Budget Circulars (i.e. Circular 132 and 134), whilst considering previous budget circulars issued by National Treasury.
- Considering budget priority / focus areas as included in the IDP document, and
- Strict adherence to the principle of "*no budget allocations without a business plan, procurement plan and cash flow*" as well as considering or prioritising commitments from prior financial years.

Employee related costs

The 2026/27 draft budget provides for annual increments, where applicable, and a general increase.

In terms of the Council's Policy Governing the Long-Term Financial Plan, the target is to restrict personnel costs to below 30% of total expenditure. It must be noted that Council approved the "harmonisation" of the conditions of service for employees as it relates to the "Long Service Bonus" a

while back. The management of employee related costs is further impacted upon by the absence of an Overtime Policy.

Remuneration of Councillors

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

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate as anticipated during the 2026/27 MTREF period. The Collection Rate is based on billed revenue (i.e. Electricity, Water, Sanitation, Property Rates and Refuse).

Depreciation and Asset Impairment

The provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy as well as at assessing the trends for prior financial years based on the annual financial statements.

Finance Charges

Finance charges consist primarily of the repayment of interest on existing borrowing and the long-term borrowing (cost of capital) that has been taken up since the 2020/2021 financial year.

Bulk Electricity Purchases

The Bulk Electricity Purchases Budget provides for increases of 9.01% for 2026/27, 8.83% for 2027/28 and 2028/29.

Energy consumption levels are influenced by the following:

- Significant increases in electricity prices.
- The ongoing load shedding, which has prompted certain customers to go off the grid.
- Significant electricity losses, as reported to various structures of Council.
- Consumer awareness of the need to conserve energy; and
- The implementation of energy conservation measures, including green energy.

Contracted Services

The Municipal Standard Chart of Accounts (MSCOA) Regulations require that services that are undertaken, due to various reasons, using external mechanisms be budgeted for under the category called Contracted Services. These services may include, amongst others, use of external Legal firms (for Legal Advice & Litigation), Training service providers, Valuer for General Valuation Roll, Hygiene Services, Industry Compensation (IPTS Bus Operations), Prepaid Electricity Vendors, Community Based Contractors (Cleaning Projects), Grass Cutting Contractors, NMBM Stadium's Manpower Costs, Transport Operations – IPTS, etc.

Included in the total budget for Contracted Services are various projects that are funded from conditional grants, such as the Integrated Public Transport Services Grant (IPTS) and the Informal Settlements Urban Partnership Grant (ISUPG).

The aforementioned table indicates the costs of the Free Basic Service, per service, that are funded against the Equitable Share Grant from the national fiscus.

1.6. CAPITAL EXPENDITURE

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

TABLE 5 (2026/27 MEDIUM-TERM CAPITAL BUDGET PER VOTE / DIRECTORATE – NMBM ONLY & PERCENTAGE ALLOCATION)

Directorate	2026/27 Draft Capital Budget	%Ntage Allocation per Directorate	2027/28 Draft Capital Budget	%Ntage Allocation per Directorate	2028/29 Draft Capital Budget	%Ntage Allocation per Directorate
Budget & Treasury	54,083,000	2.92%	35,300,000	1.96%	40,250,000	2.07%
Chief Operating Officer	2,026,400	0.11%	1,795,450	0.10%	1,748,390	0.09%
Corporate Services	53,600,000	2.89%	32,300,000	1.79%	37,150,000	1.91%
Economic Development, Tourism and Agriculture	5,703,690	0.31%	3,399,340	0.19%	4,703,690	0.24%
Sport and Recreation	59,273,480	3.20%	66,651,230	3.70%	65,181,180	3.34%
Human Settlements	161,763,820	8.72%	144,387,910	8.02%	147,719,070	7.58%
Electricity and Energy	316,371,460	17.06%	331,671,680	18.41%	369,153,270	18.94%
Roads, Stormwater, Transportation & Fleet	573,200,170	30.91%	576,890,300	32.03%	580,115,310	29.77%
Water Services	312,148,770	16.83%	258,446,160	14.35%	308,460,930	15.83%
Sanitation Services	155,718,680	8.40%	184,113,570	10.22%	229,167,470	11.76%
Public Health	122,409,280	6.60%	133,088,710	7.39%	132,670,400	6.81%
Safety & Security	35,372,030	1.91%	32,600,000	1.81%	32,600,000	1.67%
NMBM Stadium	2,700,000	0.15%	500,000	0.03%	-	0.00%
TOTAL NMBM CAPITAL BUDGET	1,854,370,780	100%	1,801,144,351	100%	1,948,919,710	100%

The table below provides a breakdown of the funding sources supporting the Capital Budget:

TABLE 6 (2026/27 MEDIUM-TERM CAPITAL BUDGET PER FUNDING SOURCE)

Sources of Finance	2026/27 Draft Capital Budget	%Ntage Allocation per Directorate	2027/28 Draft Capital Budget	%Ntage Allocation per Directorate	2028/29 Draft Capital Budget	%Ntage Allocation per Directorate
Total CRR - 901	139,560,360	7.53%	84,867,440	4.71%	84,377,440	4.33%
Total Levies Replacement Grant Funding - 959	460,763,160	24.85%	462,593,910	25.68%	478,086,060	24.53%
Total Public Contributions Funding - 923	43,000,000	2.32%	43,000,000	2.39%	25,000,000	1.28%
Urban Settlements Development Grant - 951	197,634,550	10.66%	175,437,570	9.74%	144,681,830	7.42%
Urban Development Financing Grant - 974	477,975,920	25.78%	562,009,300	31.20%	728,725,300	37.39%
Informal Settlements Upgrading Partnership Grant - 972	292,451,860	15.77%	324,456,141	18.01%	339,269,090	17.41%
IPTS Grant - 918	131,168,400	7.07%	115,736,510	6.43%	115,736,510	5.94%
Neighbourhood Development Grant - 919	26,086,960	1.41%	26,086,960	1.45%	26,086,960	1.34%
Regional Bulk Infrastructure Grant - 973	79,642,610	4.29%	-	0.00%	-	0.00%
INEP - 953	6,086,960	0.33%	6,956,520	0.39%	6,956,520	0.36%
Total Capital Budget Funding	1,854,370,780	100%	1,801,144,351	100%	1,948,919,710	100%

1.7. ANNUAL CONSOLIDATED BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations (32141 dated 17 April 2009), are included in this section. These tables set out the Municipality's 2024/25 Budget and MTREF to be considered for approval by Council. Each table is accompanied by the brief *explanatory notes*.

TABLE 7 (TABLE A1 – CONSOLIDATED BUDGET SUMMARY)

Description	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28
Financial Performance							
Property rates	3,299,358	3,328,813	3,328,813	3,394,110	3,637,816	3,856,085	4,097,093
Service charges	10,613,071	10,567,858	10,567,858	2,581,544	11,349,566	12,283,040	13,294,367
Investment revenue	291,739	285,809	285,809	22,235	308,317	323,745	339,735
Transfer and subsidies - Operational	2,944,497	2,453,205	2,453,205	699,111	2,167,010	2,176,330	2,067,444
Other own revenue	2,407,084	2,488,809	2,488,809	321,760	2,647,637	2,769,247	2,892,183
Total Revenue (excluding capital transfers and contributions)	19,555,749	19,124,493	19,124,493	7,018,760	20,110,346	21,408,447	22,690,823
Employee costs	4,886,977	4,480,203	4,480,203	662,441	4,920,003	5,204,469	5,505,570
Remuneration of councillors	98,334	97,870	97,870	13,874	101,751	105,879	110,176
Depreciation, amortisation and impairment	1,051,415	1,048,303	1,048,303	-	1,082,377	1,114,796	1,148,184
Interest, Dividends and Rent on Land	72,173	88,760	88,760	31,667	75,000	59,734	43,381
Inventory consumed and bulk purchases	7,788,041	7,620,512	7,620,512	1,394,082	8,175,651	8,587,469	9,000,683
Transfers and subsidies	94,962	212,930	212,930	36,841	223,490	234,713	246,557
Other expenditure	5,541,245	5,563,631	5,563,631	284,657	6,001,842	5,587,768	4,957,157
Total Expenditure	19,533,147	19,112,210	19,112,210	2,423,561	20,580,114	20,894,828	21,011,708
Surplus/(Deficit)	22,602	12,283	12,283	4,595,199	(469,768)	513,619	1,679,116
Transfers and subsidies - capital (monetary allocations)	1,366,561	1,431,944	1,431,944	-	1,254,960	1,254,726	1,387,500
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,389,163	1,444,227	1,444,227	4,595,199	785,192	1,768,346	3,066,615
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1,389,163	1,444,227	1,444,227	4,595,199	785,192	1,768,346	3,066,615
Capital expenditure & funds sources							
Capital expenditure	2,150,128	2,115,186	2,115,186	84,255	1,854,371	1,801,144	1,948,920
Transfers recognised - capital	1,368,029	1,421,140	1,421,140	60,243	1,254,047	1,253,683	1,386,456
Borrowing	60,500	60,500	60,500	-	-	-	-
Internally generated funds	662,757	633,547	633,547	24,012	600,324	547,461	562,463
Total sources of capital funds	2,091,286	2,115,186	2,115,186	84,255	1,854,371	1,801,144	1,948,920
Financial position							
Total current assets	8,369,431	8,394,006	8,394,006	23,489,183	10,532,131	11,563,645	12,525,582
Total non current assets	21,591,710	21,556,769	21,556,769	21,064,220	21,203,578	21,117,933	21,232,320
Total current liabilities	3,736,991	3,736,991	3,736,991	6,680,627	8,371,362	8,325,989	8,094,704
Total non current liabilities	5,285,536	5,285,536	5,285,536	2,597,133	4,095,545	4,095,545	4,095,545
Community wealth/Equity	19,549,452	19,484,021	19,484,021	25,042,477	19,268,802	20,260,044	21,567,653
Cash flows							
Net cash from (used) operating	(126,953)	(124,708)	(124,708)	(44,648)	2,493,308	3,387,041	4,347,796
Net cash from (used) investing	-	-	-	-	(2,105,195)	(2,051,699)	(2,226,865)

Description	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousands							
Net cash from (used) financing	–	–	–	–	–	–	–
Cash/cash equivalents at the year end:	4,388,079	4,390,323	4,390,323	3,803,670	2,558,929	3,894,271	6,015,201
Cash backing/surplus reconciliation							
Cash and investments available	4,402,604	4,405,178	4,405,178	3,811,155	2,966,900	3,908,229	4,683,597
Application of cash and investments	397,379	410,320	410,320	4,235,742	(1,369,467)	(1,931,916)	(2,727,812)
Balance - surplus (shortfall)	4,005,225	3,994,858	3,994,858	(424,587)	4,336,367	5,840,145	7,411,408
Asset management							
Asset register summary (WDV)	21,434,292	21,399,351	21,399,351		21,106,639	21,020,994	21,135,381
Depreciation	1,051,415	1,048,303	1,048,303		1,082,377	1,114,796	1,148,184
Renewal and Upgrading of Existing Assets	720,619	828,076	828,076		781,889	835,616	902,027
Repairs and Maintenance	740,534	692,738	692,738		786,486	825,182	862,807

Explanatory notes to Table A1 - Budget Summary

The aim of the Budget Summary is to provide a concise overview of the proposed budget from all the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash, and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs. The upwards / downwards trends for certain categories of revenue / expenditure have already been previously explained (e.g. changes in Property Rates, etc.).

TABLE 8 (TABLE A2 – CONSOLIDATED BUDGET FINANCIAL PERFORMANCE)

Functional Classification Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28
R thousand							
Revenue - Functional							
Governance and administration	4,562,473	5,256,532	4,618,499	4,618,499	5,069,958	5,316,354	5,566,465
Executive and council	1,549	1,239	1,373	1,373	1,301	1,342	1,396
Finance and administration	4,560,923	5,255,293	4,616,924	4,616,924	5,068,656	5,315,011	5,565,069
Internal audit			202	202	–	–	–
Community and public safety	1,449,562	1,701,863	1,801,834	1,801,834	1,595,410	1,596,626	1,622,183
Community and social services	51,120	47,044	47,908	47,908	48,052	49,398	50,832
Sport and recreation	28,984	43,141	72,520	72,520	39,448	46,776	45,790
Public safety	1,147,052	1,134,625	1,203,625	1,203,625	1,144,275	1,166,647	1,334,398
Housing	216,923	475,675	476,142	476,142	361,481	331,548	188,796
Health	5,484	1,377	1,639	1,639	2,154	2,257	2,366
Economic and environmental services	608,248	729,477	905,811	905,811	717,686	693,157	702,153

Functional Classification Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28
R thousand							
Planning and development	194,469	216,108	215,415	215,415	194,517	204,549	227,535
Road transport	382,193	467,433	610,983	610,983	481,914	441,571	437,423
Environmental protection	31,587	45,936	79,413	79,413	41,255	47,036	37,196
Trading services	11,895,428	13,194,517	13,193,243	13,193,243	13,941,298	15,015,555	16,142,793
Energy sources	6,321,258	6,745,392	6,802,982	6,802,982	7,416,824	8,081,178	8,808,033
Water management	3,767,489	4,472,975	4,333,496	4,333,496	4,253,962	4,479,325	4,795,311
Waste water management	1,313,626	1,384,071	1,451,114	1,451,114	1,596,691	1,731,458	1,815,594
Waste management	493,056	592,079	605,652	605,652	673,821	723,594	723,855
Other	38,268	39,921	37,050	37,050	40,956	41,482	44,729
Total Revenue - Functional	18,553,980	20,922,310	20,556,437	20,556,437	21,365,307	22,663,174	24,078,323
Expenditure - Functional							
Governance and administration	2,136,088	2,136,987	2,076,843	2,076,843	2,912,885	2,845,356	2,793,372
Executive and council	384,416	472,674	465,271	465,271	356,547	371,763	388,038
Finance and administration	1,691,161	1,595,696	1,541,907	1,541,907	2,479,682	2,393,390	2,321,979
Internal audit	60,511	68,618	69,665	69,665	76,657	80,204	83,355
Community and public safety	2,191,799	2,555,762	2,466,797	2,466,797	2,391,764	2,509,403	2,469,220
Community and social services	334,366	438,661	422,049	422,049	459,884	483,101	506,857
Sport and recreation	580,715	681,444	667,927	667,927	579,813	608,228	638,402
Public safety	734,963	744,821	705,520	705,520	696,982	735,622	774,710
Housing	395,721	429,504	431,230	431,230	408,624	424,442	279,436
Health	146,034	261,333	240,072	240,072	246,461	258,009	269,816
Economic and environmental services	1,260,745	1,369,222	1,482,733	1,482,733	1,488,870	1,516,320	1,563,276
Planning and development	440,352	497,245	536,186	536,186	663,510	694,728	732,855
Road transport	757,870	781,698	863,530	863,530	767,047	760,436	766,353
Environmental protection	62,523	90,279	83,018	83,018	58,313	61,156	64,068
Trading services	13,012,359	13,361,568	12,989,579	12,989,579	13,693,079	13,924,902	14,081,521
Energy sources	7,352,770	8,404,058	8,349,441	8,349,441	8,824,887	9,239,479	9,690,477
Water management	3,977,977	3,191,843	2,766,583	2,766,583	3,042,087	2,907,868	2,678,246
Waste water management	1,077,066	1,089,674	1,211,365	1,211,365	1,179,026	1,135,893	1,080,599
Waste management	604,547	675,993	662,191	662,191	647,079	641,663	632,198
Other	83,606	109,608	102,950	102,950	93,517	98,846	104,319
Total Expenditure - Functional	18,684,598	19,533,147	19,118,903	19,118,903	20,580,114	20,894,828	21,011,708
Surplus/(Deficit) for the year	(130,618)	1,389,163	1,437,534	1,437,534	785,192	1,768,346	3,066,615

