

# **SWARTLAND MUNICIPALITY**

## **MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2025/2026 TO 2027/2028**



**ANNUAL BUDGET OF**  
**SWARTLAND**  
**MUNICIPALITY**

**2025/2026 TO 2027/2028**  
**MEDIUM TERM REVENUE AND**  
**EXPENDITURE FORECASTS**

## Table of Contents

<b>PART 1 – ANNUAL BUDGET .....</b>	<b>3</b>
1.1 MAYOR'S REPORT .....	3
1.2 COUNCIL RESOLUTIONS .....	3
1.3 EXECUTIVE SUMMARY .....	8
1.4 OPERATING REVENUE FRAMEWORK .....	20
1.5 OPERATING EXPENDITURE FRAMEWORK .....	32
1.6 CAPITAL EXPENDITURE .....	35
1.7 ANNUAL BUDGET TABLES .....	35
<b>PART 2 – SUPPORTING DOCUMENTATION.....</b>	<b>48</b>
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	48
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	49
2.3 OVERVIEW OF BUDGET AND RELATED-POLICIES .....	57
2.4 OVERVIEW OF BUDGET ASSUMPTIONS .....	59
2.5 OVERVIEW OF BUDGET FUNDING .....	60
2.6 EXPENDITURE ON GRANTS .....	65
2.7 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY .....	66
2.8 COUNCILOR AND EMPLOYEE BENEFITS .....	67
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CAPITAL.....	68
2.10 CAPITAL EXPENDITURE DETAILS .....	72
2.11 LEGISLATION COMPLIANCE STATUS.....	82
2.12 OTHER SUPPORTING DOCUMENTS.....	82
2.13 MANAGER'S QUALITY CERTIFICATE.....	83

## Part 1 – Annual Budget

### 1.1 Mayor's Report

Recommendation of the final budget.

### 1.2 Council Resolutions

The following council resolutions pertaining to the approval of the final multi-year capital and operating budgets, final budget and related policies, property tax rates, tariffs and other service charges for 2025/2026; 2026/2027 and 2027/2028;

- (a) That having considered all of the representations (**Annexure A, Inputs received on Draft Budget**) received by 30 April 2025, in its entirety, including the inputs made during the Mayoral Consultative Forum meeting held on 16 April 2025, the following amendments to the proposed final budget are made:
  - i. The rebate of R300 000 to increase to R400 000;
  - ii. Increased financial assistance to the registered old age care facilities in Swartland by having reduced their charges for water;
  - iii. Income threshold for qualifying indigent households increases to R4 660.00;
  - iv. The CFO be tasked with financing the around R2m in additional expenditure to give effect to the above;
  - v. That council approve the final amendments to the Indigent-, Municipal Property Rates-, Funding & Reserves and the Budget Implementation & Monitoring Policies, occasioned by the suggestions/ input considered during the meeting of the 16th of April 2025 and or other input, read together with recommendation (r);
  - vi. That the Disaster Management and Fire- and Emergency Services Department's capacity be extended with 2 additional key appointments;
- (b) That council consider the inputs received from the Provincial Treasury (SIME report), especially the PT's cautioning of reduced planned surpluses over the outer years not being in line with Council's historical performance, potentially impacting future sustainability (**Annexure A, Inputs received on Draft Budget**);
- (c) That no further amendments be made to the council's MTREF, given council's longer-term vision to ensure a high standard of sustainable service delivery, the need for massive investment in water and sewerage infrastructure starting from year 3, without placing an additional burden on the paying public. This view aligns with the PT's draft budget analysis, cautioning the municipality to consider the impact of the planned reduced surpluses in the outer years as it could impact future investment in infrastructure and ultimately financial sustainability (**Annexure A, Inputs received on Draft Budget**);
- (d) That council takes note that the costs as envisaged by Section 19 (2)(a)(b) were derived after consultation with the respective director(s) who has confirmed the costs as per (**Annexure B: 2025/2026 – 2027/2028 Final Budget and Tariff File**) and consider same;
- (e) That council prior to approving the capital projects above R 50 million as listed in (**Annexure C: 2025/2026 – 2027/2028 Capital Projects ito Sec 19**), first consider the projected cost covering all financial years until the project is operational and the future operational costs and revenue on the project, including municipal tax and tariff implications;

- (f) That council deemed it appropriate to consider the entire capital program excluding the 4 contractually combined projects above R 50 million as the aforementioned capital program's operational cost, inclusive of future costs will be covered by the rates regime and the normal cost centres found in the operational budget;
- (g) That council approves the additional R 5.1 million required for the Highlands Landfill: Security Wall due to the initial cost estimate that was done during August 2024 for a 2.4m high concrete palisades at R 4.5 million, having the impact of higher maintenance and security costs on the operational account, taking the cost to R 9.6 million. Council to note that the external loan financing source was replaced with CRR funding for the Highlands New Landfill site Cell;
- (h) That council considers the funding sources linked to council's capital program and take note that these funding sources are available and have not been committed for other purposes;

FINANCING SOURCES	FINAL BUDGET 2025/26	FINAL BUDGET 2026/27	FINAL BUDGET 2027/28
Capital Replacement Reserve (CRR)	R 143 511 923	R 138 083 611	R 156 818 041
External Loans	R 30 000 000	R -	R -
Municipal Infrastructure Grant (MIG)	R 25 405 000	R 27 293 000	R 28 388 000
Dept. of Infrastructure	R 58 112 132	R 38 657 000	R 103 110 672
Integrated National Electrification Programme (INEP)	R 17 821 124	R 20 868 000	R 21 811 000
Water Services Infrastructure Grant	R 17 044 000	R -	R -
Regional Socio-economic Projects	R 78 261	R -	R -
Fire Service Capacity Support Grant	R 478 261	R -	R -
Water Resilience Grant	R 1 304 348	R -	R -
Dept. Cultural Affairs and Sport	R 43 478	R 43 478	R 43 478
<b>GRAND TOTAL</b>	<b>R 293 798 527</b>	<b>R 224 945 089</b>	<b>R 310 171 191</b>