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

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities. **It should be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.**

TABLE 9 (TABLE A3 – CONSOLIDATED BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE)

Vote Description	2026/27 Medium Term Revenue & Expenditure Framework		
	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand			
Revenue by Vote			
Vote 1 - Budget & Treasury	5,068,656	5,315,011	5,565,069
Vote 2 - Public Health	64,872	71,765	63,113
Vote 3 - Human Settlements	–	–	–
Vote 4 - Economic Development, Tourism & Agriculture	201,845	218,631	242,806
Vote 5 - Corporate Services	–	–	–
Vote 6 - Infrastructure & Engineering Unit - Rate & General	484,847	441,576	437,428
Vote 7 - Metro Water Service	4,253,962	4,479,325	4,795,311
Vote 8 - Sanitation - Metro	2,262,584	2,446,569	2,530,372
Vote 9 - Electricity & Energy	7,416,824	8,081,178	8,808,033
Vote 10 - Executive & Council	1,301	1,342	1,396
Vote 11 - Safety & Security	1,144,275	1,166,647	1,334,398
Vote 12 - Mandela Bay Stadium	–	–	–
Vote 13 - Special Projects and Programmes	–	–	–
Vote 14 - Recreational & Cultural Services	–	–	–
Vote 15 - Recreational & Cultural Services continued	466,140	441,128	300,397
Total Revenue by Vote	21,365,307	22,663,174	24,078,323
Expenditure by Vote to be appropriated			
Vote 1 - Budget & Treasury	2,008,942	1,890,765	1,785,662
Vote 2 - Public Health	357,452	374,531	392,083
Vote 3 - Human Settlements	–	–	–
Vote 4 - Economic Development, Tourism & Agriculture	686,692	726,506	772,723
Vote 5 - Corporate Services	–	–	–
Vote 6 - Infrastructure & Engineering Unit - Rate & General	829,674	822,580	832,837
Vote 7 - Metro Water Service	3,042,087	2,907,868	2,678,246
Vote 8 - Sanitation - Metro	1,753,726	1,701,378	1,632,666
Vote 9 - Electricity & Energy	8,816,039	9,230,404	9,681,185
Vote 10 - Executive & Council	433,203	451,966	471,393
Vote 11 - Safety & Security	1,206,274	1,278,741	1,353,470
Vote 12 - Mandela Bay Stadium	–	–	–
Vote 13 - Special Projects and Programmes	–	–	–
Vote 14 - Recreational & Cultural Services	–	–	–
Vote 15 - Recreational & Cultural Services continued	1,446,025	1,510,087	1,411,442
Total Expenditure by Vote	20,580,114	20,894,828	21,011,708
Surplus/(Deficit) for the year	785,192	1,768,346	3,066,615

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

The purpose of the format in which the budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, to assign responsibility for the revenue and expenditure recorded against these votes to the Acting / City Manager and Executive Directors

concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined in terms of section 1 of the MFMA as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

TABLE 10 (TABLE A4 - BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE))

Description	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework			
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue								
Exchange Revenue								
Service charges - Electricity	6,464,349	6,447,444	6,447,444	1,993,656	6,950,192	7,575,709	8,257,523	
Service charges - Water	2,983,123	2,839,121	2,839,121	389,732	3,023,664	3,235,320	3,461,793	
Service charges - Waste Water Management	817,519	915,298	915,298	142,140	987,367	1,056,482	1,130,436	
Service charges - Waste Management	348,080	365,994	365,994	56,016	388,344	415,528	444,615	
Sale of Goods and Rendering of Services	114,371	126,911	126,911	19,985	142,687	150,335	158,414	
Agency services	4,255	4,255	4,255	687	4,455	4,664	4,888	
Interest	-	-	-	-	-	-	-	
Interest earned from Receivables	1,106,615	1,106,615	1,106,615	269,915	1,194,440	1,289,330	1,393,146	
Interest earned from Current and Non Current Assets	291,739	285,809	285,809	22,235	308,317	323,745	339,735	
Dividends	-	-	-	-	-	-	-	
Rent on Land	-	-	-	-	-	-	-	
Rental from Fixed Assets	42,603	43,286	43,286	7,535	44,092	46,126	48,339	
Licence and permits	21,319	22,365	22,365	3,867	23,357	24,455	25,629	
Special rating levies	-	-	-	-	-	-	-	
Construction Contract Revenue	-	-	-	-	-	-	-	
Development Charges	-	-	-	-	-	-	-	
Operational Revenue	29,273	27,793	27,793	7,677	33,910	35,498	37,237	
Non-Exchange Revenue								
Property rates	3,299,358	3,328,813	3,328,813	3,394,110	3,637,816	3,856,085	4,097,093	
Surcharges and Taxes	-	-	-	-	-	-	-	
Fines, penalties and forfeits	67,973	134,530	134,530	12,094	137,591	146,267	154,168	
Licences or permits	1	1	1	-	1	1	1	
Transfer and subsidies - Operational	2,944,497	2,453,205	2,453,205	699,111	2,167,010	2,176,330	2,067,444	
Interest	158,695	158,695	158,695	-	213,590	231,105	250,286	
Fuel Levy	861,978	861,978	861,978	-	853,514	841,466	820,075	
Operational Revenue	-	-	-	-	-	-	-	
Gains on disposal of Fixed and Intangible Assets	-	2,379	2,379	-	-	-	-	

Description	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28
Other Gains	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	19,555,749	19,124,493	19,124,493	7,018,760	20,110,346	21,408,447	22,690,823
Expenditure							
Employee related costs	4,886,977	4,480,203	4,480,203	662,441	4,920,003	5,204,469	5,505,570
Remuneration of councillors	98,334	97,870	97,870	13,874	101,751	105,879	110,176
Bulk purchases - electricity	7,277,226	7,277,226	7,277,226	1,346,390	7,813,911	8,202,639	8,607,910
Inventory consumed	510,815	343,286	343,286	47,692	361,740	384,830	392,773
Debt impairment	1,946,427	1,818,084	1,818,084	-	2,771,015	2,292,396	1,694,065
Depreciation, amortisation and impairment	1,051,415	1,048,303	1,048,303	-	1,082,377	1,114,796	1,148,184
Interest, Dividends and Rent on Land	72,173	88,760	88,760	31,667	75,000	59,734	43,381
Contracted services	1,659,963	1,796,939	1,796,939	112,839	1,822,719	1,856,333	1,757,035
Transfers and subsidies	94,962	212,930	212,930	36,841	223,490	234,713	246,557
Irrecoverable debts written off	726,946	674,944	674,944	47,078	19,477	20,051	20,647
Operational costs	821,988	887,742	887,742	124,740	941,738	940,812	973,762
Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-
Other Losses	385,921	385,921	385,921	-	446,893	478,176	511,648
Total Expenditure	19,533,147	19,112,210	19,112,210	2,423,561	20,580,114	20,894,828	21,011,708
Surplus/(Deficit)	22,602	12,283	12,283	4,595,199	(469,768)	513,619	1,679,116
Transfers and subsidies - capital (monetary allocations)	1,366,561	1,431,944	1,431,944	-	1,254,960	1,254,726	1,387,500
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,389,163	1,444,227	1,444,227	4,595,199	785,192	1,768,346	3,066,615
Income Tax	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax	1,389,163	1,444,227	1,444,227	4,595,199	785,192	1,768,346	3,066,615
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	1,389,163	1,444,227	1,444,227	4,595,199	785,192	1,768,346	3,066,615
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	8,159	8,159	(5,505)	(143,244)	(151,332)	(160,672)
Surplus/(Deficit) for the year	1,389,163	1,452,386	1,452,386	4,589,694	641,949	1,617,014	2,905,943

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

Revenue

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, to assess performance.

TABLE 11 (TABLE A5 – CONSOLIDATED BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE)

Vote Description	2026/27 Medium Term Revenue & Expenditure Framework		
	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand			
Capital expenditure - Vote			
Single-year expenditure to be appropriated			
Vote 1 - Budget & Treasury	256,037	217,512	240,112
Vote 2 - Public Health	2,050	1,400	1,750
Vote 3 - Human Settlements	-	-	-
Vote 4 - Economic Development, Tourism & Agriculture	1,817	1,000	14,043
Vote 5 - Corporate Services	-	-	-
Vote 6 - Infrastructure & Engineering Unit - Rate & General	562,664	551,929	579,421
Vote 7 - Metro Water Service	314,371	263,044	306,478
Vote 8 - Sanitation - Metro	272,165	280,836	313,570
Vote 9 - Electricity & Energy	297,989	312,590	335,458
Vote 10 - Executive & Council	-	-	-
Vote 11 - Safety & Security	36,675	43,907	43,387
Vote 12 - Mandela Bay Stadium	-	-	-
Vote 13 - Special Projects and Programmes	-	-	-
Vote 14 - Recreational & Cultural Services	-	-	-
Vote 15 - Recreational & Cultural Services continued	110,603	128,927	114,700
Capital single-year expenditure sub-total	1,854,371	1,801,144	1,948,920
Total Capital Expenditure - Vote	1,854,371	1,801,144	1,948,920
Capital Expenditure - Functional			
Governance and administration	256,537	217,712	240,112
Executive and council	-	-	-
Finance and administration	256,537	217,712	240,112
Internal audit	-	-	-
Community and public safety	135,645	150,033	158,881
Community and social services	37,198	38,143	56,917
Sport and recreation	63,405	70,783	47,783
Public safety	31,175	38,707	38,387
Housing	1,817	1,000	14,043
Health	2,050	1,400	1,750
Economic and environmental services	541,577	521,760	535,943
Planning and development	-	-	-
Road transport	541,577	521,760	535,943
Environmental protection	-	-	-
Trading services	920,611	911,639	1,013,984
Energy sources	319,076	342,759	378,936
Water management	314,371	263,044	306,478
Waste water management	240,165	263,836	296,570
Waste management	47,000	42,000	32,000
Other	-	-	-
Total Capital Expenditure - Functional	1,854,371	1,801,144	1,948,920

Vote Description	2026/27 Medium Term Revenue & Expenditure Framework		
	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand			
Funded by:			
National Government	1,211,047	1,210,683	1,361,456
Provincial Government	–	–	–
District Municipality	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)	43,000	43,000	25,000
Transfers recognised - capital	1,254,047	1,253,683	1,386,456
Borrowing	–	–	–
Internally generated funds	600,324	547,461	562,463
Total Capital Funding	1,854,371	1,801,144	1,948,920

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

Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; 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.

TABLE 12 (TABLE A6 – CONSOLIDATED BUDGETED FINANCIAL POSITION)

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand						
ASSETS						
Current assets						
Cash and cash equivalents	4,405,178	4,405,178	3,811,155	2,966,900	3,908,229	4,683,597
Short term Investments	–	–	–	–	–	–
Trade and other receivables from exchange transactions	3,054,485	3,054,485	13,972,366	6,545,772	5,978,916	5,801,535
Receivables from non-exchange transactions	385,614	385,614	2,818,984	464,826	446,645	421,923
Current portion of non-current receivables	–	–	–	–	–	–
Inventory	156,046	156,046	447,662	212,684	212,684	212,684
VAT Receivable	148,902	148,902	2,430,156	333,362	1,008,584	1,397,256
Other current assets	243,781	243,781	8,861	8,587	8,587	8,587
Total current assets	8,394,006	8,394,006	23,489,183	10,532,131	11,563,645	12,525,582
Non-current assets						
Investments	–	–	–	–	–	–
Investment property	138,413	138,413	138,357	128,630	128,460	128,286
Property, plant and equipment	21,025,894	21,025,894	20,418,663	20,672,014	20,580,577	20,694,637
Biological assets	–	–	–	–	–	–
Living resources	–	–	–	–	–	–
Heritage assets	235,238	235,238	226,441	264,472	264,472	264,472

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	R thousand	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28
Intangible assets	14,465	14,465	70,388	55,619	61,580	62,081
Trade and other receivables from exchange transactions	86,379	86,379	–	82,793	82,793	82,793
Non-current receivables from non-exchange transactions	56,379	56,379	210,371	50	50	50
Other non-current assets	–	–	–	–	–	–
Total non current assets	21,556,769	21,556,769	21,064,220	21,203,578	21,117,933	21,232,320
TOTAL ASSETS	29,950,774	29,950,774	44,553,403	31,735,710	32,681,578	33,757,902
LIABILITIES						
Current liabilities						
Bank overdraft	–	–	–	–	–	–
Financial liabilities	222,246	222,246	–	64,857	64,857	64,857
Consumer deposits	163,472	163,472	4,134	156,300	156,300	156,300
Trade and other payables from exchange transactions	2,504,910	2,504,910	1,436,922	5,498,158	5,323,550	4,953,237
Trade and other payables from non-exchange transactions	321,180	321,180	691,270	630,677	621,724	611,028
Provision	525,183	525,183	1,729,343	342,990	342,990	342,990
VAT Payable	–	–	2,818,958	1,678,380	1,816,568	1,966,291
Other current liabilities	–	–	–	–	–	–
Total current liabilities	3,736,991	3,736,991	6,680,627	8,371,362	8,325,989	8,094,704
Non current liabilities						
Financial liabilities	938,463	938,463	857,098	1,126,248	1,126,248	1,126,248
Provision	3,474,755	3,474,755	1,450,202	734,563	734,563	734,563
Long term portion of trade payables	–	–	319	–	–	–
Other non-current liabilities	872,317	872,317	289,514	2,234,734	2,234,734	2,234,734
Total non current liabilities	5,285,536	5,285,536	2,597,133	4,095,545	4,095,545	4,095,545
TOTAL LIABILITIES	9,022,527	9,022,527	9,277,760	12,466,908	12,421,534	12,190,249
NET ASSETS	20,928,248	20,928,248	35,275,643	19,268,802	20,260,044	21,567,653
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)	19,251,984	19,251,984	24,446,792	19,268,802	20,260,044	21,567,653
Reserves and funds	232,037	232,037	595,685	–	–	–
Other	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	19,484,021	19,484,021	25,042,477	19,268,802	20,260,044	21,567,653

Explanatory notes to Table A6 - Budgeted Financial Position

The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity, i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash

position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. 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 directly informed by forecasting the statement of financial position.

TABLE 13 (TABLE A7 – CONSOLIDATED BUDGET CASH FLOW STATEMENT)

Description	2026/27 Medium Term Revenue & Expenditure Framework		
	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	3,092,143	3,470,476	3,892,239
Service charges	9,340,973	10,563,025	11,913,174
Other revenue	1,229,909	1,238,365	1,237,847
Transfers and Subsidies - Operational	2,146,788	2,156,916	2,047,660
Transfers and Subsidies - Capital	1,254,960	1,254,726	1,387,500
Interest	1,716,347	1,844,180	1,983,168
Dividends	-	-	-
Payments			
Suppliers and employees	(15,989,324)	(18,346,201)	(20,823,853)
Finance charges	(75,000)	(59,734)	(43,381)
Transfers and Subsidies	(223,490)	(234,713)	(246,557)
NET CASH FROM/(USED) OPERATING ACTIVITIES	2,493,308	1,887,041	1,347,796
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	-	-	-
Decrease (increase) in non-current receivables	-	-	-
Decrease (increase) in non-current investments	-	-	-
Insurance Refund - Capital	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long-Term Investments	-	-	-
Payments			
Capital assets	(2,105,195)	(2,051,699)	(2,226,865)
Retention (Capital)	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(2,105,195)	(2,051,699)	(2,226,865)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Short term loans	-	-	-
Borrowing long term/refinancing	-	-	-
Increase (decrease) in consumer deposits	-	-	-
Payments			
Repayment of borrowing	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	388,112	(164,659)	(879,070)
Cash/cash equivalents at the year begin:	2,170,817	2,558,929	2,394,271
Cash/cash equivalents at the year-end:	2,558,929	2,394,271	1,515,201

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

It reflects the expected cash in-flows versus cash outflows that is likely to result from the implementation of the budget.