- (i) That council approves the capital projects as part of its consolidated capital program as per **(Annexure B: 2025/2026 – 2027/2028 Final Budget and Tariff File)**;
- (j) That council approves the raising of an external loan to the amount of R 30 million for the new 2025/26 MTREF for the partial financing of the 132/11kV Eskom Schoonspruit Substation capital project, by means of testing the market as envisaged by MFMA section 46, requesting tenders from the financial institutions;
- (k) That the following total expenditure by vote (per directorate) be approved, which includes both operating and capital expenditure per directorate (VOTE), in order that departments pro-actively prevent unauthorised expenditure;

2025/26 MTREF R thousands	Capital Expenditure by Vote			Operating Expenditure by Vote			Total Expenditure by Vote		
	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Vote 1 - Corporate Services	573	575	577	49 233	52 164	55 536	49 807	52 739	56 113
Vote 2 - Civil Services	143 991	116 213	145 139	431 330	451 042	472 550	575 321	567 255	617 690
Vote 3 - Council	12	12	12	25 469	26 504	27 629	25 481	26 516	27 641
Vote 4 - Electricity Services	88 166	62 174	59 942	559 645	599 564	643 261	647 810	661 737	703 203
Vote 5 - Financial Services	168	76	672	84 577	90 928	97 432	84 745	91 003	98 104
Vote 6 - Development Services	59 076	44 747	103 205	172 555	212 688	170 291	231 632	257 435	273 496
Vote 7 - Municipal Manager	12	12	12	11 298	11 910	12 679	11 310	11 922	12 691
Vote 8 - Protection Services	1 800	1 136	612	124 701	131 430	138 699	126 501	132 566	139 311
<b>Grand Total</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>	<b>1 458 809</b>	<b>1 576 229</b>	<b>1 618 077</b>	<b>1 752 608</b>	<b>1 801 174</b>	<b>1 928 248</b>

- (l) That the final high-level multi-year Capital and Operating budgets in respect of the **2025/2026 – 2027/2028** financial years, be approved as final, in accordance with sections 16, 17 and 19 of the MFMA;

	Original Budget 2024/25	Adjustments Budget 2024/25	Final Budget 2025/26	Final Budget 2026/27	Final Budget 2027/28
Capital budget	376 477 670	325 809 079	293 798 527	224 945 089	310 171 191
Operating Expenditure	1 189 045 717	1 210 970 777	1 458 809 231	1 576 228 890	1 618 076 969
Operating Revenue	1 458 996 894	1 485 060 204	1 606 490 727	1 676 968 153	1 777 306 422
<b>Budgeted (Surplus)/ Deficit</b>	<b>(269 951 177)</b>	<b>(274 089 427)</b>	<b>(147 681 496)</b>	<b>(100 739 263)</b>	<b>(159 229 452)</b>
Less: Capital Grants & Contributions	246 062 275	247 277 010	120 565 734	86 861 478	153 353 150
<b>(Surplus)/ Deficit</b>	<b>(23 888 902)</b>	<b>(26 812 417)</b>	<b>(27 115 762)</b>	<b>(13 877 785)</b>	<b>(5 876 302)</b>

- (m) That council approves the notice given in terms of section 14(1) and (2) of the Local Government: Municipal Property Rates Act, 2004, to levy the final property tax rates (cent in the rand amount), exemptions and rebates on property reflected in the schedule below and in the property rates policy for the 2025/26 financial year with effect from 1 July 2025;

Category of property	Rate ratio	Cent amount in the Rand rate determined for the relevant property category
Residential properties	1: 1	0.005623
Business and Commercial properties	1: 1,6671	0.009374
Industrial properties	1: 1,6671	0.009374
Agricultural properties	1: 0,25	0.001406
Mining properties	1: 1,6671	0.009374
Public Service Infrastructure	1: 0,25	0.001406
Properties owned by an organ of state and used for public service purposes	1: 1,6671	0.009374
Public Benefit Organizations	1: 0	0.000000
Vacant properties	1: 1,4965	0.008415
Municipal properties	1: 0	0.000000
Conservation Areas	1: 0	0.000000
Protected Areas	1: 0	0.000000
National Monuments	1: 0	0.000000
Informal Settlements	1: 0	0.000000

### Exemptions and Reductions

- **Residential Properties:** For all residential properties, the municipality will not levy a rate on the first R15 000 of the property's market value. The R15 000 is the statutory impermissible rate as per section 17(1)(h) of the Municipal Property Rates Act.

**Rebates in respect of a category of owners of property are as follows:**

- **Indigent owners:** 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R105 000;
- **Qualifying senior citizens, qualifying Indigent owners and disabled persons:** A rebate to an amount equal to the rates payable on the first amount of the valuation of such property to a limit of R300 000. The rebate will increase to R400 000 as it relates to the 2025/2026 policy effective for the 2026/2027 financial year.

**NB:** Please refer to the municipality's property rates policy in respect of all rebates offered.

- (n) That council approve the final property tax rates, tariff structures and charges for water, refuse removal, sewerage, electricity and other sundry charges as set out in **(Annexure B: 2025/2026 – 2027/2028 Final Budget and Tariff File)**;
- (o) That council approve the electricity tariffs for the 2025/2026 financial year, **bearing in mind that it is still subject to NERSA's review**;
- (p) That the phasing in of the restructured electricity tariffs, per the cost of supply study, are planned for implementation in 2026/27;
- (q) That the annual budget tables as required by the Budget and Reporting Regulations be approved as set out in **(Annexure D: Budget Report and A-Schedules 2025/2026 – 2027/2028)**;
- (r) That the **amendments** to the budget and related policies as set out in **(Annexure E: Final Amended Budget & Related Policies 2025/2026)** hereto, be approved as final;
- (s) That council takes note that any changes to budget related policies insofar as it relates to the delegations, will be amended after final budget adoption;
- (t) That the training budget of R 1 782 533 for the 2025/2026 financial year be approved as final;
- (u) That Council takes note of the increases of the Directors that are contractually linked to the other personnel, which is negotiated and determined at a national level:
  - In respect of all personnel, an increase of **5.01%** for 2025/2026; **5.25%** for 2026/2027 and **5.75%** for the 2027/2028 financial years, excluding the increase in other benefits that are applicable and the annual 2.415% notch increase where applicable;
  - All salary adjustments are adequately budgeted for;
  - Provision has been made for a **3%** increase for political office bearers which is within the mid band of the inflation targets set by the South African Reserve Bank (SARB).