TABLE 14 (TABLE A8 - CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION)

Description	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand							
Cash and investments available							
Cash/cash equivalents at the year end	4,388,079	4,390,323	4,390,323	7,699,945	2,558,929	2,394,271	1,515,201
Other current investments > 90 days	14,525	14,855	14,855	3,888,790	407,971	13,958	(1,331,604)
Non current Investments	-	-	-	-	-	-	-
Cash and investments available:	4,402,604	4,405,178	4,405,178	3,811,155	2,966,900	2,408,229	183,597
Application of cash and investments							
Unspent conditional transfers	319,932	319,932	319,932	689,966			
Unspent borrowing	(872,317)	(872,317)	(872,317)	(872,317)			
Statutory requirements	(148,902)	(148,902)	(148,902)	388,803	(888,255)	(1,574,615)	(1,976,258)
Other working capital requirements	(530,871)	(517,929)	(517,929)	831,945	(824,202)	(700,292)	(1,094,544)
Other provisions	525,183	525,183	525,183	1,729,343	342,990	342,990	342,990
Long term investments committed	134,272	138,413	138,413	138,413			
Reserves to be backed by cash/investments	232,037	232,037	232,037	595,685	-	-	-
Total Application of cash and investments:	397,379	410,320	410,320	4,235,742	(1,369,467)	(1,931,916)	(2,727,812)
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits	4,005,225	3,994,858	3,994,858	(424,587)	4,336,367	4,340,145	2,911,408
Creditors transferred to Debt Relief - Non-Current portion	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits	4,005,225	3,994,858	3,994,858	(424,587)	4,336,367	4,340,145	2,911,408

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. The table assesses 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. As part of the budgeting and planning guidelines that informed the compilation of the 2024/25 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the Local Government: Municipal Finance Management Act (56 of 2003).
4. Provisions to be cash backed incorporate all current provisions as well as the provision for the rehabilitation of landfill sites.
5. Reserves to be cash backed incorporate the COIDA, Self-Insurance Fund (SIF) and the Capital Replacement Reserve.

TABLE 15 (TABLE A9 - ASSET MANAGEMENT)

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28
CAPITAL EXPENDITURE						
Total New Assets	1,429,508	1,287,110	1,287,110	1,072,482	965,529	1,046,892
<i>Roads Infrastructure</i>	403,645	322,619	322,619	362,295	355,141	372,520
<i>Storm water Infrastructure</i>	25,908	30,417	30,417	23,017	22,307	17,217
<i>Electrical Infrastructure</i>	118,330	172,317	172,317	100,423	133,304	144,317
<i>Water Supply Infrastructure</i>	411,019	422,278	422,278	151,864	85,998	94,417
<i>Sanitation Infrastructure</i>	139,416	82,459	82,459	59,479	71,827	71,565
<i>Solid Waste Infrastructure</i>	2,000	2,000	2,000	2,000	13,843	30,122
<i>Rail Infrastructure</i>				-	-	-
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>				-	-	-
Infrastructure	1,100,319	1,032,090	1,032,090	699,080	682,421	730,158
Community Facilities	300			3,435	2,000	14,500
Sport and Recreation Facilities	10,950	6,150	6,150	1,600	600	600
Community Assets	11,250	6,150	6,150	5,035	2,600	15,100
Heritage Assets				-	-	-
Revenue Generating				-	-	-
Non-revenue Generating				-	-	-
Investment properties	-	-	-	-	-	-
Operational Buildings	23,850	11,775	11,775	26,230	14,262	17,062
Housing				-	-	-
Other Assets	23,850	11,775	11,775	26,230	14,262	17,062
Biological or Cultivated Assets				-	-	-
Servitudes				-	-	-
Licences and Rights	55,022	800	800	64,439	71,856	74,356
Intangible Assets	55,022	800	800	64,439	71,856	74,356
Computer Equipment	21,135	24,531	24,531	47,899	20,044	23,007
Furniture and Office Equipment	7,346	9,636	9,636	8,658	7,385	5,213
Machinery and Equipment	109,698	142,881	142,881	69,378	39,685	44,414
Transport Assets	100,888	59,249	59,249	150,547	127,277	124,540
Land				1,217	-	13,043
Zoo's, Marine and Non-biological Animals				-	-	-
Mature				-	-	-
Immature				-	-	-
Living Resources	-	-	-	-	-	-

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28
Total Renewal of Existing Assets	441,112	592,676	592,676	503,024	477,709	530,186
<i>Roads Infrastructure</i>	59,500	135,660	135,660	62,000	66,350	58,750
<i>Storm water Infrastructure</i>	22,000	43,042	43,042	12,000	12,650	12,350
<i>Electrical Infrastructure</i>	59,770	71,970	71,970	151,635	112,752	143,087
<i>Water Supply Infrastructure</i>	120,768	126,153	126,153	146,126	160,116	181,931
<i>Sanitation Infrastructure</i>	105,449	135,636	135,636	77,119	68,447	81,687
<i>Solid Waste Infrastructure</i>	17,488	17,488	17,488	18,261	26,087	26,087
<i>Rail Infrastructure</i>				-	-	-
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>				-	-	-
Infrastructure	384,975	529,948	529,948	467,140	446,402	503,893
Community Facilities	27,800	13,850	13,850	11,914	9,850	21,500
Sport and Recreation Facilities	15,687	15,278	15,278	19,370	20,457	3,043
Community Assets	43,487	29,128	29,128	31,284	30,307	24,543
Heritage Assets				-	-	-
Revenue Generating				-	-	-
Non-revenue Generating				-	-	-
Investment properties	-	-	-	-	-	-
Operational Buildings	2,650	3,600	3,600	4,600	1,000	1,750
Housing				-	-	-
Other Assets	2,650	3,600	3,600	4,600	1,000	1,750
Biological or Cultivated Assets				-	-	-
Servitudes				-	-	-
Licences and Rights				-	-	-
Intangible Assets	-	-	-	-	-	-
Computer Equipment				-	-	-
Furniture and Office Equipment				-	-	-
Machinery and Equipment				-	-	-
Transport Assets	10,000	30,000	30,000	-	-	-
Land				-	-	-
Zoo's, Marine and Non-biological Animals				-	-	-
Mature				-	-	-
Immature				-	-	-
Living Resources	-	-	-	-	-	-
Total Upgrading of Existing Assets	279,508	235,400	235,400	278,865	357,906	371,841

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28
<i>Roads Infrastructure</i>	42,100	20,150	20,150	38,587	52,987	51,187
<i>Storm water Infrastructure</i>	21,800	26,433	26,433	19,500	21,500	20,000
<i>Electrical Infrastructure</i>	22,848	25,412	25,412	48,489	76,359	72,461
<i>Water Supply Infrastructure</i>	17,000	13,900	13,900	12,500	13,000	26,200
<i>Sanitation Infrastructure</i>	25,050	13,855	13,855	49,800	73,856	96,100
<i>Solid Waste Infrastructure</i>	6,000	7,500	7,500	15,000	25,000	15,000
<i>Rail Infrastructure</i>				-	-	-
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>	2,000	345	345	1,000	-	-
Infrastructure	136,798	107,596	107,596	184,876	262,702	280,948
Community Facilities	63,208	43,568	43,568	38,351	42,020	29,395
Sport and Recreation Facilities	35,202	49,312	49,312	20,374	33,135	35,448
Community Assets	98,410	92,880	92,880	58,724	75,155	64,843
Heritage Assets				-	-	-
Revenue Generating				-	-	-
Non-revenue Generating				-	-	-
Investment properties	-	-	-	-	-	-
Operational Buildings	35,800	30,554	30,554	29,665	19,550	25,300
Housing				-	-	-
Other Assets	35,800	30,554	30,554	29,665	19,550	25,300
Biological or Cultivated Assets				-	-	-
Servitudes				-	-	-
Licences and Rights	4,000	2,620	2,620	500	500	-
Intangible Assets	4,000	2,620	2,620	500	500	-
Computer Equipment	4,500	1,000	1,000	5,100	-	-
Furniture and Office Equipment				-	-	-
Machinery and Equipment				-	-	-
Transport Assets		750	750	-	-	750
Land				-	-	-
Zoo's, Marine and Non-biological Animals				-	-	-
Mature				-	-	-
Immature				-	-	-
Living Resources	-	-	-	-	-	-
Total Capital Expenditure	2,150,128	2,115,186	2,115,186	1,854,371	1,801,144	1,948,920
<i>Roads Infrastructure</i>	505,245	478,430	478,430	462,882	474,478	482,457

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28
<i>Storm water Infrastructure</i>	69,708	99,892	99,892	54,517	56,457	49,567
<i>Electrical Infrastructure</i>	200,948	269,699	269,699	300,547	322,416	359,865
<i>Water Supply Infrastructure</i>	548,787	562,330	562,330	310,491	259,114	302,548
<i>Sanitation Infrastructure</i>	269,915	231,950	231,950	186,398	214,129	249,352
<i>Solid Waste Infrastructure</i>	25,488	26,988	26,988	35,261	64,930	71,209
<i>Rail Infrastructure</i>				-	-	-
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>	2,000	345	345	1,000	-	-
Infrastructure	1,622,091	1,669,634	1,669,634	1,351,095	1,391,525	1,514,999
Community Facilities	91,308	57,418	57,418	53,699	53,870	65,395
Sport and Recreation Facilities	61,839	70,740	70,740	41,343	54,191	39,091
Community Assets	153,147	128,158	128,158	95,043	108,061	104,487
Heritage Assets				-	-	-
Revenue Generating				-	-	-
Non-revenue Generating				-	-	-
Investment properties	-	-	-	-	-	-
Operational Buildings	62,300	45,929	45,929	60,495	34,812	44,112
Housing				-	-	-
Other Assets	62,300	45,929	45,929	60,495	34,812	44,112
Biological or Cultivated Assets				-	-	-
Servitudes				-	-	-
Licences and Rights	59,022	3,420	3,420	64,939	72,356	74,356
Intangible Assets	59,022	3,420	3,420	64,939	72,356	74,356
Computer Equipment	25,635	25,531	25,531	52,999	20,044	23,007
Furniture and Office Equipment	7,346	9,636	9,636	8,658	7,385	5,213
Machinery and Equipment	109,698	142,881	142,881	69,378	39,685	44,414
Transport Assets	110,888	89,999	89,999	150,547	127,277	125,290
Land				1,217	-	13,043
Zoo's, Marine and Non-biological Animals				-	-	-
Mature				-	-	-
Immature				-	-	-
Living Resources	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2,150,128	2,115,186	2,115,186	1,854,371	1,801,144	1,948,920
ASSET REGISTER SUMMARY - PPE (WDV)	21,434,292	21,399,351	21,399,351	21,106,639	21,020,994	21,135,381
<i>Roads Infrastructure</i>	3,223,720	3,196,904	3,196,904	3,159,536	3,160,276	3,162,507

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28
<i>Storm water Infrastructure</i>	451,831	482,015	482,015	439,988	435,310	431,926
<i>Electrical Infrastructure</i>	1,967,121	2,035,872	2,035,872	2,064,669	2,082,396	2,115,580
<i>Water Supply Infrastructure</i>	2,518,473	2,532,017	2,532,017	2,876,291	2,819,958	2,858,235
<i>Sanitation Infrastructure</i>	1,302,368	1,264,402	1,264,402	1,366,564	1,392,364	1,425,798
<i>Solid Waste Infrastructure</i>	(88,299)	(86,799)	(86,799)	(169,846)	(156,404)	(155,920)
<i>Rail Infrastructure</i>				-	-	-
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>	32,616	30,961	30,961	32,323	31,323	31,323
Infrastructure	9,407,830	9,455,373	9,455,373	9,769,525	9,765,222	9,869,448
	623,814	604,303	604,303			
Community Assets	623,814	604,303	604,303	415,588	425,040	414,171
Heritage Assets	235,238	235,238	235,238	264,472	264,472	264,472
	143,891	138,413	138,413			
Investment properties	143,891	138,413	138,413	128,630	128,460	128,286
	10,384,852	10,368,481	10,368,481			
Other Assets	10,384,852	10,368,481	10,368,481	9,840,338	9,824,092	9,851,287
Biological or Cultivated Assets				-	-	-
	70,067	14,465	14,465			
Intangible Assets	70,067	14,465	14,465	55,619	61,580	62,081
Computer Equipment	65,541	65,437	65,437	94,049	61,204	65,467
Furniture and Office Equipment	12,205	14,495	14,495	12,554	10,395	8,196
Machinery and Equipment	164,263	133,425	133,425	151,994	128,188	108,634
Transport Assets	272,916	316,047	316,047	319,349	299,037	296,992
Land	53,675	53,675	53,675	54,521	53,303	66,347
Zoo's, Marine and Non-biological Animals				-	-	-
Living Resources				-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	21,434,292	21,399,351	21,399,351	21,106,639	21,020,994	21,135,381
EXPENDITURE OTHER ITEMS				1,868,863	1,939,978	2,010,991
Depreciation	1,051,415	1,048,303	1,048,303	1,082,377	1,114,796	1,148,184
Repairs and Maintenance by Asset Class	740,534	692,738	692,738	786,486	825,182	862,807
<i>Roads Infrastructure</i>	100,184	70,911	70,911	107,882	115,392	120,304

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<i>Storm water Infrastructure</i>		17,253	17,543	17,543	19,867	19,966	21,819
<i>Electrical Infrastructure</i>		131,433	119,397	119,397	120,863	126,915	133,331
<i>Water Supply Infrastructure</i>		152,219	163,083	163,083	174,907	179,878	185,727
<i>Sanitation Infrastructure</i>		141,416	137,315	137,315	146,540	155,125	163,005
<i>Solid Waste Infrastructure</i>					-	-	-
<i>Rail Infrastructure</i>		2,119	2,119	2,119	1,410	1,417	1,424
<i>Coastal Infrastructure</i>					-	-	-
<i>Information and Communication Infrastructure</i>		1,600	500	500	1,800	2,000	2,200
Infrastructure		546,223	510,868	510,868	573,269	600,692	627,812
Community Facilities		16,908	18,749	18,749	19,091	20,234	21,198
Sport and Recreation Facilities		10,057	8,863	8,863	10,636	11,124	12,311
Community Assets		26,965	27,612	27,612	29,727	31,358	33,509
Heritage Assets		224	224	224	157	157	157
Revenue Generating					-	-	-
Non-revenue Generating					-	-	-
Investment properties		-	-	-	-	-	-
Operational Buildings		57,298	48,987	48,987	61,251	64,040	66,801
Housing		7,446	7,296	7,296	7,084	7,467	7,869
Other Assets		64,744	56,283	56,283	68,336	71,508	74,669
Biological or Cultivated Assets					-	-	-
Servitudes					-	-	-
Licences and Rights		6,356	6,576	6,576	7,025	7,348	7,688
Intangible Assets		6,356	6,576	6,576	7,025	7,348	7,688
Computer Equipment		5,301	5,838	5,838	5,454	5,704	6,002
Furniture and Office Equipment		3,691	2,903	2,903	3,550	3,652	3,765
Machinery and Equipment		44,612	40,270	40,270	53,956	57,259	60,523
Transport Assets		42,417	42,164	42,164	45,013	47,504	48,681
Land					-	-	-
Zoo's, Marine and Non-biological Animals					-	-	-
Mature					-	-	-
Immature					-	-	-
Living Resources		-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		1,791,949	1,741,041	1,741,041	1,868,863	1,939,978	2,010,991
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		33.5%	39.1%	39.1%	42.2%	46.4%	46.3%
<i>Renewal and upgrading of Existing Assets as % of depreciation</i>		68.5%	79.0%	79.0%	72.2%	75.0%	78.6%

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand						
<i>R&M as a % of PPE & Investment Property</i>	3.5%	3.2%	3.2%	3.7%	4.0%	4.1%
<i>Renewal and upgrading and R&M as a % of PPE and Investment Property</i>	6.9%	7.2%	7.2%	7.5%	8.0%	8.4%

Explanatory notes to Table A9 - Asset Management

The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and reflects the relevant asset categories. The associated repairs and maintenance and depreciation is also reflected.

It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of PPE.

TABLE 16 (TABLE A10 – CONSOLIDATED BASIC SERVICE DELIVERY MEASUREMENT)

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Household service targets						
<u>Water:</u>						
Piped water inside dwelling	370,000	386,341	386,341	374,000	380,000	380,380
Piped water inside yard (but not in dwelling)						
Using public tap (at least min. service level)	36,341	44,000	44,000	34,000	30,000	29,790
Other water supply (at least min. service level)						
<i>Minimum Service Level and Above sub-total</i>	406,361	430,341	430,341	408,000	410,000	410,820
Using public tap (< min. service level)						
Other water supply (< min. service level)						
No water supply						
<i>Below Minimum Service Level sub-total</i>						
Total number of households	406,361	430,341	430,341	408,000	410,000	410,820
<u>Sanitation/sewerage:</u>						
Flush toilet (connected to sewerage)	370,000	396,341	396,341	374,000	380,000	383,800
Flush toilet (with septic tank)	3,802	3,802	3,802	3,802	3,802	3,878
Chemical toilet	3,000	2,834	2,834	3,500	4,000	4,080
Pit toilet (ventilated)	167	167	167	167	167	167
Other toilet provisions (> min. service level)	-	-	-			
<i>Minimum Service Level and Above sub-total</i>	376,969	403,144	403,144	381,469	387,969	391,925
Bucket toilet	6,010	6,010	6,010	6,010	6,010	6,010
Other toilet provisions (< min. service level)						
No toilet provisions						
<i>Below Minimum Service Level sub-total</i>	6,010	6,010	6,010	6,010	6,010	6,010
Total number of households	382,979	409,154	409,154	387,479	393,979	397,935
<u>Energy:</u>						

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Electricity (at least min. service level)	19,052	20,259	20,259	19,061	18,489	17,934
Electricity - prepaid (min. service level)	395,644	349,764	349,764	371,065	382,196	437,663
<i>Minimum Service Level and Above sub-total</i>	414,696	370,023	370,023	390,126	400,685	455,597
Electricity (< min. service level)						
Electricity - prepaid (< min. service level)						
Other energy sources						
<i>Below Minimum Service Level sub-total</i>	-	-	-			
Total number of households	414,696	364,114	364,114	390,126	400,685	455,597
<u>Refuse:</u>						
Removed at least once a week	237,382	237,382	237,382	237,619	237,857	238,095
<i>Minimum Service Level and Above sub-total</i>	235,644	235,644	235,644	235,880	236,116	236,352
Removed less frequently than once a week	-	-	-			
Using communal refuse dump	44,090	44,090	44,090	44,134	56,064	56,120
Using own refuse dump						
Other rubbish disposal						
No rubbish disposal	16,702	16,702	16,702	4,728	4,728	4,733
<i>Below Minimum Service Level sub-total</i>	60,792	60,792	60,792	60,792	60,792	60,731
Total number of households	296,436	296,436	296,436	296,436	296,436	296,140
<u>Households receiving Free Basic Service</u>						
Water (6 kilolitres per household per month)	90,626	73,368	73,368	71,157	73,557	75,957
Sanitation (free minimum level service)	92,156	70,861	70,861	73,261	75,661	78,061
Electricity/other energy (50kwh per household per month)	73,526	34,176	34,176	38,076	41,976	45,876
Refuse (removed at least once a week)	86,954	71,261	71,261	76,289	80,479	85,507
Informal Settlements						
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>						
Water (6 kilolitres per indigent household per month)	150,070	120,653	120,653	152,541	152,599	152,656
Sanitation (free sanitation service to indigent households)	218,176	191,405	191,405	213,192	213,249	213,307
Electricity/other energy (50kwh per indigent household per month)	23,942	19,588	19,588	19,225	19,225	19,225
Refuse (removed once a week for indigent households)	91,754	146,435	146,435	146,336	146,394	146,452
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>	-	-	-			
Total cost of FBS provided	483,942	478,081	478,081	531,294	531,467	531,640
<u>Highest level of free service provided per household</u>						
Property rates (R value threshold)	130,000	130,000	130,000	130,000	130,000	130,000
Water (kilolitres per household per month)	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	11	11
Sanitation (Rand per household per month)	137	137	137	137	137	137
Electricity (kwh per household per month)	75	75	75	75	75	75
Refuse (average litres per week)	178	178	178	178	178	178
<u>Revenue cost of subsidised services provided (R'000)</u>						

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)						
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	173,455	173,455	173,455	182,127	192,144	203,673
Water (in excess of 6 kilolitres per indigent household per month)	31,852	31,852	31,852	32,489	32,814	33,470
Sanitation (in excess of free sanitation service to indigent households)	21,565	21,565	21,565	21,996	22,216	22,661
Electricity/other energy (in excess of 50 kwh per indigent household per month)	29,534	29,534	29,534	30,125	30,426	31,034
Refuse (in excess of one removal a week for indigent households)	15,719	15,719	15,719	16,033	16,194	16,518
Municipal Housing - rental rebates						
Housing - top structure subsidies	123,457	123,020	123,020	107,027	114,519	122,536
Other						
Total revenue cost of subsidised services provided	395,582	395,145	395,145	389,797	408,313	429,892

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

1.8. ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The annual tables at a parental level are used to accompany the Budget Report and not for noting or approval of a budget by Council. The ten tables (i.e. A1 to A10) for the parent municipality are disclosed in the following tables and are not further discussed as that will be a repeat of what has been done under the previous paragraph:

TABLE 17 (A1 BUDGET SUMMARY)

Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28
R thousands							
Financial Performance							
Property rates	3 041 099	3 299 358	3 328 813	3 328 813	3 582 154	3 797 083	4 034 404
Service charges	9 600 929	10 613 071	10 567 858	10 567 858	11 336 324	12 267 871	13 277 046
Investment revenue	341 570	291 739	285 809	285 809	304 517	319 745	335 735
Transfer and subsidies - Operational	1 791 759	2 944 497	2 453 205	2 453 205	2 231 750	2 245 639	2 106 038
Other own revenue	2 734 170	2 407 084	2 488 809	2 488 809	2 592 862	2 710 114	2 828 585
Total Revenue (excluding capital transfers and contributions)	17 509 527	19 555 749	19 124 493	19 124 493	20 047 607	21 340 452	22 581 808
Employee costs	4 169 896	4 886 977	4 480 203	4 480 203	4 867 633	5 156 287	5 457 744
Remuneration of councillors	85 933	98 334	97 870	97 870	101 751	105 879	110 176
Depreciation and amortisation	783 561	1 051 415	1 048 303	1 048 303	1 079 676	1 112 068	1 145 429
Finance charges	65 707	72 173	88 760	88 760	75 000	59 734	43 381
Inventory consumed and bulk purchases	7 050 540	7 788 041	7 620 512	7 620 512	8 140 977	8 791 875	9 547 398
Transfers and subsidies	81 059	94 962	212 930	212 930	223 490	234 713	246 557

Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28
R thousands							
Other expenditure	6 447 902	5 541 245	5 563 631	5 563 631	5 556 576	5 876 802	6 027 580
Total Expenditure	18 684 598	19 533 147	19 112 210	19 112 210	20 045 104	21 337 358	22 578 264
Surplus/(Deficit)	(1 175 071)						
		22 602	12 283	12 283	2 503	3 095	3 544
Transfers and subsidies - capital (monetary allocations)	998 198	1 366 561	1 431 944	1 431 944	909 057	997 388	1 107 432
Transfers and subsidies - capital (in-kind)	46 255	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(130 618)	1 389 163	1 444 227	1 444 227	911 560	1 000 483	1 110 976
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(130 618)	1 389 163	1 444 227	1 444 227	911 560	1 000 483	1 110 976
Capital expenditure & funds sources							
Capital expenditure	1 322 154	2 150 128	2 115 186	2 115 186	1 853 457	1 811 753	1 947 842
Transfers recognised - capital	68 921	1 368 029	1 421 140	1 421 140	1 254 047	1 264 292	1 385 378
Borrowing	-	2 150 128	2 115 186	2 115 186	1 853 457	1 811 753	1 947 842
Internally generated funds	-	1 368 029	1 421 140	1 421 140	1 254 047	1 264 292	1 385 378
Total sources of capital funds		2 150 128	2 115 186	2 115 186	1 853 457	1 811 753	1 947 842
Financial position							
Total current assets	10 851 364	8 369 431	8 394 006	8 394 006	9 687 404	24 899 396	40 878 492
Total non-current assets	20 555 281	21 591 710	21 556 769	21 556 769	21 205 365	21 905 050	22 707 462
Total current liabilities	6 596 453	3 736 991	3 736 991	3 736 991	6 479 389	23 167 639	40 758 787
Total non-current liabilities	3 763 209	5 285 536	5 285 536	5 285 536	3 829 545	3 829 545	3 829 545
Community wealth/Equity	21 046 982	19 549 452	19 484 021	19 484 021	20 583 834	19 807 261	18 997 621
Cash flows							
Net cash from (used) operating	(58 838)	(126 953)	(124 708)	(124 708)	(52 130)	(39 194)	(196 151)
Net cash from (used) investing	(10 507)	-	-	-	(1 853 457)	(1 811 753)	(1 947 842)
Net cash from (used) financing	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	4 360 316	4 388 079	4 390 323	4 390 323	1 865 230	14 283	(2 129 710)
Cash backing/surplus reconciliation							
Cash and investments available	3 811 121	4 402 604	4 405 178	4 405 178	1 865 230	14 283	(2 129 710)
Application of cash and investments	3 940 757	397 379	410 320	410 320	981 731	8 837 429	17 259 269
Balance - surplus (shortfall)	(129 636)	4 005 225	3 994 858	3 994 858	883 499	(8 823 146)	(19 388 979)
Asset management							
Asset register summary (WDV)	20 407 802	21 434 292	21 399 351	21 399 351	21 108 425	21 808 111	22 610 523
Depreciation	783 561	1 051 415	1 048 303	1 048 303	1 079 676	1 112 068	1 145 429

Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28
R thousands							
Renewal and Upgrading of Existing Assets	1 130 288	720 619	828 076	828 076	839 125	1 042 807	1 115 631
Repairs and Maintenance	516 537	740 534	692 738	692 738	800 486	841 542	881 549

TABLE 18 (A2 BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY FUNCTIONAL CLASSIFICATION))

Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28
R thousands							
Revenue - Functional							
<i>Municipal governance and administration</i>	4 562 473	5 256 532	4 618 499	4 618 499	4 901 910	5 133 998	5 352 267
Executive and council	1 549	1 239	1 373	1 373	1 301	1 342	1 396
Finance and administration	4 560 923	5 255 293	4 616 924	4 616 924	4 900 609	5 132 655	5 350 871
Internal audit			202	202	-	-	-
<i>Community and public safety</i>	1 449 562	1 701 863	1 801 834	1 801 834	1 479 483	1 515 736	1 548 805
Community and social services	51 120	47 044	47 908	47 908	48 052	49 398	50 832
Sport and recreation	28 984	43 141	72 520	72 520	10 404	10 885	11 399
Public safety	1 147 052	1 134 625	1 203 625	1 203 625	1 215 477	1 243 295	1 435 151
Housing	216 923	475 675	476 142	476 142	203 396	209 901	49 057
Health	5 484	1 377	1 639	1 639	2 154	2 257	2 366
<i>Economic and environmental services</i>	608 248	729 477	905 811	905 811	387 788	353 799	360 577
Planning and development	194 469	216 108	215 415	215 415	188 393	201 181	223 919
Road transport	382 193	467 433	610 983	610 983	197 702	150 869	134 850
Environmental protection	31 587	45 936	79 413	79 413	1 693	1 749	1 808
<i>Trading services</i>	11 895 428	13 194 517	13 193 243	13 193 243	13 240 078	14 296 743	15 278 039
Energy sources	6 321 258	6 745 392	6 802 982	6 802 982	7 105 019	7 721 403	8 411 303
Water management	3 767 489	4 472 975	4 333 496	4 333 496	4 055 738	4 350 053	4 618 777
Waste water management	1 313 626	1 384 071	1 451 114	1 451 114	1 453 298	1 557 894	1 596 976
Waste management	493 056	592 079	605 652	605 652	626 023	667 393	650 982
<i>Other</i>	38 268	39 921	37 050	37 050	38 347	40 177	42 120
Total Revenue - Functional	18 553 980	20 922 310	20 556 437	20 556 437	20 047 607	21 340 452	22 581 808
Expenditure - Functional							
<i>Municipal governance and administration</i>	2 136 088	2 136 987	2 076 843	2 076 843	2 914 406	3 015 794	3 135 249
Executive and council	384 416	472 674	465 271	465 271	356 600	371 817	388 094
Finance and administration	1 691 161	1 595 696	1 541 907	1 541 907	2 481 149	2 563 773	2 663 800
Internal audit	60 511	68 618	69 665	69 665	76 657	80 204	83 355
<i>Community and public safety</i>	2 191 799	2 555 762	2 466 797	2 466 797	2 391 764	2 509 403	2 469 220
Community and social services	334 366	438 661					
Sport and recreation	580 715		422 049	422 049	459 884	483 101	506 857
Public safety	734 963		667 927	667 927	579 813	608 228	638 402
Housing	395 721	744 821	705 520	705 520	696 982	735 622	774 710
Health	146 034	429 504	431 230	431 230	408 624	424 442	279 436
		261 333	240 072	240 072	246 461	258 009	269 816
<i>Economic and environmental services</i>	1 260 745	1 369 222	1 482 733	1 482 733	1 434 648	1 443 272	1 493 054
Planning and development	440 352	497 245	536 186	536 186	528 416	560 979	596 535
Road transport	757 870	781 698	863 530	863 530	847 918	821 137	832 450
Environmental protection	62 523	90 279	83 018	83 018	58 313	61 156	64 068
<i>Trading services</i>	13 012 359	13 361 568	12 989 579	12 989 579	13 202 366	14 261 388	15 367 506
Energy sources	7 352 770	8 404 058	8 349 441	8 349 441	8 857 113	9 513 058	10 308 200
Water management	3 977 977	3 191 843	2 766 583	2 766 583	2 672 969	2 989 285	3 191 904
Waste water management	1 077 066	1 089 674	1 211 365	1 211 365	1 086 914	1 142 928	1 218 077
Waste management	604 547	675 993	662 191	662 191	585 370	616 117	649 325

Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
<i>Other</i>	83 606	109 608	102 950	102 950	93 517	98 846	104 319

TABLE 19 (A3 BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE))

Vote Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
Revenue by Vote							
Vote 1 - Budget & Treasury	4,127,021	4,615,019	4,608,763	4,608,763	4 900 609	5 132 655	5 350 871
Vote 2 - Public Health	488,954	517,512	562,321	562,321	25 311	26 478	27 726
Vote 3 - Human Settlements	191,659	303,502	249,992	249,992	-	-	-
Vote 4 - Economic Development, Tourism & Agriculture	25,540	38,232	34,339	34,339	198 650	215 263	239 190
Vote 5 - Corporate Services	26,147	19,397	30,907	30,907	-	-	-
Vote 6 - Infrastructure & Engineering Unit - Rate & General	231,058	317,758	229,189	229,189	197 706	150 874	134 855
Vote 7 - Metro Water Service	3,945,200	3,734,347	3,848,870	3,848,870	4 055 738	4 350 053	4 618 777
Vote 8 - Sanitation - Metro	1,101,413	1,292,269	1,306,808	1,306,808	2 071 394	2 216 804	2 238 881
Vote 9 - Electricity & Energy	5,128,106	5,959,948	5,885,832	5,885,832	7 105 019	7 721 403	8 411 303
Vote 10 - Executive & Council	924,239	144,607	154,607	154,607	1 301	1 342	1 396
Vote 11 - Safety & Security	1,157,372	1,049,534	997,677	997,677	1 215 477	1 243 295	1 435 151
Vote 12 - Mandela Bay Stadium	48,197	72,278	72,278	72,278	-	-	-
Vote 13 - Special Projects and Programmes	29,816	22,684	22,684	22,684	-	-	-
Vote 14 - Recreational & Cultural Services	41,733	23,915	24,023	24,023	-	-	-
Vote 15 - [NAME OF VOTE 15]					276 403	282 285	123 658
Total Revenue by Vote	17,466,455	18,111,002	18,028,290	18,028,290	20 047 607	21 340 452	22 581 808
Expenditure by Vote to be appropriated							
Vote 1 - Budget & Treasury	1,466,134	1,135,425	1,199,925	1,199,925	2 010 409	2 061 149	2 127 483
Vote 2 - Public Health	911,346	1,086,780	1,032,102	1,032,102	357 452	374 531	392 083
Vote 3 - Human Settlements	393,721	500,427	505,675	505,675	-	-	-
Vote 4 - Economic Development, Tourism & Agriculture	94,067	119,201	117,148	117,148	554 528	592 757	636 403
Vote 5 - Corporate Services	443,544	600,448	598,814	598,814	-	-	-
Vote 6 - Infrastructure & Engineering Unit - Rate & General	916,966	1,254,519	1,086,128	1,086,128	907 616	883 281	898 935
Vote 7 - Metro Water Service	3,767,564	2,939,602	2,720,338	2,720,338	2 672 969	2 989 285	3 191 904
Vote 8 - Sanitation - Metro	850,123	930,795	909,220	909,220	1 599 905	1 682 867	1 787 271
Vote 9 - Electricity & Energy	6,527,664	7,204,319	7,529,198	7,529,198	8 848 265	9 503 983	10 298 908
Vote 10 - Executive & Council	468,976	554,985	501,460	501,460	433 257	452 020	471 449
Vote 11 - Safety & Security	1,159,592	1,232,955	1,217,612	1,217,612	1 206 274	1 278 741	1 353 470
Vote 12 - Mandela Bay Stadium	51,332	71,498	72,998	72,998	-	-	-
Vote 13 - Special Projects and Programmes	29,095	24,161	23,731	23,731	-	-	-
Vote 14 - Recreational & Cultural Services	413,527	516,988	513,943	513,943	1 446 025	1 510 087	1 411 442
Vote 15 - [NAME OF VOTE 15]							
Total Expenditure by Vote	17,493,651	18,172,103	18,028,292	18,028,292	20 036 700	21 328 702	22 569 348

TABLE 20 (A4 BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE))

Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
Revenue							
Exchange Revenue							
Service charges - Electricity	5 852 449	6 464 349	6 447 444	6 447 444	6 900 192	7 521 209	8 198 118
Service charges - Water	2 605 324	2 983 123	2 839 121	2 839 121	3 060 422	3 274 651	3 503 877
Service charges - Waste Water Management	832 666	817 519	915 298	915 298	987 367	1 056 482	1 130 436
Service charges - Waste Management	310 491	348 080	365 994	365 994	388 344	415 528	444 615

Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28
R thousands							
Sale of Goods and Rendering of Services	123 819	114 371	126 911	126 911	142 687	150 335	158 414
Agency services	3 968	4 255	4 255	4 255	4 455	4 664	4 888
Interest earned from Receivables	1 282 033	1 106 615	1 106 615	1 106 615	1 194 440	1 289 330	1 393 146
Interest earned from Current and Non-Current Assets	341 570	291 739	285 809	285 809	304 517	319 745	335 735
Rental from Fixed Assets	43 493	42 603	43 286	43 286	43 027	45 026	47 139
Licence and permits	22 448	21 319	22 365	22 365	23 357	24 455	25 629
Operational Revenue	50 891	29 273	27 793	27 793	29 780	31 136	32 626
Non-Exchange Revenue				-			
Property rates	3 041 099	3 299 358	3 328 813	3 328 813	3 582 154	3 797 083	4 034 404
Fines, penalties and forfeits	169 887	67 973	134 530	134 530	137 591	146 267	154 168
Licences or permits	1	1	1	1	1	1	1
Transfer and subsidies - Operational	1 791 759	2 944 497	2 453 205	2 453 205	2 231 750	2 245 639	2 106 038
Interest raised - Receivables (Other)	213 590	158 695	158 695	158 695	171 708	185 788	201 208
Fuel Levy	824 005	861 978	861 978	861 978	845 817	833 113	811 365
Gains on disposal of Assets	35	-	2 379	2 379			
Total Revenue (excluding capital transfers and contributions)	17 509 527	19 555 749	19 124 493	19 124 493	20 047 607	21 340 452	22 581 808
Expenditure							
Employee related costs	4 169 896	4 886 977	4 480 203	4 480 203	4 867 633	5 156 287	5 457 744
Remuneration of councillors	85 933	98 334	97 870	97 870	101 751	105 879	110 176
Bulk purchases - electricity	6 500 312	7 277 226	7 277 226	7 277 226	7 774 246	8 402 054	9 149 135
Inventory consumed	550 228	510 815	343 286	343 286	366 731	389 821	398 263
Debt impairment	-	1 946 427	1 818 084	1 818 084	1 494 502	1 695 869	1 804 958
Depreciation and amortisation	783 561	1 051 415	1 048 303	1 048 303	1 079 676	1 112 068	1 145 429
Interest	65 707	72 173	88 760	88 760	75 000	59 734	43 381
Contracted services	1 076 455	1 659 963	1 796 939	1 796 939	1 873 965	1 889 752	1 795 729
Transfers and subsidies	81 059	94 962	212 930	212 930	223 490	234 713	246 557
Irrecoverable debts written off	4 262 010	726 946	674 944	674 944	817 559	898 611	973 759
Operational costs	714 151	821 988	887 742	887 742	923 656	914 394	941 486
Losses on disposal of Assets				-			
Other Losses	395 285	385 921	385 921	385 921	446 893	478 176	511 648
Total Expenditure	18 684 598	19 533 147	19 112 210	19 112 210	20 045 104	21 337 358	22 578 264
Surplus/(Deficit)	(1 175 071)	22 602	12 283	12 283	2 503	3 095	3 544
Transfers and subsidies - capital (monetary allocations)	998 198	1 366 561	1 431 944	1 431 944	909 057	997 388	1 107 432
Transfers and subsidies - capital (in-kind)	46 255	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers and contributions	(130 618)	1 389 163	1 444 227	1 444 227	911 560	1 000 483	1 110 976
Surplus/(Deficit) after income tax	(130 618)	1 389 163	1 444 227	1 444 227	911 560	1 000 483	1 110 976
Intercompany/Parent subsidiary transactions	-	-	-	-	8 404	8 656	8 916

TABLE 21 (A5 CONSOLIDATED BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE)

Description	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome 2024/2025	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
Capital Expenditure - Functional							
<i>Municipal governance and administration</i>	90 511	270 443	218 716	2 423	256 189	203 610	198 589
Executive and council					-	-	-
Finance and administration	90 511	270 443	218 716	2 423	256 189	203 610	198 589

Description	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework			
	R thousands	Audited Outcome 2024/2025	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
Internal audit						–	–	–
Community and public safety	147 097	199 467	181 579	590	135 931	189 729	202 370	
Community and social services	45 681	73 580	42 273	500	37 198	35 100	51 700	
Sport and recreation	54 807	77 340	89 430		63 405	102 088	79 088	
Public safety	1 849	46 647	47 976	90	31 461	12 750	14 050	
Housing	44 250	600	600		1 817	38 391	55 783	
Health	510	1 300	1 300		2 050	1 400	1 750	
Economic and environmental services	392 605	549 435	488 630	38 069	541 277	523 547	534 513	
Planning and development	20 448	58 842			–	–	–	
Road transport	477 952	489 593	487 880	38 069	541 277	523 547	534 513	
Environmental protection	(105 795)	1 000	750		–	–	–	
Trading services	688 918	1 122 783	1 222 761	43 173	920 059	894 867	1 012 370	
Energy sources	188 538	205 123	272 519	16 959	319 076	326 672	364 118	
Water management	307 354	554 787	563 330	18 660	313 821	257 146	299 761	
Waste water management	90 196	324 873	314 642	7 555	240 365	255 848	276 617	
Waste management	102 830	38 000	72 270		46 798	55 201	71 873	
Other	3 024	8 000	3 500		–	–	–	
Total Capital Expenditure - Functional	1 322 154	2 150 128	2 115 186	84 255	1 853 457	1 811 753	1 947 842	
Funded by								
National Government	68 921	1 325 029	1 367 640	55 416	1 211 047	1 221 292	1 360 378	
Provincial Government								
District Municipality								
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		43 000	53 500	4 827	43 000	43 000	25 000	
Transfers recognised - capital	68 921	1 368 029	1 421 140	60 243	1 254 047	1 264 292	1 385 378	
Borrowing		60 500	60 500		–	–	–	
Internally generated funds		662 757	633 547	24 012	599 409	547 461	562 463	
Total Capital Funding	68 921	2 091 286	2 115 186	84 255	1 853 457	1 811 753	1 947 842	

TABLE 22 (A6 BUDGETED FINANCIAL POSITION)

Description	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands							
ASSETS							
Current assets							
Cash and cash equivalents	3 811 121	4 402 604	4 405 178	4 405 178	2 625 389	6 581 561	10 461 792
Trade and other receivables from exchange transactions	3 413 820	3 054 485	3 054 485	3 054 485	5 597 718	13 401 297	21 782 624
Receivables from non-exchange transactions	383 020	385 614	385 614	385 614	1 200 368	4 652 609	8 370 147
Current portion of non-current receivables	–	–	–	–	–	–	–
Inventory	213 248	134 046	156 046	156 046	212 684	212 684	212 684
VAT	3 021 568	148 902	148 902	148 902	42 657	42 657	42 657
Other current assets	8 587	243 781	243 781	243 781	8 587	8 587	8 587
Total current assets	10 851 364	8 369 431	8 394 006	8 394 006	9 687 404	24 899 396	40 878 492
Non-current assets							
Investments							
Investment property	134 272	143 891	138 413	138 413	128 630	122 818	116 832
Property, plant and equipment	19 970 524	20 999 755	21 025 894	21 025 894	20 673 801	21 356 901	22 142 901
Biological assets	–	–	–	–	–	–	–
Living and non-living resources	–	–	–	–	–	–	–
Heritage assets	264 723	235 238	235 238	235 238	264 472	264 472	264 472
Intangible assets	39 673	70 067	14 465	14 465	55 619	78 016	100 414
Trade and other receivables from exchange transactions	146 039	86 379	86 379	86 379	82 793	82 793	82 793
Non-current receivables from non-exchange transactions	50	56 379	56 379	56 379	50	50	50
Other non-current assets	–	–	–	–	–	–	–
Total non-current assets	20 555 281	21 591 710	21 556 769	21 556 769	21 205 365	21 905 050	22 707 462
TOTAL ASSETS	31 406 645	29 961 141	29 950 774	29 950 774	30 892 768	46 804 446	63 585 954
LIABILITIES							
Current liabilities							
Bank overdraft	–	–	–	–	–	–	–
Financial liabilities	129 104	222 246	222 246	222 246	64 857	64 857	64 857
Consumer deposits	156 623	163 472	163 472	163 472	156 300	156 300	156 300
Trade and other payables from exchange transactions	2 656 556	2 504 910	2 504 910	2 504 910	5 462 963	23 483 623	42 407 528
Trade and other payables from non-exchange transactions	460 954	321 180	321 180	321 180	452 279	(880 131)	(2 212 888)
Provision	566 054	525 183	525 183	525 183	342 990	342 990	342 990
VAT	2 627 162	–	–	–	–	–	–
Other current liabilities							
Total current liabilities	6 596 453	3 736 991	3 736 991	3 736 991	6 479 389	23 167 639	40 758 787
Non-current liabilities							
Financial liabilities	796 001	938 463	938 463	938 463	860 248	860 248	860 248
Provision	1 487 634	3 474 755	3 474 755	3 474 755	734 563	734 563	734 563
Long term portion of trade payables	3 251	–	–	–	–	–	–
Other non-current liabilities	1 476 324	872 317	872 317	872 317	2 234 734	2 234 734	2 234 734
Total non-current liabilities	3 763 209	5 285 536	5 285 536	5 285 536	3 829 545	3 829 545	3 829 545

TOTAL LIABILITIES	10 359 663	9 022 527	9 022 527	9 022 527	10 308 934	26 997 185	44 588 333
NET ASSETS	21 046 982	20 938 614	20 928 248	20 928 248	20 583 834	19 807 261	18 997 621
COMMUNITY WEALTH/EQUITY							
Accumulated surplus/(deficit)	20 497 994	19 317 415	19 251 984	19 251 984	20 034 847	19 258 273	18 448 634
Reserves and funds	548 988	232 037	232 037	232 037	548 988	548 988	548 988
Other							
TOTAL COMMUNITY WEALTH/EQUITY	21 046 982	19 549 452	19 484 021	19 484 021	20 583 834	19 807 261	18 997 621

TABLE 25 (A9 - ASSET MANAGEMENT)