- (v) That Council takes note of the budgeted operating surpluses and that the budget is “cash-funded” as a result of cash reserves in table A8, the total expenditure growth of **20.5%** from the current to the new financial year and the revenue streams with growth in revenue of **8.2%** for the MTREF period as well as the cash flow statement as per **(A-schedule A7)** for the next three financial years;
- the budgeted risk factor for cash coverage for operating expenses are **9.2 months** for 2025/26, **8.9 months** for 2026/27 and **8.9 months** for 2027/28;
  - the net operating surpluses **excluding capital grant income** decreased compared to the draft budget as a result of allocations from the Provincial Department of Infrastructure relating to Proclaimed roads for which the municipality must contribute 20%, increasing the draft expenditure appropriation;
  - over the next three financial years the planning is such that net operating surpluses **(excluding capital grant income)** are envisaged for 2025/26 to an amount of **R 27 115 762**, for 2026/27 an amount of **R 13 877 785** and for 2027/28 an amount of **R 5 876 302** which is well **below the NT guideline of at least a surplus of 5%**. (At this juncture it is appropriate to emphasize that the aforementioned net surpluses is the more appropriate measurement of budgeted surpluses/deficits from a budgeted cash flow perspective)
- (w) That council takes note that the extensive revenue modelling exercise, includes a proportion for growth, given the trend of increased household consumption and services connection growth;
- (x) That the Director: Financial Services adhere to the requirements of the Budget Circulars and Budget Reforms in the context of the reporting requirements to Provincial and National Treasury;
- (y) That council takes note that the 2025/26 MTREF Grant allocations included in the budget **(listed in Annexure D)**, reconcile with the PT Gazette of 26 March 2025 and the NT DORA that was re-issued late on 21 May 2025;
- (z) That Council take note that the budget was prepared in the new mSCOA Version 6.9 as required by National Treasury.

**NB: for purposes of completeness and implementation, the English version of the recommendations will be relied upon.**

**Note:** Annexures A and B are for consumption of the municipal council only and not legislatively prescribed budget documentation.



### 1.3 Executive Summary

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan. National Treasury's MFMA Circulars No. 129 and No. 130 supported and guided the compilation of the 2025/2026 Medium-term Revenue and Expenditure Framework.

As this budget constitutes the financial plan for the next 3 years, it naturally impacts the community as a whole and it is thus necessary to consult the community in a bid to create awareness and to gain support for joint ownership and responsibility in managing the municipality's financial affairs and programs. Immediately after the draft annual budget was tabled in council, the budget was communicated through the normal legally required advertisements, our website and budget documentation was made available at municipal buildings and/or libraries as advertised to allow for input up until 30 April 2025 @ 12 midday.

In line with Section 23 of the MFMA, consideration was given to the inputs received from the public with due regard to the technical considerations amplified at the Budget Steering Committee meeting of 16 May 2025, which dealt with the fact that both the operational and capital budgets are stretched to the limit as the Municipality placed emphasis on meeting urgent needs like basic services and housing and thereby demonstrating the Executive Mayor's dedication to enhancing the well-being of disadvantaged communities, without placing an additional burden on the paying public.

Council's strategic objectives of service delivery include the continuation of an acceptable level of sustainable services, as well as improvement in those areas still in need of development. It remains a priority of the council to contain service delivery within the affordability levels of the community whilst focusing on the five strategic focus areas that council wish to strive to achieve over the next three years:

- Community safety and wellbeing;
- Economic transformation;
- Quality and reliable services;
- A healthy and sustainable environment;
- A connected and innovative local government.

To achieve the above, a balancing act is required between the set objectives and available financial resources, while taking into consideration the effect of tariff adjustments on the community as a whole, and more particularly the needs of the poor and vulnerable. In addition, like the rest of the country we have not escaped the downturn in the economy, which has had a considerable influence to not only disposable income levels in our area, but has further lowered the level of employment and growth prospects. Economic challenges will continue to pressurise municipal revenue generation and collection hence a realistic approach is advised for projecting revenue.

**The following were highlighted in NT's Budget Circular 129 and 130 (dated 6 December 2024 and 20 March 2025) to inform the Final 2025-2026 MTREF.**

***The South African economy and inflation targets***

*The National Treasury has lowered its 2024 economic growth forecast to 1.1 per cent, from the 1.3 per cent projected in the 2024 Budget Review, weighed down by stop-start economic growth and stubborn inflation in the first half of the year. The economy has since strengthened in response to the suspension of power cuts since March 2024, improved confidence following the formation of the government of national unity in June, better than-expected inflation outcomes in recent months and reduced borrowing costs. All these factors are expected to continue to support the economy over the period ahead.*

*GDP growth is projected to average 1.8 per cent from 2025 to 2027, up from 1.2 per cent in the preceding three years. The pace of growth is still being limited by persistent – though gradually easing – constraints, particularly in logistics infrastructure. Faster growth depends largely on maintaining macroeconomic stability, the continued implementation of structural economic reforms, improving state capabilities and supporting higher infrastructure investment. Medium-term growth will be underpinned by household consumption on the back of rising purchasing power, moderate employment recovery and wealth gains. Continued investments in renewable energy and easing structural constraints are expected to support higher investment. Key factors for achieving faster economic growth and creating much-needed jobs include greater collaboration with the private sector in energy and transport, rapid implementation of structural reforms, easing of regulatory constraints and increased infrastructure investment.*

*Due to weaker economic growth and other economic factors such as the current VAT increase which puts added pressure on households, households will likely struggle to pay municipal accounts which will impact negatively on municipal own revenues. It is therefore noted that variations in regional specifics are possible, however, any variation of assumptions must be explicitly set out and well explained in the budget narratives, in the absence of which the Treasuries will refer the budget back to council for alignment to the macroeconomic performance projections or for clear articulation of all the factors affecting the tariffs.*

*NT recommends the following macro-economic forecasts to be considered when preparing the 2025/26 MTREF municipal budgets:*

<b>Table 1: Macroeconomic performance and projections, 2023 - 2028</b>					
Fiscal year	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Estimate	Forecast		
CPI Inflation	6.0%	4.4%	4.3%	4.6%	4.4%

**NB:** Inflation for 2025 is expected to average at around 4.9%, all things remaining equal, given the actual results published by STATS SA for the last 2 years.