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
	R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
CAPITAL EXPENDITURE							
Total New Assets		1,324,876	1,105,184	1,105,184	1 014 332	768 946	832 211
<i>Roads Infrastructure</i>		380,180	354,040	354,040	361 295	209 836	225 302
<i>Storm water Infrastructure</i>		30,822	39,602	39,602	23 017	17 800	11 500
<i>Electrical Infrastructure</i>		143,258	107,567	107,567	97 423	68 957	80 957
<i>Water Supply Infrastructure</i>		289,314	292,046	292,046	151 864	80 350	88 250
<i>Sanitation Infrastructure</i>		116,470	55,253	55,253	52 479	68 145	57 230
<i>Solid Waste Infrastructure</i>		2,000	2,000	2,000	-	-	-
<i>Rail Infrastructure</i>					-	-	-
<i>Coastal Infrastructure</i>					-	-	-
<i>Information and Communication Infrastructure</i>		2,000	2,000	2,000	-	-	-
Infrastructure		964,044	852,507	852,507	687 080	446 088	465 239
Community Facilities		63,887	63,627	63,627	3 435	2 000	14 500
Sport and Recreation Facilities		5,000	200	200	1 600	600	600
Community Assets		68,887	63,827	63,827	5 035	2 600	15 100
Heritage Assets					-	-	-
Revenue Generating					-	-	-
Non-revenue Generating					-	-	-
Investment properties		-	-	-	-	-	-
Operational Buildings		23 850	11 775	11 775	23 850	24 262	22 062
Housing					-	-	-
Other Assets		23 850	11 775	11 775	30 230	61 653	76 844
Biological or Cultivated Assets							
Servitudes							
Licences and Rights		55 022	800	800	64 439	71 856	74 356
Intangible Assets		55 022	800	800	64 439	71 856	74 356
Computer Equipment		21 135	24 531	24 531	48 599	20 394	23 357
Furniture and Office Equipment		7 346	9 636	9 636	8 908	7 435	5 263
Machinery and Equipment		109 698	142 881	142 881	70 175	60 051	78 713
Transport Assets		100 888	59 249	59 249	98 649	98 869	93 339

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands						
Land				1 217	-	-
Zoo's, Marine and Non-biological Animals						
Mature						
Immature						
Living Resources	-	-	-	-	-	-
Total Renewal of Existing Assets	441 112	592 676	592 676	508 160	512 803	568 793
<i>Roads Infrastructure</i>	59 500	135 660	135 660	55 500	66 350	58 750
<i>Storm water Infrastructure</i>	22 000	43 042	43 042	12 000	12 650	12 350
<i>Electrical Infrastructure</i>	59 770	71 970	71 970	152 135	112 752	143 087
<i>Water Supply Infrastructure</i>	120 768	126 153	126 153	145 576	159 866	181 381
<i>Sanitation Infrastructure</i>	105 449	135 636	135 636	86 519	68 447	81 587
<i>Solid Waste Infrastructure</i>	17 488	17 488	17 488	21 261	3 000	3 000
<i>Rail Infrastructure</i>				-	-	-
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>				-	-	-
Infrastructure	384 975	529 948	529 948	472 990	423 066	480 156
Community Facilities	27 800	13 850	13 850	11 200	47 846	59 496
Sport and Recreation Facilities	15 687	15 278	15 278	19 370	40 891	27 391
Community Assets	43 487	29 128	29 128	30 570	88 738	86 888
Heritage Assets						
Revenue Generating						
Non-revenue Generating						
Investment properties	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-
Housing	2 650	3 600	3 600	4 600	1 000	1 750
Other Assets				-	-	-
Biological or Cultivated Assets	2 650	3 600	3 600	4 600	1 000	1 750
Servitudes				-	-	-
Licences and Rights				-	-	-
Intangible Assets				-	-	-
Computer Equipment	-	-	-	-	-	-
Furniture and Office Equipment				-	-	-
Machinery and Equipment				-	-	-
Transport Assets				-	-	-
Land	10 000	30 000	30 000	-	-	-
Zoo's, Marine and Non-biological Animals				-	-	-
Mature				-	-	-
Immature				-	-	-
Living Resources				-	-	-
	-	-	-	-	-	-
Total Upgrading of Existing Assets	279 508	235 400	235 400	330 965	530 004	546 838
<i>Roads Infrastructure</i>	42 100	20 150	20 150	91 787	189 291	189 891
<i>Storm water Infrastructure</i>	21 800	26 433	26 433	19 500	21 500	20 000
<i>Electrical Infrastructure</i>	22 848	25 412	25 412	50 989	140 707	135 787
<i>Water Supply Infrastructure</i>	17 000	13 900	13 900	12 500	13 000	26 200

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands						
<i>Sanitation Infrastructure</i>	25 050	13 855	13 855	46 900	73 856	96 100
<i>Solid Waste Infrastructure</i>						
<i>Rail Infrastructure</i>						
<i>Coastal Infrastructure</i>						
<i>Information and Communication Infrastructure</i>	2 000	345	345	1 000	-	-
Infrastructure	136 798	107 596	107 596	235 676	455 354	484 978
Community Facilities	63 208	43 568	43 568	38 351	31 850	19 660
Sport and Recreation Facilities	35 202	49 312	49 312	20 374	12 700	11 100
Community Assets	98 410	92 880	92 880	58 724	44 550	30 760
Heritage Assets				-	-	-
Revenue Generating				-	-	-
Non-revenue Generating				-	-	-
Investment properties	-	-	-	-	-	-
Operational Buildings	35 800	30 554	30 554	30 965	29 600	30 350
Housing				-	-	-
Other Assets	35 800	30 554	30 554	30 965	29 600	30 350
Biological or Cultivated Assets				-	-	-
Servitudes				-	-	-
Licences and Rights	4 000	2 620	2 620	500	500	-
Intangible Assets	4 000	2 620	2 620	500	500	-
Computer Equipment	4 500	1 000	1 000	5 100	-	-
Furniture and Office Equipment				-	-	-
Machinery and Equipment				-	-	-
Transport Assets		750	750	-	-	750
Land						
Zoo's, Marine and Non-biological Animals						
Mature						
Immature						
Living Resources	-	-	-	-	-	-
Total Capital Expenditure	2 150 128	2 115 186	2 115 186	1 853 457	1 811 753	1 947 842
<i>Roads Infrastructure</i>	505 245	478 430	478 430	508 582	465 478	473 944
<i>Storm water Infrastructure</i>	69 708	99 892	99 892	54 517	51 950	43 850
<i>Electrical Infrastructure</i>	200 948	269 699	269 699	300 547	322 416	359 831
<i>Water Supply Infrastructure</i>	548 787	562 330	562 330	309 941	253 216	295 831
<i>Sanitation Infrastructure</i>	269 915	231 950	231 950	185 898	210 448	234 917
<i>Solid Waste Infrastructure</i>	25 488	26 988	26 988	35 261	21 000	22 000
<i>Rail Infrastructure</i>		-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-
<i>Information and Communication Infrastructure</i>	2 000	345	345	1 000	-	-
Infrastructure	1 622 091	1 669 634	1 669 634	1 395 745	1 324 508	1 430 373
Community Facilities	91 308	57 418	57 418	52 985	81 696	93 656
Sport and Recreation Facilities	61 839	70 740	70 740	41 343	54 191	39 091
Community Assets	153 147	128 158	128 158	94 329	135 888	132 748
Heritage Assets				-	-	-
Revenue Generating				-	-	-
Non-revenue Generating				-	-	-

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands						
Investment properties	-	-	-	-	-	-
Operational Buildings	62 300	45 929	45 929	65 795	54 862	54 162
Housing				-	37 391	54 783
Other Assets	62 300	45 929	45 929	65 795	92 253	108 944
Biological or Cultivated Assets						
Servitudes						
Licences and Rights	59 022	3 420	3 420	64 939	72 356	74 356
Intangible Assets	59 022	3 420	3 420	64 939	72 356	74 356
Computer Equipment	25 635	25 531	25 531	53 699	20 394	23 357
Furniture and Office Equipment	7 346	9 636	9 636	8 908	7 435	5 263
Machinery and Equipment	109 698	142 881	142 881	70 175	60 051	78 713
Transport Assets	110 888	89 999	89 999	98 649	98 869	94 089
Land				1 217	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-
Mature		-	-	-	-	-
Immature		-	-	-	-	-
Living Resources	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset Class	2 150 128	2 115 186	2 115 186	1 853 457	1 811 753	1 947 842
ASSET REGISTER SUMMARY - PPE (WDV)	21 434 292	21 399 351	21 399 351	21 108 425	21 808 111	22 610 523
<i>Roads Infrastructure</i>	3 223 720	3 196 904	3 196 904	3 205 236	3 261 664	3 320 810
<i>Storm water Infrastructure</i>	451 831	482 015	482 015	439 988	455 195	467 007
<i>Electrical Infrastructure</i>	1 967 121	2 035 872	2 035 872	2 064 669	2 158 131	2 284 743
<i>Water Supply Infrastructure</i>	2 518 473	2 532 017	2 532 017	2 875 741	2 956 987	3 075 691
<i>Sanitation Infrastructure</i>	1 302 368	1 264 402	1 264 402	1 366 064	1 511 402	1 678 720
<i>Solid Waste Infrastructure</i>	(88 299)	(86 799)	(86 799)	(169 846)	(299 377)	(432 424)
<i>Rail Infrastructure</i>				-	-	-
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>	32 616	30 961	30 961	32 323	32 323	32 323
Infrastructure	9 407 830	9 455 373	9 455 373	9 814 175	10 076 324	10 426 869
Community Assets	623 814	604 303	604 303	414 874	403 338	381 368
Heritage Assets	235 238	235 238	235 238	264 472	264 472	264 472
Investment properties	143 891	138 413	138 413	128 630	122 818	116 832
Other Assets	10 384 852	10 368 481	10 368 481	9 844 438	10 123 600	10 421 070
Biological or Cultivated Assets		-	-	-	-	-
Intangible Assets	70 067	14 465	14 465	55 619	78 016	100 414
Computer Equipment	65 541	65 437	65 437	94 749	115 873	141 689
Furniture and Office Equipment	12 205	14 495	14 495	15 505	22 470	26 833
Machinery and Equipment	164 263	133 425	133 425	153 992	195 475	246 338
Transport Assets	272 916	316 047	316 047	267 451	351 203	430 117
Land	53 675	53 675	53 675	54 521	54 521	54 521
Zoo's, Marine and Non-biological Animals		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands						
Living Resources		-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	21 434 292	21 399 351	21 399 351	21 108 425	21 808 111	22 610 523
EXPENDITURE OTHER ITEMS						
Depreciation	1 051 415	1 048 303	1 048 303	1 079 676	1 112 068	1 145 429
Repairs and Maintenance by Asset Class	740 534	692 738	692 738	800 486	841 542	881 549
<i>Roads Infrastructure</i>	100 184	70 911	70 911	107 882	115 392	120 304
<i>Storm water Infrastructure</i>	17 253	17 543	17 543	19 867	19 966	21 819
<i>Electrical Infrastructure</i>	131 433	119 397	119 397	120 863	126 915	133 331
<i>Water Supply Infrastructure</i>	152 219	163 083	163 083	174 907	179 878	185 727
<i>Sanitation Infrastructure</i>	141 416	137 315	137 315	146 540	155 125	163 005
<i>Solid Waste Infrastructure</i>				-	-	-
<i>Rail Infrastructure</i>	2 119	2 119	2 119	1 410	1 417	1 424
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>	1 600	500	500	1 800	2 000	2 200
Infrastructure	546 223	510 868	510 868	573 269	600 692	627 812
Community Facilities	16 908	18 749	18 749	19 091	20 234	21 198
Sport and Recreation Facilities	10 057	8 863	8 863	10 636	11 124	12 311
Community Assets	26 965	27 612	27 612	29 727	31 358	33 509
Heritage Assets	224	224	224	157	157	157
Revenue Generating				-	-	-
Non-revenue Generating				-	-	-
Investment properties	-	-	-	-	-	-
Operational Buildings	57 298	48 987	48 987	61 251	64 040	66 801
Housing	7 446	7 296	7 296	7 084	7 467	7 869
Other Assets	64 744	56 283	56 283	68 336	71 508	74 669
Biological or Cultivated Assets						
Servitudes		-	-			
Licences and Rights	6 356	6 576	6 576	7 025	7 348	7 688
Intangible Assets	6 356	6 576	6 576	7 025	7 348	7 688
Computer Equipment	5 301	5 838	5 838	5 454	5 704	6 002
Furniture and Office Equipment	3 691	2 903	2 903	3 550	3 652	3 765
Machinery and Equipment	44 612	40 270	40 270	53 956	57 259	60 523
Transport Assets	42 417	42 164	42 164	59 013	63 864	67 423
Land		-	-			
Zoo's, Marine and Non-biological Animals		-	-			
Mature						
Immature						
Living Resources	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	1 791 949	1 741 041	1 741 041	1 880 162	1 953 610	2 026 978
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	33.5%	39.1%	39.1%	45.3%	57.6%	57.3%
<i>Renewal and upgrading of Existing Assets as % of depreciation</i>	68.5%	79.0%	79.0%	77.7%	93.8%	97.4%
<i>R&M as a % of PPE & Investment Property</i>	3.5%	3.2%	3.2%	3.8%	3.9%	3.9%
<i>Renewal and upgrading and R&M as a % of PPE and Investment Property</i>	6.9%	7.2%	7.2%	7.9%	8.7%	8.9%

TABLE 26 (A10 BASIC SERVICE DELIVERY MEASUREMENT)

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
Household service targets						
<u>Water:</u>						
Piped water inside dwelling	370,000	386,341	386,341	374,000	380,000	380,380
Piped water inside yard (but not in dwelling)						
Using public tap (at least min. service level)	36,341	44,000	44,000	34,000	30,000	29,790
Other water supply (at least min. service level)						
<i>Minimum Service Level and Above sub-total</i>	406,361	430,341	430,341	408,000	410,000	410,820
Using public tap (< min. service level)						
Other water supply (< min. service level)						
No water supply						
<i>Below Minimum Service Level sub-total</i>						
Total number of households	406,361	430,341	430,341	408,000	410,000	410,820
<u>Sanitation/sewerage:</u>						
Flush toilet (connected to sewerage)	370,000	396,341	396,341	374,000	380,000	383,800
Flush toilet (with septic tank)	3,802	3,802	3,802	3,802	3,802	3,878
Chemical toilet	3,000	2,834	2,834	3,500	4,000	4,080
Pit toilet (ventilated)	167	167	167	167	167	167
Other toilet provisions (> min. service level)	-	-	-			
<i>Minimum Service Level and Above sub-total</i>	376,969	403,144	403,144	381,469	387,969	391,925
Bucket toilet	6,010	6,010	6,010	6,010	6,010	6,010
Other toilet provisions (< min. service level)						
No toilet provisions						
<i>Below Minimum Service Level sub-total</i>	6,010	6,010	6,010	6,010	6,010	6,010
Total number of households	382,979	409,154	409,154	387,479	393,979	397,935
<u>Energy:</u>						
Electricity (at least min. service level)	19,052	20,259	20,259	19,061	18,489	17,934
Electricity - prepaid (min. service level)	395,644	349,764	349,764	371,065	382,196	437,663
<i>Minimum Service Level and Above sub-total</i>	414,696	370,023	370,023	390,126	400,685	455,597
Electricity (< min. service level)						
Electricity - prepaid (< min. service level)						
Other energy sources						
<i>Below Minimum Service Level sub-total</i>	-	-	-			
Total number of households	414,696	364,114	364,114	390,126	400,685	455,597
<u>Refuse:</u>						
Removed at least once a week	237,382	237,382	237,382	237,619	237,857	238,095
<i>Minimum Service Level and Above sub-total</i>	235,644	235,644	235,644	235,880	236,116	236,352
Removed less frequently than once a week	-	-	-			
Using communal refuse dump	44,090	44,090	44,090	44,134	56,064	56,120
Using own refuse dump						
Other rubbish disposal						
No rubbish disposal	16,702	16,702	16,702	4,728	4,728	4,733
<i>Below Minimum Service Level sub-total</i>	60,792	60,792	60,792	60,792	60,792	60,731

Description	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
Total number of households	296,436	296,436	296,436	296,436	296,436	296,140
Households receiving Free Basic Service						
Water (6 kilolitres per household per month)	90,626	73,368	73,368	71,157	73,557	75,957
Sanitation (free minimum level service)	92,156	70,861	70,861	73,261	75,661	78,061
Electricity/other energy (50kwh per household per month)	73,526	34,176	34,176	38,076	41,976	45,876
Refuse (removed at least once a week)	86,954	71,261	71,261	76,289	80,479	85,507
Informal Settlements						
Cost of Free Basic Services provided - Formal Settlements (R'000)						
Water (6 kilolitres per indigent household per month)	150,070	120,653	120,653	152,541	152,599	152,656
Sanitation (free sanitation service to indigent households)	218,176	191,405	191,405	213,192	213,249	213,307
Electricity/other energy (50kwh per indigent household per month)	23,942	19,588	19,588	19,225	19,225	19,225
Refuse (removed once a week for indigent households)	91,754	146,435	146,435	146,336	146,394	146,452
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-			
Total cost of FBS provided	483,942	478,081	478,081	531,294	531,467	531,640
Highest level of free service provided per household						
Property rates (R value threshold)	130,000	130,000	130,000	130,000	130,000	130,000
Water (kilolitres per household per month)	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	11	11
Sanitation (Rand per household per month)	137	137	137	137	137	137
Electricity (kwh per household per month)	75	75	75	75	75	75
Refuse (average litres per week)	178	178	178	178	178	178
Revenue cost of subsidised services provided (R'000)						
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)						
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	173,455	173,455	173,455	182,127	192,144	203,673
Water (in excess of 6 kilolitres per indigent household per month)	31,852	31,852	31,852	32,489	32,814	33,470
Sanitation (in excess of free sanitation service to indigent households)	21,565	21,565	21,565	21,996	22,216	22,661
Electricity/other energy (in excess of 50 kwh per indigent household per month)	29,534	29,534	29,534	30,125	30,426	31,034
Refuse (in excess of one removal a week for indigent households)	15,719	15,719	15,719	16,033	16,194	16,518
Municipal Housing - rental rebates						
Housing - top structure subsidies	123,457	123,020	123,020	107,027	114,519	122,536
Other						
Total revenue cost of subsidised services provided	395,582	395,145	395,145	389,797	408,313	429,892

1.10. CONSOLIDATED BUDGET SUPPORTING TABLES

The relevant supporting tables that could be prepared are attached elsewhere to the Budget Report and other outstanding tables will accompany the Budget Report when the final Budget is tabled to Council by the end of May 2026, for approval.

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The 2026/27 Budget process was incorporated into the multi-year timetable that was approved by Council on 21 September 2022, incorporating other plans, such as IDP, etc. and as such has informed the process of guiding the preparation of the 2026/27 to 2028/29 Operating and Capital Budgets.

The multi-year timetable prepared in conjunction with the Office of the Chief Operating Officer (COO) provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments (e.g. National / Provincial Treasuries), business and labour, during the period April to May 2025. The main aim of the timetable is to ensure that a revised IDP and a balanced Budget are tabled to Council by the end of March 2026 for noting and by the end of May 2026 for approval by Council.

After the approval, the approved budget will be submitted to National Treasury in compliance with Chapter 4 of the Local Government: Municipal Finance Management Act, Act No.56 of 2003, as well as being publicised on the municipality's website, followed by public participation processes.

2.1.1 IDP & Budget Timetable 2026/27 to 2028/29

The preparation of the 2026/27 to 2028/29 IDP and Budget was guided by the Multi-Year Time Schedule of key deadlines.

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

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

The review of the IDP, in accordance with the Local Government: Municipal Systems Act (32 of 2000), was guided and informed by the following principles:

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

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

The 2026/27 to 2028/29 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- (a) Municipal transformation and development
- (b) Service delivery and infrastructure development
- (c) Local economic development
- (d) Financial sustainability and viability
- (e) Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget.

Below are tables, which illustrate the link between the Budget and the IDP.

2.2.1 Alignment with National and Provincial Priorities

The Municipality's priorities are aligned to those of the National and Provincial Governments.

The matrix below shows the alignment with National and Provincial Government priorities

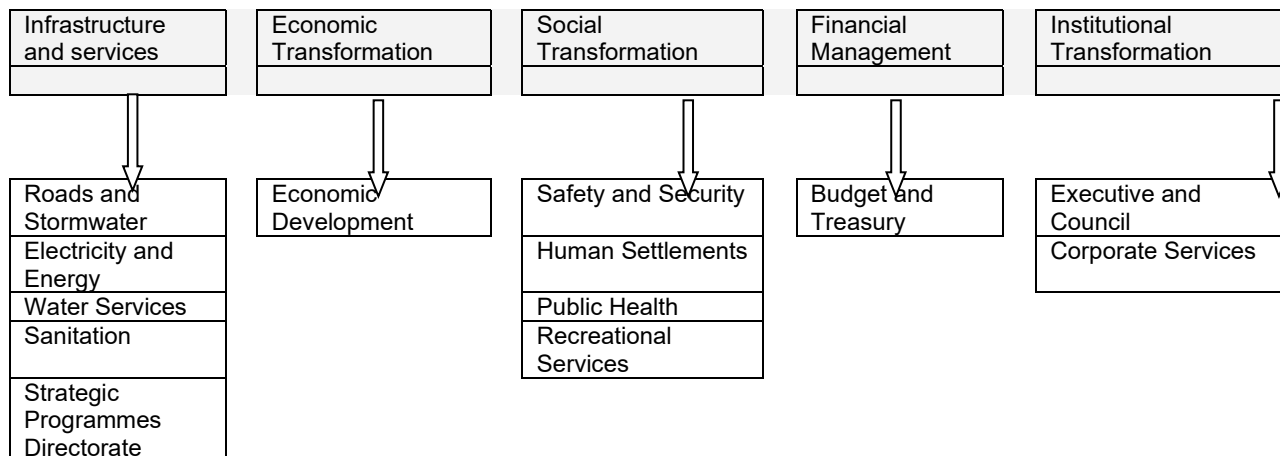


Figure 4: Alignment with National and Provincial Priorities

The above is an indication of NMBM's alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. To monitor and evaluate service delivery and financial performance, key performance indicators are included in all Executive Directors' performance agreements and are monitored through the monitoring system under the Chief Operating Officer's (COO's) office, accordingly.

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

This section contains some of the key performance indicators.

TABLE 27 (MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS)

Description of financial indicator	Basis of calculation	2026/27 Medium Term Revenue & Expenditure Framework		
		Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
Borrowing Management				
Credit Rating		Aaa.za	Aaa.za	Aaa.za
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.6%	2.6%	2.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.0%	3.0%	3.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	25.0%	25.0%	25.0%
Safety of Capital				
Gearing	Long Term Borrowing/ Funds & Reserves	5.93%	5.93%	5.93%
Liquidity				
Current Ratio	Current assets/current liabilities	2.09:1	2.09:1	2.10:1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.09:1	2.09:1	2.10:1
Liquidity Ratio	Monetary Assets/Current Liabilities	1.15:1	1.15:1	1.20:1
Revenue Management				
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		76%	81%	85%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	24.4%	24.4%	24.5%
Creditors Management				
Creditors to Cash and Investments		69.6%	69.6%	69.6%
Other Indicators				
Employee costs	Employee costs/(Total Revenue - capital revenue)	30%	30%	30%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.3%	30.3%	30.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.0%	4.0%	4.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.3%	9.3%	9.5%

IDP regulation financial viability indicators				
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	15.6	15.6	17.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	32%	32%	32%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.6	3.6	3.7

2.3.1 Drinking Water Quality and Waste-Water Management

The Municipality performs the dual roles of a Water Service Authority (WSA) and a Water Service Provider (WSP), in managing the provision of drinking water and the treatment of wastewater.

The detailed reports relating to the above are available from the respective Directorates.

2.3.2 Basic social services package for indigent households

The Constitution of the Republic of South Act (1996) stipulates that a municipality must structure and manage its administration, budgeting and planning to give priority to the basic needs of the community and to promote their social and economic development. The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing social welfare to those residents who cannot afford to pay, because of adverse social and economic conditions.

The Municipality utilises the Equitable Share allocation towards assisting the poor. The National Treasury has allocated the following amounts towards the Equitable Share in terms of the Division of Revenue Act (DORA) for this purpose: -

2026/27 = R1,740,504,000,
 2027/28 = R1,841,721,000, and
 2028/29 = R1,867,588,000

2.4 OVERVIEW OF BUDGET RELATED POLICIES

The Local Government: Municipal Finance Management Act (MFMA) (56 of 2003) and the Local Government: Municipal Budget and Reporting Regulations (MBRR) require budget related policies to be reviewed, and where applicable, be updated on an annual basis. This process will be concluded leading up to the final approval of the budget by the end of May 2026.

It is to be noted though that the following budget related policies are attached as Annexures to this Budget Report as they will form part of public participation processes in the 2025/26 MTREF period: -

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be prepared to support the achievement of the longer-term financial and strategic targets. The circulars issued by National Treasury (latest being Circular 132) guiding municipalities on budget processes are considered.

The municipal fiscal environment is influenced by a variety of macroeconomic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Budget through the Circulars mentioned in the previous paragraph, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases and the Department of Water and Sanitation regulates bulk water tariff increases. The municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. Various government departments also affect municipal service delivery through the level of grants and subsidies allocated to the NMBM, such as Library Subsidies, etc.

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

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.
- The impact of the water drought situation.
- The level of property rates and tariff increases to consider the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- Compliance with National Treasury Budget Circulars, and the requirements of the Municipal Standard Chart of Accounts (MSCOA) reforms.
- An assessment of the relative human resources capacity to implement the Budget.

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

- Declining Collection Rate.
- Maintaining electricity and water losses at acceptable levels.
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases.
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure.
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's cash position into account.
- The limitations created by the non-existence of an MSCOA compliant accounting system to enable the full implementation of the regulated MSCOA reforms.
- The continuous drought situation that requires more financial resources to deal with the urgent demands.

2.6. COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

The salaries and allowances paid to Councillors are in terms of the Remuneration of Public Office Bearer's Act and the Board of Directors' emoluments are paid based on approval by the parent municipality at the applicable rates.

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

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

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

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

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of

the Executive Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the City Manager to monitor the performance of the Executive Directors, the Executive Mayor/Council to monitor the performance of the City Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2025/26 financial year must be approved by the Executive Mayor, following the approval of the Budget by the end of May 2025.

2.8 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Below the schedule of contracts impacting on future budgets:

TABLE 28 (CONTRACTS IMPACTING ON THE MUNICIPALITY’S REVENUE)

Description	Preceding Years	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework			Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31	Total Contract Value
	Total	Original Budget	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2024/25	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand													
Parent Municipality:													
Revenue Obligation By Contract													
<i>Contract 1</i>													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>Absa Bank Costs</i>	9,946	5,425	5,750	6,095	0	0							27,216
Total Operating Expenditure Implication	9,946	5,425	5,750	6,095	0	-0	-	-	-	-	-	-	27,216
Capital Expenditure Obligation By Contract													
<i>Contract 1</i>													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	9,946	5,425	5,750	6,095	0	0	-	-	-	-	-	-	27,216
Entities:													
Revenue Obligation By Contract													
<i>Contract 1</i>													-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>Contract 1 Banking Service Contract</i>	44	24	25	27	28	30	32	34	36	38	0	0	318
Total Operating Expenditure Implication	44	24	25	27	28	30	32	34	36	38	0	0	318
Capital Expenditure Obligation By Contract													
<i>Contract 1</i>													-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication	44	24	25	27	28	30	32	34	36	38	0	0	318

Contracts Impacting on the Municipality’s Expenditure

No contracts exceeding the R5 million limit in respect of MFMA section 33 expenditure except for the case of a contract of nine-years entered into with the Vehicle Operating Company (VOCA) under the IPTS (I&E), has been disclosed by the time this report was concluded.

2.9 LEGISLATION COMPLIANCE STATUS

Below a discussion of the Municipality’s progress relating to the implementation of the Local Government: Municipal Finance Management Act (MFMA) (56 of 2003):

Implementation of the MFMA

The municipality has been implementing the provisions of the MFMA since its inception. The municipality monitors its implementation status on an ongoing basis through reporting via its various committees as established by Council, including the following:

- The City Manager's Executive Management Team which includes the Chief Financial Officer (CFO), Chief Operating Officer (COO) and all the Executive Directors, which meets on a regular basis.
- The Budget and Treasury Standing Committee – a standing committee of the Council established in terms of Section 79 of the Municipal Structures Act, which meets every six weeks. The committee considers specific MFMA implementation issues and reports via the Mayoral Committee to Council.
- The NMBM has also established Municipal Public Accounts Committee, an Audit Committee, and a Risk Management Committee, which play an oversight role.
- The municipality also has an Internal Audit Function.
- A Disciplinary Board established in terms of the applicable Regulations is also in existence.

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

IDP

The Municipal Systems Act (32 of 2000) requires that Council must approve a five-year Integrated Development Plan (IDP), and as such the IDP document that guides the budgeting process is also subjected to the review due to the establishment of Council that came into being after the Local Government Elections in November 2021.

Budget

The annual budget document has been developed taking into account, the MFMA and National Treasury (NT) requirements as guided by the National Treasury Circulars 126 and 128.

In-Year Reporting

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

Supply Chain Management Policy (SCM)

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

The required SCM committee structures (or Bid Committees) are in place. Whilst the municipality is working at making these processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines as it relates to these matters. National Treasury has also been able to assist in identifying capacity in this area due to challenges that are experienced as can be identified in the audit reports by the Auditor General South Africa (AGSA).

Budget and Treasury Office (BTO)

A Budget and Treasury Office (BTO) / Directorate has been established in accordance with Chapter 9 of the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

The BTO is split into the following Directorates: -

- (i) Budget and Financial Accounting.
- (ii) Expenditure Management.
- (iii) Revenue Management & Customer Care.

- (iv) Office of the Treasury & Financial Support, and
- (v) Supply Chain Management (SCM).

Audit Committee

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

Disciplinary Board

A Disciplinary Board has been established in line with the Financial Misconduct Regulations (Number 37682 dated 30 May 2014).

Internal Audit Function

The Municipality has an Internal Audit Sub-Directorate reporting to the acting / City Manager and operating in accordance with an approved audit plan.

Financial Internship Programme

The Finance Internship programme is funded from National Treasury's Finance Management Grant (FMG), whilst Finance interns are rotated within various Sub Directorates of Budget and Treasury Directorate, to capacitate them. So far, the institution has been able to recruit many of the Finance Interns into fulltime employment due to their relevant work exposure and relevant qualifications. Finance Interns also undertake the training program in the form of the applicable Unit Standards as part of the training and development strategy.

2.10 URBAN DEVELOPMENT FINANCING GRANT (UDFG)

Council must note that with effect from the 2026/27 financial year a new conditional named Urban Development Financing Grant (UDFG) has been introduced in terms of the latest Division of Revenue Bill availed directly from the National Treasury. This grant is aimed at ensuring that the Trading Services' reforms are forged ahead across all metropolitan municipalities.