### **Key focus areas for the 2025/26 budget process**

- **Conditional grants and unconditional grants allocations** - Over the 2025 Medium-Term Expenditure Framework (MTEF), the local government equitable share and direct conditional grants amount to a total of R552.7 billion, made up of R332.4 billion in the local government equitable share, R52.9 billion in the general fuel levy sharing with metros and R167.4 billion in direct conditional grants. The increased allocations to local government reflect the government's commitment to social protection as a cornerstone of its fiscal strategy, ensuring ongoing support for indigent populations and the expansion of critical infrastructure through conditional grants. These figures represent the preliminary fiscal framework outlined in the 2024 Medium Term Budget Policy Statement. The final details will be provided in the 2025 Budget Review. Government has finalised its review of the conditional grant system and developed a range of reforms based on the results. These reforms are aimed to rationalise conditional grants and enhance their effectiveness and will be implemented from 2025/26.
- **The weak economic growth continues to impact municipal finances** and this has strained consumers' ability to pay for services as communicated in MFMA Circular No. 89. Coupled with this conundrum is the marginal growth in national transfers as compared to the past. These two critical factors necessitate municipalities to function optimally, suggesting that municipal operations, processes, and procedures must be efficient. Inefficiencies in this space are guaranteed to manifest on municipal finances. Although some municipalities have managed these challenges well, others have fallen into financial distress and face liquidity challenges. Subsequently, municipalities are unable to meet their payment obligations to Eskom, water boards and other creditors. Therefore, municipalities must maximise their revenue generating potential and collect what is due to them and concurrently, eliminate wasteful and non-core spending. Municipal budgets will be scrutinised to ensure that municipalities adequately provide for their core mandate and to service their debt obligations. Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend money that they do not have.
- **National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring that the tariffs are cost reflective for the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be 4.3 per cent;** therefore, municipalities are required to justify all increases more than the projected inflation target for 2025/26 in their budget narratives and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition, municipalities should include details of their revenue growth assumptions for the different service charges in the budget narrative.
- **Revenue enhancement and Improved debt collection** - By making use of the available tools and smart metering systems, municipalities will be in a better position to prepare cost-reflective tariffs and credible funded budgets, budgets that align with actual revenues and expenditures. **The Smart Meters Grant Roll-Out and RT29-2024 Transversal Tender (available to all government institutions) are both useful not only to improve revenue in municipalities, but also to assist in improving debt collection. Not only can water and electricity losses be reduced, but cash can be generated up front. Municipalities must focus on increasing collection rates, curbing material losses, and aligning their budgets with actual financial realities.**

- **Setting the Cost reflective tariffs** - It is important that municipalities periodically conduct cost of supply studies in the provision of each basic service. Municipalities must ensure that when tariffs are designed that consumption charges for services are only based on consumption and all other variable costs and fixed costs e.g., salary and wages, etc. should be covered by a fixed charge. **Municipalities must ensure that when tariffs are designed, capital repayment of loans are included in the provision for depreciation, that must be budgeted for.**

**During the budgeting process, provision must be made for revenue to be generated by the tariffs levied for services to address the maintenance of infrastructure.** Repairs and Maintenance need to be sufficiently covered in Employee Related Costs, Contracted Services, Operational Expenditure, and Inventory Consumed. New infrastructure developments in a municipal area of jurisdiction should be obliged to consider and incorporate efficiency sources of energy available such as solar or wind to respond to the ongoing global energy crisis.

- **Indigent Management** - It is critical to progressively manage the restriction of free basic services to national policy limits. Therefore, free basic services to indigent households must be restricted. Where any unlimited supply or supply above national policy limits is provided, the budget narrative must explicitly articulate how this is funded, also in a context of facilitating adequate asset management and adequate provision for related debt impairment and ability to maintain payment of Eskom, bulk water, and other creditors. It is important that municipalities establish and maintain credible indigent registers.
- **Pro-actively managing collection of municipal revenue in Eskom supplied areas –** NT notes that in the context of the Electricity Regulation Act, 2006 (ERA) existing section 21(5) prohibiting Eskom to cut supply in their areas to assist municipalities to collect on rates, water, wastewater and refuse removal – **municipalities have no other tool but the restriction of water to collect in Eskom supply areas.** Until ERA is amended it is critical that municipalities update their By-laws and policies to facilitate and legally allow the restriction of water as part of proper credit control for municipal revenue collection in Eskom supplied areas. The process before the supply of water is restricted/ limited, must honour the water supply rights of the indigent as well as the administrative processes and procedures, as contained in the municipal by-laws and policies read with section 4(3)(a) of the Water Services Act.
- **Eskom Bulk Tariff increases** - The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In the municipal financial year 2024/25, bulk electricity costs increased by 12.7 per cent, a slight decrease as compared to 15.0 per cent in the 2023/24 municipal financial year. **The final increase for bulk purchases is 11.32% and an increase of around 12.72% for electricity reselling.**
- **Employee related costs** - The Salary and Wage Collective Agreement were signed by the parties of the South African Local Government Bargaining Council (SALGBC) on Friday, 6 September 2024 and municipalities are expected to implement the agreement with immediate effect as from 1 July 2024. In respect of the 2025/26 financial year, all employees covered by this agreement shall receive, with effect from 1 July 2025, an increase based on the average CPI percentage for the period 1 February 2024 until 31 January 2025, plus 0.75 per cent. The publications of Statistics South Africa shall be used to determine the average CPI. In case the average CPI percentage for the period 1 February 2025 until 31 January 2026 is less than 4 per cent, it will be deemed to be 4 per



cent, and if the average CPI percentage for this period is higher than 7 per cent, it will be deemed to be 7 per cent.

- **Remuneration of Councillors** - Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also consider the fiscal constraints. Municipalities should also consider the guidance provided above on salary increases for municipal officials during this process. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.
- **Overcrowding of KPIs in the SDBIP** - Municipalities continue to include an extensive number of KPIs in their strategic scorecard or top-layer SDBIP or without aggregating departmental output indicators or lower layer SDBIP, despite the guidance outlined in MFMA Circular No. 13. This high volume of indicators in top-layer SDBIPs can dilute focus and make monitoring cumbersome. **Municipalities are therefore encouraged to streamline their indicators by consolidating KPIs in the top-layer SDBIP, focusing on most critical indicators in achieving strategic objectives, ensuring a more manageable and effective monitoring process.**
- **NB; Updated from NT Circular 130-VAT Increase** - In the Minister's Budget speech on 12 March 2025, two increases in the standard rate of VAT were announced. The **first-rate increase of 0.5 percentage point applies from 1 May 2025**, and the second-rate increase of 0.5 percentage point will apply from 1 April 2026.
- However, in a **Media Statement released on 24 April 2025** it was announced that the Minister of Finance will shortly introduce the Rates and Monetary Amounts and the Amendment of Revenue Laws Bill (Rates Bill), which **proposes to maintain the Value-Added Tax (VAT) rate at 15 per cent from 1 May 2025**, instead of the proposed increase to VAT announced in the Budget in March.

### **Funding choices and management issues**

Given the current economic crisis the country faces, Municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected, therefore municipal own revenue generation gets affected. **Also note that all municipalities that adopted funded budgets in 2024/25, will not be allowed to adopt unfunded budgets in 2025/26 and going forward, this implies that such budget will be referred by National/ Provincial treasury for review until the funded position is achieved.** This is to enforce compliance with Section 18 of the MFMA and to encourage prudent financial management which includes collecting what is due to a municipality and paying for services rendered. Therefore, municipalities must consider the following when compiling their 2025/2026 MTREF budgets:

- Improving the effectiveness of revenue management processes and procedures;
- Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulations read with MFMA Circular No. 82;
- Eliminate wasteful and non-core spending;
- Ensuring value for money through the procurement process;
- The affordability of providing free basic services to all households;
- The weak economic growth continues to impact municipal finances and this has strained consumers' ability to pay for services;
- Not taking on unfunded mandates;
- Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water;
- Automate business services where possible to increase efficiencies and lower customer costs;
- Prioritise the filling of critical vacant posts, especially linked to the delivery of basic services;
- Curbing the consumption of water and electricity by indigent consumers to ensure that they do not exceed their allocation;
- Efficient provision of essential services is crucial for attracting private investment, fostering economic growth, and promoting a conducive environment for businesses to thrive; and
- Ensuring sustainable capital infrastructure investment with emphasis on the impact on the operating account.

#### **AREAS COVERED DURING THE BUDGET STEERING COMMITTEE MEETING:**

- Struggling South African Economy (Local and international economy – recessions)
- **Realistic budgeting w.r.t the revenue budget and therefore the amounts in years 2 and 3 of the MTREF are indicative only and not fixed, mainly for the municipality to be able to review the macro and local poor economic conditions, impacting the budget. In this regard expenditure will have to be curbed with careful monitoring of budget performance and payment rates**
- **Key focus risk areas for the 2025/26 Budget process**
- Extensive revenue modelling informing tariff increases to ensure services are delivered **sustainably and cost reflective** over the longer term with emphasis on the impact of increases on disposable income levels, given the state of the economy
- Expenditure and Revenue Consolidation and audited basis informing growth from 2024-25 to 2025-26
- Not having a grip on cost drivers
- Growth in expenditure outstripping growth in revenue
- Cost of overtime on non-core functions
- National risks impacting financial sustainability

- The late tabling of the National and Provincial budgets – impacting appropriation of grant allocations
- Revenue streams from trading and economic services insufficient, given the impact of Capital budget programs and Indigents on the Operating account
- Fluid policy environment allowing for rapid changing economic circumstances
- Future operational cost as a result of expedited housing opportunities, Landfill sites cost of compliance and Rehabilitation, ± R54mil capital & R58.5mil operating
- Investment in economic infrastructure growing the revenue base
- Lower net surpluses for the outer-years.

The budget steering committee had an engagement on 14 May 2025 to consolidate and consider all the public and provincial input, for purposes of putting the Executive Mayor in an informed position to consider the need for amendments to the draft budget, occasioned by the representations received and to provide an opportunity for the Chief Financial Officer to discuss the Final 2025/2026 MTREF and potential associated risks as a result of the late approval of the national budget.

**POTENTIAL AND REAL RISKS IMPACTING FINANCIAL PLANNING OVER THE MTREF AND ULTIMATELY THE REVENUE MODELLING EXERCISE FORMING THE BASIS FOR THE MTREF:**

- Pressure on supply and demand as a result of ongoing geopolitical conflict, compounding local inflation in the form of Food and Fuel increases which could potential see the SARB delaying reducing the repo rate or pausing rates for longer in the 2024 cycle;
- Unstable national grid and Eskom's woes impacting municipal service delivery;
- Revenue leakage where approved tariffs are not billed for other services not part of the municipal account;
- Fuel price increases and its impact on disposable income levels;
- Not having a grip on cost drivers, such as overtime on non-core functions;
- National risks impacting financial sustainability;
- Cost of fuel on the municipal operations;
- Slower recovery of the economy;
- Ability to collect revenue in challenging environments;
- The upward pressure and multiplier effect of increases in staff salaries.

Taking all of the above into consideration, I submit to you the following estimated expenditure, summarised as follows:

TYPE	Adjustment Budget	2025/26 Medium Term Revenue & Expenditure Framework		
	2024/2025 (R'000)	2025/2026 (R'000)	2026/2027 (R'000)	2027/2028 (R'000)
Capital expenditure	325 809	293 799	224 945	310 171
Operating expenditure	1 210 971	1 458 809	1 576 229	1 618 077
TOTAL	1 536 780	1 752 608	1 801 174	1 928 248



The following table is a consolidated overview of the 2025/26 Medium-term Revenue and Expenditure Framework:

**Consolidated Overview of the 2025/26 MTREF (R'000)**

R thousand	Adjustment Budget	2025/26 Medium Term Revenue & Expenditure Framework		
	2024/2025 (R'000)	2025/2026 (R'000)	2026/2027 (R'000)	2027/2028 (R'000)
Total Operating Revenue	1 485 060	1 606 491	1 676 968	1 777 306
Total Operating Expenditure	1 210 971	1 458 809	1 576 229	1 618 077
<b>Surplus / (Deficit) including capital transfers and contributions for the year</b>	<b>274 089</b>	<b>147 681</b>	<b>100 739</b>	<b>159 229</b>
Capital Transfers & Contributions	247 277	120 566	86 861	153 353
<b>Surplus / (Deficit) excluding capital transfers and contributions for the year</b>	<b>26 812</b>	<b>27 116</b>	<b>13 878</b>	<b>5 876</b>

Total operating revenue including capital grants for the 2025/26 financial year has been appropriated at around R 1.6 billion and is expected to grow by 8.2 per cent or around R 121.4 million for the 2025/26 financial year when compared to the 2024/25 Special Adjustment Budget. For the two outer years, operational revenue will increase by 4.4 per cent and 6 per cent respectively, equating to total revenue growth of R 292.2 million over the MTREF (2025/26 to 2027/28). The outer years are based on available information at the time of compiling this report.