The following Table represents the funding allocation made to the metropolitan municipalities under this conditional grant across the country: -

TABLE 29 (URBAN DEVELOPMENT FINANCE GRANT AS GAZETTED)

METROPOLITAN MUNICIPALITY	Page Number	Schedule Number	2026/27	% Ntage Allocation per Metro vs. Total Allocation	2027/28	2028/29
Nelson Mandela Metro	44	Schedule 4 Part B	650,747,000	7%	758,123,000	971,149,000
Buffalo City	44	Schedule 4 Part B	588,569,000	7%	664,883,000	862,541,000
Mangaung	44	Schedule 4 Part B	540,352,000	6%	610,047,000	797,588,000
Ekurhuleni	44	Schedule 4 Part B	1,203,176,000	13%	1,379,979,000	1,769,775,000
Joburg	44	Schedule 4 Part B	2,179,535,000	24%	2,315,078,000	2,829,491,000
Tshwane	44	Schedule 4 Part B	1,131,812,000	13%	1,247,519,000	1,575,491,000
eThekweni	44	Schedule 4 Part B	1,367,522,000	15%	1,518,954,000	1,920,555,000
Cape Town	44	Schedule 4 Part B	1,362,645,000	15%	1,483,164,000	1,919,109,000
TOTAL USDG			9,024,358,000	100%	9,977,747,000	12,645,699,000

Listed as part of the recommendations to this Council report are issues dealing with the Trading Services reforms as required by National Treasury.

2.11 VARIOUS REVENUE ENHANCEMENT OR COST CONTAINMENT PROJECTS TO IMPROVE FINANCIAL SUSTAINABILITY

The declining financial position of the city has been discussed in various Committees that inter-alia includes Budget and Treasury Standing Committee, municipal Council and other structures of Council. As already disclosed or stated in this report amongst other *achilles heels* is the (i) Low Collection Rate, (ii) Losses for both Electricity and Water crippling the NMBM's financial sustainability.

Council will also be aware that over years the NMBM has lost an amount of **R1 606 069 614** relating to non-approvals of rollover applications for the unspent conditional grants starting from the 2013/14 financial year. The disadvantage or quagmire to the city when these losses are suffered is that the Equitable Share allocated for the financial year gets reduced with the equivalent amount of rollover unapproved. An example can be made with the fact that during the current financial year (2025/26) an amount of **R240 603 677** has been lost as unapproved rollovers of unspent conditional grants of the 2024/25 financial year. This situation therefore impacts negatively on the minimum Cash Reserves of the municipality and challenging the funding status of the budget.

Section 18(1) of the Local Government: Municipal Finance Management Act (56 of 2003) states that (1) An annual budget may only be funded from (a) realistically anticipated revenues to be collected; (b) cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and (c) borrowed funds, but only for the capital budget referred to in section 17(2).

It is important to note that when budget is to be finally considered and approved by Council it must be funded with the realistically anticipated revenues to be collected as demanded above. Section 21(2)(d)(iii) of the Local Government: Municipal Finance Management Act (56 of 2003) requires that as part of the budget preparation process there must be a consultation with National Treasury to assess the status of the budget.

It must be noted that the NMBM delegation led by the Executive Mayor and MMC: Budget and Treasury as well as acting City Manager and other Senior Staff members met with National Treasury delegation in Pretoria on Monday, 18th May 2026. The aim of this meeting was to assess the funding status of the noted budget (i.e. 2026/27 to 2028/29). The original date of this engagement meeting was scheduled to be on the 6th May 2026, however, as Council would know, on the same day a delegation of the NMBM led by the Executive Mayor and the Council's Speaker was instructed to visit National Parliamentary Committee on COGTA, hence the postponement to the 18th May 2026

When National Treasury applied their systematic tool in gauging the funding position of the budget it became apparent that the budget was unfunded and therefore could not be placed to Council to recommend its approval, but rather to re-look at the budget in terms of re-assessing the revenue sources as well as the expenditure trends. National Treasury repeatedly advised the municipal delegation that our Assistance to the Poor (ATTP) subsidisation scheme remains the highest in the country in terms of the Kilowatts of Electricity and Kilolitres of Water that we subsidise our indigent households with. They urged that this matter be re-looked and reversed as the municipality is experiencing financial strain.

One of the most critical areas that has caused this dilemma is the status of the average Collection Rate which is assessed per service. The following Table indicates the average Collection Rate levels per service that were accepted in projecting the Debt Impairment which affects revenue per service during the 2026/27 MTREF: -

TABLE 30 (AVERAGE COLLECTION RATE PER SERVICE CHARGE FOR THE 2026/27 MTREF INFORMING ANTICIPATED REVENUE TO BE COLLECTED PER SERVICE)

SERVICE	% AVERAGE COLLECTION RATE – 2025/26 (Baseline)	% AVERAGE COLLECTION RATE – 2026/27	% AVERAGE COLLECTION RATE – 2027/28	% AVERAGE COLLECTION RATE – 2028/29

Electricity Charges	100%	100%	100%	100%
Water Charges	30.9%	30.9%	37%	42%
Waste Water / Sanitation Charges	59.3%	59.3%	65.0%	72%
Waste Management / Refuse	50.9%	50.9%	55%	62%

The above necessitates the implementation of strategies that will deal with Revenue Enhancement and Cost Savings measures so that the bottomline is improved going forward. The following Table enlists the strategies that are recommended for implementation from the 2026/27 MTREF period: -

TABLE 31 (RECOMMENDED STRATEGIES OR APPROACHES TO ENHANCE REVENUE AND COSTS CONTAINMENT)

STRATEGY	IMPLEMENTING DIRECTORATE	MOTIVATION
1. Saving unnecessary costs to the municipality, NO UNNECESSARY MULTIPLE DEVIATIONS OF THE SAME CONTRACT must be permitted as this avoids compliance with Section 217 of the Constitution and attracts over-pricing by the preferred bidders that are appointed in this manner. [This will be a cost-saving strategy].	Led by the City Manager's Office and applicable for implementation by ALL Directorates.	NB: This must be an instruction from the City Manager (acting) to ALL Directorates that effective from 1 st July 2026 multiple deviations will not be entertained. [The acting City Manager can further establish a small Committee of three that must specifically assess any deviations to be considered by him / her and not to utilise the same services of the Bid Adjudication Committee – as deviations in most instances are dealing with urgent / critical matters. Poor planning though must not be considered as a good result for deviation as that leads to the ballooning Unauthorised, Irregular, Fruitless and Wasteful Expenditure]. The acting City Manager can also go further to ensure that this strategy appears in the scorecard of each Senior Manager & subordinates effective from the 2026/27 financial year.
2. Visible strategies for dealing with Water losses with the ability to measure impact on a quarterly / half yearly and financial year basis.	Infrastructure and Engineering supported by Support Directorates whenever necessary.	The high-water losses have been written about or documented in numerous times. The NMBM led by Infrastructure and Engineering must implement sound strategies that must be measured against the reduction of these losses. The Water and Sanitation Services are now considered as Trading Services with the investment availed by National Treasury through the Urban Development Funding Grant (UDFG) to improve performance for these services. Infrastructure and Engineering Directorate can consider approaching other Organs of State or learn from other good performing municipalities on strategies being implemented in this regard. "The time is now".
3. Visible strategies for dealing with Electricity losses with the ability to	Electricity and Energy supported by Support Directorates whenever necessary.	Same as the above (i.e. Water losses) the high-electricity losses have been written about or documented in numerous times.

<p>measure impact on a quarterly / half yearly and financial year basis.</p>		<p>The Annual Reports of the NMBM discloses the exact amount lost in each financial year. Electricity and Energy Directorate has been flagged as the Directorate whose Revenue vs. Expenditure indicates a loss per financial year of around R1.5 billion.</p> <p>The NMBM led by Electricity and Energy must implement sound strategies that must be measured against the reduction of these losses from year-to-year.</p> <p>Electricity and Energy Service are now considered as Trading Services with the investment availed by National Treasury through the Urban Development Funding Grant (UDFG) to improve performance for this service.</p> <p>Electricity and Energy Directorate can consider approaching other Organs of State or learn from other good performing municipalities on strategies being implemented in this regard. <i>“The time is now”</i>. The Directorate can also approach organisation such as ESKOM, amongst others.</p>
<p>4. Repairing faulty infrastructure to reduce water and electricity losses more especially in areas with high rate of Indigent Subsidy recipients</p>	<p>Infrastructure and Engineering + Electricity & Energy and Budget & Treasury Directorates</p>	<p>In most cases the NMBM loses water and electricity due to infrastructure decays affecting the poor and vulnerable. This results to cases where you will find an indigent subsidy recipient with an arrear account greater than R5 million.</p> <p>A strategy of identifying these accounts, address water leaks or electricity losses that originate from an indigent household at no costs to the accountholder. Once the matter is addressed Budget and Treasury can then recommend the write-off of the arrear account supported by the “technical findings” from Technical Directorates.</p>
<p>5. Billing Data Cleansing & Billing Accuracy</p>	<p>Budget and Treasury Directorate (Revenue Management & Customer Care Sub Directorate)</p>	<p>The importance of the accuracy of billing information cannot be over-emphasised. From time-to-time Budget & Treasury must undertake a data cleansing exercise just to ensure that the information in our billing records is as accurate as possible. If the information in the billing system is inaccurate that would simply mean that even the Debt Book on its own is incorrect, hence the accountholders are not interested in settling their arrear accounts.</p>
<p>6. Identify properties with “prepaid electricity meters” but with no Electricity purchases for a considerable time (e.g. Three months and above) so that they can be attended to upon determining the real root cause.</p>	<p>Electricity and Energy supported by Budget and Treasury Directorate</p>	<p>This is one of the reasons for huge electricity technical losses and requires to be dealt with in a systematic manner.</p> <p>The Directorate can also issue communication internally & externally to</p>

		discourage consumers on participating in this scheme as it is equal to criminality.
7. Free Basic Services (i.e. Water / Electricity) be equated, in terms of kWh's of Electricity and kl's of Water, to the National Policy as guided by National Treasury with effect from 1st July 2026.	Budget and Treasury Directorate upon Council's approval	As alluded to National Treasury has sounded their dissatisfaction in the way the NMBM has been implementing Free Basic Services (FBS) from the beginning to be greater than the National Policy, whilst the municipality is experiencing financial challenges.
8. Conclusion of the development of the Overtime Policy which must be in line with the applicable prescripts as determined by the National Minister of Labour	Corporate Services being the lead Directorate, supported by the City Manager and other Directorates.	The costs that are incurred towards payment of Overtime across the institution is ballooning. It would have been better to save these costs for the job creation by filling the critical positions aiming to curtail Overtime. In the absence of Council approved Policy though, the NMBM stands challenged and the Overtime Policy has been under discussion for a long time now.
9. Debt Collection against (i) Organs of State, (ii) Municipal Employees (iii) Municipal Cllrs and (iv) Ward Committee members.	Budget and Treasury Directorate supported by the City Manager	Debt Collection affecting Organs of State / Municipal Employees and Municipal Councillors must be as much stricter as it is the case with other consumer categories. An example can be made that municipal employees may not be in arrears with the municipality for a period greater than 90 days without any suitable arrangements. The employer can make direct deductions when there are such instances identified.
10. Targeted approach in monitoring the arrear debt for businesses	Budget and Treasury Directorate supported by the City Manager	Debt Collection affecting businesses must be monitored on a daily basis as they are highest consumers of electricity and other services. An example can be made with the billing account of COEGA Steels which can be greater than R30 million in one month due to their electricity utilisation. It is most strategic to monitor such account to ensure that payment for services occurs prior the due date. There can also be a standard type of communication aimed at keeping such business accountholders informed continuously as they are in essence "key accountholders".
11. Individual Directorate's initiatives for reducing costs and revenue enhancement	Various / All Directorates' participation	
12. Installation of Electricity Meters for ALL Electricity Users	Electricity and Energy Directorate	It is critically important that the Directorate (E&E) must ensure that all properties with access to electricity service are having Electricity Meters so that their consumption of the service is measured and that they are billed accurately or that they buy electricity {if they utilise pre-paid Electricity Meters}.
13. Installation of Water Meters for ALL Water Users	Infrastructure and Engineering Directorate	It is critically important that the Directorate (I&E) must ensure that all properties with

		access to water service are having Water Meters so that their consumption of the service is measured and that they are billed accurately. Even if they are ATTP recipients they still need to have their consumption levels being measured.
14. Formalised Multi-Disciplinary Teams for Revenue Enhancement (e.g. Weekly Blitz or Campaigns) – “ A transversal approach ”	Various Directorates (e.g. COO / Budget and Treasury / Electricity and Energy / Safety and Security Directorates as well as Communications Department.	We must encourage the utilisation of the transversal approach as each roleplayer is critically important for achieving the bigger picture. When implementing our strategies there must be proper methods of communication, hence the importance of inviting Communications Department to be part of the Multi-Disciplinary Teams of this nature.
15. Limit approvals for the international travelling for Council business to curtail costs relating thereto.	Acting / City Manager & Deputy Executive Mayor	Costs to be incurred for international travelling must be curtailed, accordingly approval processes must be re-looked at.
16. Effective partnership with structures such as Business Chambers / Universities or Technical Colleges for strategic reasons.	COO & City Manager	The partnership agreement (if any) that the city has with these bodies require to be institutionalised where there are even reporting structures established for this purpose.

2.12 RECORDED DELAYS IN CONCLUDING THE BUDGET REPORT

As indicated in the previous paragraph it is important to note that when budget is to be finally considered and approved by Council it must be funded with the *realistically anticipated revenues* to be collected.

Section 21(2)(d)(iii) of the Local Government: Municipal Finance Management Act (56 of 2003) requires that as part of the budget preparation process there must be a consultation with National Treasury to assess the status of the budget and confirm its funding position.

The original planned date in which the budget assessment meeting was to be held with National Treasury was the 6th May 2026, however, because the NMBM was invited to the National Parliamentary COGTA Committee the date had to be postponed to the 18th May 2026.

Further to the above as already alluded to, the budget engagement session with National Treasury held on the 18th May 2026 resulted to the funding position of the budget being considered unfunded for the three 2026/27 MTREF financial periods. This position was worsened by the Collection Rate which is poorly performing more especially under (i) Water, (ii) Wastewater, and (iii) Waste Management services.

The financial position of the municipality had to be re-looked at, with some budgetary amendments to achieve the funding position, and to allow National Treasury to re-examine or re-assess the funding position with confirmatory letter supporting that fact. The acting City Manager, in the meanwhile alerted the National Treasury on this matter for awareness.

2.13 ATTACHMENTS TO THE BUDGET REPORT

Attached to this Budget Report are the following Annexures: -

- Capital Works Plan (2026/27 to 2028/29) (**refer to Annexure “A1”**);
- Ward Budget / Allocations (2026/27 to 2028/29) (**refer to Annexure “A2”**);
- National Treasury Budget Circular 132 (**refer to Annexure “A3”**);
- National Treasury Budget Circular 134 (**refer to Annexure “A4”**);

- List of projects prioritised against the Urban Development Financing Grant (**refer to Annexure “A5”**);
- Final Solid Waste Management Tariffs Policy (**refer to Annexure “A6”**); and
- Final Electricity Tariffs Policy (**refer to Annexure “A7”**).

2.14 CITY MANAGER’S QUALITY CERTIFICATE

I, **Mrs C Sihunu**, Acting City Manager of the Nelson Mandela Bay Metropolitan Municipality, hereby certify that the budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (56 of 2003) and the Municipal Budget and Reporting Regulations (32141 dated 17 April 2009) made under that Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name : **Mrs C Sihunu**

Acting City Manager of Nelson Mandela Bay Municipality (EC000)

Signature : _____

Date : **28 May 2026**