Total operating expenditure for the 2025/26 financial year has been appropriated at around R 1.45 billion and translates into a budgeted surplus of R 27.1 million (excluding capital transfers). When compared to the 2024/25 Special Adjustment Budget, operational expenditure is projected to grow by 20.5 per cent in the 2025/26 financial year. For the two outer years, operational expenditure will increase by 8 per cent in 2026/27 and 2.7 per cent in the 2027/28 financial year (based on current assumptions) equating to total expenditure growth of R 407.1 million over the MTREF (2025/26 to 2027/28).

The municipality should on a continuous basis evaluate the financial performance of all departments to identify areas where revenue sources can be increased and non-priority spending can be decreased. As a minimum requirement, the trading services (Water-, Electricity-, Refuse- and Sanitation Departments) and departments with the ability to generate own revenue (such as the Traffic Department) should be cost reflective, thus not requiring the ratepayer to fund these operations through property taxes or cross subsidization.

The financial performance of all departments over the MTREF can be summarised as follow:

Vote Description	Budget Year 2025/2026			Budget Year 2026/2027			Budget Year 2027/2028		
R thousand	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)	Revenue	Expenditure	Surplus / (Deficit)
<b>Revenue &amp; Expenditure by Vote</b>									
<b>Vote 1 - Corporate Services</b>	<b>11 982</b>	<b>49 233</b>	<b>(37 252)</b>	<b>12 108</b>	<b>52 164</b>	<b>(40 055)</b>	<b>12 764</b>	<b>55 536</b>	<b>(42 772)</b>
1.1 - Administration	104	16 048	(15 945)	104	16 959	(16 856)	104	17 950	(17 846)
1.2 - Human Resources	549	8 338	(7 789)	400	8 719	(8 319)	400	9 203	(8 803)
1.3 - Libraries	10 995	14 624	(3 629)	11 251	15 630	(4 379)	11 885	16 805	(4 920)
1.4 - Marketing and Tourism	26	2 390	(2 364)	28	2 528	(2 500)	29	2 677	(2 647)
1.5 - Community Halls and Facilities	308	7 832	(7 524)	326	8 328	(8 001)	346	8 901	(8 556)
<b>Vote 2 - Civil Services</b>	<b>354 006</b>	<b>431 330</b>	<b>(77 324)</b>	<b>348 936</b>	<b>451 042</b>	<b>(102 106)</b>	<b>367 870</b>	<b>472 550</b>	<b>(104 680)</b>
2.1 - Administration		4 480	(4 480)		4 791	(4 791)		5 047	(5 047)
2.2 - Cemeteries	971	1 033	(62)	1 019	1 225	(206)	1 070	1 252	(182)
2.3 - Municipal Property Maintenance	1 769	22 992	(21 223)	1 807	22 853	(21 046)	1 846	23 440	(21 593)
2.4 - Parks and Recreational Areas	644	25 986	(25 342)		27 516	(27 516)		29 718	(29 718)
2.5 - Proclaimed Roads	11 936	15 033	(3 097)	4 727	6 219	(1 492)	209	462	(253)
2.6 - Refuse Removals	86 886	40 950	45 937	77 032	46 591	30 441	85 301	50 135	35 166
2.7 - Street Cleaning		9 250	(9 250)		8 843	(8 843)		9 098	(9 098)
2.8 - Solid Waste Disposal(Landfill Sites)		17 048	(17 048)		18 365	(18 365)		19 337	(19 337)
2.9 - Sewerage Services	105 857	48 867	56 990	104 704	51 384	53 320	110 896	52 882	58 014
2.10 - Waste Water Treatment		22 460	(22 460)		24 342	(24 342)		26 431	(26 431)
2.11 - Sportgrounds	480	8 493	(8 013)	298	8 822	(8 524)	316	9 408	(9 092)
2.12 - Streets	8 963	66 371	(57 408)	11 554	69 820	(58 266)	609	71 818	(71 209)
2.13 - Stormwater	331	24 657	(24 325)		26 778	(26 778)		28 521	(28 521)
2.14 - Swimming Pools	574	6 281	(5 707)	609	6 729	(6 120)	645	7 228	(6 582)
2.15 - Water Distribution	135 595	117 430	18 165	147 186	126 765	20 422	166 977	137 774	29 203
<b>Vote 3 - Council</b>	<b>265</b>	<b>25 469</b>	<b>(25 204)</b>	<b>269</b>	<b>26 504</b>	<b>(26 235)</b>	<b>273</b>	<b>27 629</b>	<b>(27 356)</b>
3.1 - Council General Expenses	265	25 469	(25 204)	269	26 504	(26 235)	273	27 629	(27 356)
<b>Vote 4 - Electricity Services</b>	<b>586 280</b>	<b>559 645</b>	<b>26 635</b>	<b>626 319</b>	<b>599 564</b>	<b>26 756</b>	<b>667 953</b>	<b>643 261</b>	<b>24 692</b>
4.1 - Administration		2 187	(2 187)		2 344	(2 344)		2 521	(2 521)
4.2 - Distribution		533 054	(533 054)		571 082	(571 082)		613 249	(613 249)
4.3 - Street Lighting	586 280	2 479	583 801	626 319	2 642	623 677	667 953	2 826	665 127
4.4 - IT Services	-	21 924	(21 924)	-	23 495	(23 495)	-	24 665	(24 665)
<b>Vote 5 - Financial Services</b>	<b>387 011</b>	<b>84 577</b>	<b>302 434</b>	<b>404 930</b>	<b>90 928</b>	<b>314 003</b>	<b>422 878</b>	<b>97 432</b>	<b>325 446</b>
5.1 - Administration		2 536	(2 536)		2 714	(2 714)		2 916	(2 916)
5.2 - Finance	168 342	55 891	112 451	172 677	60 418	112 260	176 216	64 713	111 503
5.3 - Budget and Treasury		6 705	(6 705)		6 832	(6 832)		7 243	(7 243)
5.4 - Asset Management		2 464	(2 464)		2 670	(2 670)		2 869	(2 869)
5.5 - Grants and Subsidies - FMG	1 700	1 568	132	1 800	1 662	138	1 900	1 757	143
5.6 - Fleet Management		1 446	(1 446)		1 597	(1 597)		1 749	(1 749)
5.7 - Property Rates	216 969	1 968	215 002	230 453	2 157	228 296	244 762	2 367	242 395
5.8 - Supply Chain Management		11 999	(11 999)		12 877	(12 877)		13 818	(13 818)
<b>Vote 6 - Development Services</b>	<b>204 042</b>	<b>172 555</b>	<b>31 486</b>	<b>221 213</b>	<b>212 688</b>	<b>8 525</b>	<b>240 684</b>	<b>170 291</b>	<b>70 393</b>
6.1 - Administration	1	3 145	(3 143)	1	3 376	(3 375)	2	3 633	(3 631)
6.2 - Caravan parks - Yzerfontein	4 241	4 144	97	4 495	4 461	34	4 765	4 773	(9)
6.3 - Community Development	149	4 946	(4 797)	59	5 271	(5 212)	59	5 571	(5 512)
6.4 - Multi-Purpose Centres	31	1 893	(1 862)	33	2 015	(1 982)	35	2 160	(2 126)
6.5 - Planning and Valuations	1 419	10 293	(8 873)	1 502	10 202	(8 700)	1 590	11 572	(9 982)
6.6 - Building Control	4 173	4 384	(211)	4 423	4 701	(278)	4 688	5 060	(372)
6.7 - Housing	194 028	141 231	52 796	210 700	179 937	30 763	229 546	134 611	94 935
6.8 - Occupational Health and Safety		2 520	(2 520)		2 724	(2 724)		2 911	(2 911)
<b>Vote 7 - Municipal Manager</b>	<b>-</b>	<b>11 298</b>	<b>(11 298)</b>	<b>-</b>	<b>11 910</b>	<b>(11 910)</b>	<b>-</b>	<b>12 679</b>	<b>(12 679)</b>
7.1 - Administration	-	5 062	(5 062)	-	5 463	(5 463)	-	5 884	(5 884)
7.2 - Strategic Planning	-	3 279	(3 279)	-	3 557	(3 557)	-	3 824	(3 824)
7.3 - Internal Audit	-	2 957	(2 957)	-	2 890	(2 890)	-	2 971	(2 971)
<b>Vote 8 - Protection Services</b>	<b>62 905</b>	<b>124 701</b>	<b>(61 797)</b>	<b>63 192</b>	<b>131 430</b>	<b>(68 238)</b>	<b>64 884</b>	<b>138 699</b>	<b>(73 815)</b>
8.1 - Administration		3 119	(3 119)		3 348	(3 348)		3 608	(3 608)
8.2 - Civil Protection	573	862	(289)		371	(371)		379	(379)
8.3 - Fire Fighting	565	14 256	(13 691)	15	15 197	(15 182)	15	16 009	(15 994)
8.4 - Harbour Yzerfontein	247	533	(286)	262	570	(308)	278	611	(333)
8.5 - Road and Traffic Regulation	13 096	12 708	388	13 882	13 725	157	14 715	14 717	(2)
8.6 - Policing and Law Enforcement	48 423	93 223	(44 800)	49 032	98 218	(49 185)	49 877	103 376	(53 499)
<b>Total Revenue &amp; Expenditure by Vote</b>	<b>1 606 491</b>	<b>1 458 809</b>	<b>147 681</b>	<b>1 676 968</b>	<b>1 576 229</b>	<b>100 739</b>	<b>1 777 306</b>	<b>1 618 077</b>	<b>159 229</b>

The municipality is in a very privileged position to be able to invest a total of R 438.4 million of its own funds over the 2025/26 MTREF.

The following capital program is proposed as final by the municipality:

Description	Adjustment Budget		2025/26 Medium Term Revenue & Expenditure Framework					
	2024/2025 (R'000)	%	2025/2026 (R'000)	%	2026/2027 (R'000)	%	2027/2028 (R'000)	%
<b>Funded by:</b>								
National Government	60 945	19%	60 270	21%	48 161	21%	50 199	16%
Provincial Government	166 190	51%	60 016	20%	38 700	17%	103 154	33%
Other Transfers and Grants	19 113	6%		0%	-	0%	-	0%
Borrowing	-	0%	30 000	10%		0%	-	0%
Internally generated funds	79 562	24%	143 512	49%	138 084	61%	156 818	51%
<b>Total Capital Funding</b>	<b>325 809</b>	<b>100%</b>	<b>293 799</b>	<b>100%</b>	<b>224 945</b>	<b>100%</b>	<b>310 171</b>	<b>100%</b>

The total final Capital budget for 2025/2026 amounts to around **R 293.8** million with around **R 143.5** million invested from Council's own funds in year 1 with the total application of capital investment over the three fiscal years amounting to **R 828.9** million. An increase of **R 88.4** million from the previous approved adjusted MTREF of **R 740.4** million.

The ongoing investment in revenue generating and other bulk infrastructure is becoming more critical to ensure sustainable service delivery as an economic stimulant, given the multiplier effect that investment in the right infrastructure has on the local economy and more-over now than ever before. The leveraging of these investments in creating jobs remains a key consideration bearing in mind the impact the capital budget have on the operating account.

## HOUSING PROJECTS

**Note:** The allocations in the provincial gazette for housing projects in year 2 and 3 are indicative at this stage because of provincial commitments not yet guaranteed.

Section 19(2)(b) requires a municipal council to consider future operational costs and revenues on Capital Budget projects, including the municipal tax and tariff implications, before approving projects individually or as part of a consolidated programme. To give effect to this requirement, the future operational cost and revenue of projects/programmes are reflected in the **attached Annexure C**.

### 1.3.1 Financial indicators and benchmarks

The following table sets out the municipalities main performance objectives and benchmarks for the 2025/26 MTREF. (Derived from the National Treasury A-schedules **and not** as prescribed by NT Circular-71)

WC015 Swartland - Supporting Table SA8 Performance indicators and benchmarks						
Description of financial indicator	Basis of calculation	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b><u>Borrowing Management</u></b>						
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.2%	1.4%	1.1%	1.4%	1.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.5%	1.5%	1.4%	1.8%	1.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	42.8%	0.0%	20.9%	0.0%	0.0%
<b><u>Safety of Capital</u></b>						
Gearing	Long Term Borrowing/ Funds & Reserves	17.5%	7.4%	10.7%	7.6%	5.1%
<b><u>Liquidity</u></b>						
Current Ratio	Current assets/current liabilities	4:1	6:1	71	71	61
<b><u>Revenue Management</u></b>						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	97%	97%	95%	95%	95%
<b><u>Creditors Management</u></b>						
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%
<b><u>Other Indicators</u></b>						
Electricity Distribution Losses (2)	Total Volume Losses (kW) technical	9 883 225	9 883 225	10 744 760	11 281 998	11 846 098
	Total Cost of Losses (Rand '000)	18 516	18 516	21 893	24 505	27 459
	% Volume (units purchased and generated less units sold)/units purchased and generated	6.0%	6.0%	6.0%	6.0%	6.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	718 854	718 854	1 127 220	1 183 581	1 242 760
	Total Cost of Losses (Rand '000)	5 161	5 161	8 319	8 560	8 808
	% Volume (units purchased and generated less units sold)/units purchased and generated	21.0%	21.0%	21.0%	21.0%	21.0%
Employee costs	Employee costs/(Total Revenue - capital	28.2%	27.9%	24.8%	24.9%	26.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	27.0%	28.7%	25.7%	25.7%	27.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.9%	6.2%	5.9%	5.3%	5.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.8%	11.0%	9.7%	10.0%	10.1%
<b><u>IDP regulation financial viability indicators</u></b>						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	12.1	12.7	17.0	17.7	17.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	15.6%	17.9%	18.4%	19.9%	21.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	6.3	5.7	9.2	8.9	8.9

**Note:** The gearing ratio in the above table is not a true reflection of the municipality's borrowing position as the formula is not the same as prescribed by NT's Circular 71 ratios.

## Performance indicators and benchmarks

### 1.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Swartland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators formed part of the compilation of the 2025/2026 MTREF:

- Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions).

### 1.3.1.2 Safety of Capital

The gearing ratio in the context of the Schedule measures the total long term borrowings over funds and reserves.

### 1.3.1.3 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to service or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet current creditor obligations.

### 1.3.1.4 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 60 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Current payment levels are considered problematic to the sustainability of services as a direct result of having had to relax credit control during the hard lockdown but moreover given the unfavourable and struggling economy.

### 1.3.1.5 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice or statement, unless queries or disputes dictate otherwise. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business. The aforementioned statement is qualified to the extent that no disputes or invoice queries resulted in payment delays.

#### 1.3.1.6 Other Indicators

- The electricity distribution losses have been managed to be below the norm of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity.
- The water distribution losses are monitored on a monthly basis and have been kept at acceptable levels from a National Treasury norm perspective.
- Employee costs as a percentage of operating revenue (excluding capital grants) over the MTREF is between 24.8% and 26.3%. Total remuneration as a percentage of operating revenue (excluding capital grants) over the MTREF is between 25.7% and 27.1%. The employee related costs at the municipality is in line with the benchmarks set in the Western Cape.
- Contracted services expenditure increased by around R 148.6 million for the 2025/26 financial year when compared to the 2024/25 Special Adjustment Budget, mainly due to Housing Top structure sorting under “contracted services”.

## 1.4 Operating Revenue Framework

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

- (1) “An annual budget may only be funded from –
  - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
  - (b) Cash-backed accumulated funds from previous financial years’ surpluses committed for other purposes; and
  - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
  - (a) projected revenue for the current year based on collection levels to date; and
  - (b) actual revenue collected in previous years.”

The objective with the exercise of tariff determination was to ensure that trade and economic services generate surpluses over the next three to five years in order to sustain quality service delivery to which our consumers in the Swartland area have become accustomed to, but more importantly to finance other community services and the refurbishment/ renewal of council’s bulk infrastructure. The objective alluded to above was however not possible with refuse removal which is currently rendered at a shortfall.

It is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system data to ensure that revenue anticipated from property rates is credible. Every effort was made during the extensive revenue modelling exercise to apply the principles of zero based budgeting where appropriate. Items such as fuel, tyres, and bulk purchases inclusive of post-retirement benefits were analysed against past performance and the implementation of improved practices in a bid to realise potential further reductions and savings especially with the increasing fuel prices. Cost of providing services increased exponentially, especially those that is fuel and energy dependent.



The following table is a summary of the 2025/2026 MTREF (classified by main revenue source):

**Summary of revenue classified by main revenue source (excluding capital transfers)**

Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousands</b>					
<b>Financial Performance</b>					
Property rates	199 371	201 371	212 727	225 789	239 635
Service charges	644 470	666 652	755 688	809 769	865 062
Investment revenue	88 998	91 790	81 529	81 397	83 247
Transfer and subsidies - Operational	190 028	188 764	342 208	375 742	334 722
Other own revenue	90 067	89 205	93 773	97 409	101 287
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 212 935</b>	<b>1 237 783</b>	<b>1 485 925</b>	<b>1 590 107</b>	<b>1 623 953</b>

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

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

Vote Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>					
<b>Revenue by Vote</b>					
Vote 1 - Corporate Services	13 430	12 533	11 982	12 108	12 764
Vote 2 - Civil Services	327 034	340 042	354 006	348 936	367 870
Vote 3 - Council	352	403	265	269	273
Vote 4 - Electricity Services	488 867	513 102	586 280	626 319	667 953
Vote 5 - Financial Services	374 410	380 819	387 011	404 930	422 878
Vote 6 - Development Services	193 449	183 914	204 042	221 213	240 684
Vote 7 - Municipal Manager	–	80	–	–	–
Vote 8 - Protection Services	61 454	54 167	62 905	63 192	64 884
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
<b>Total Revenue by Vote</b>	<b>1 458 997</b>	<b>1 485 060</b>	<b>1 606 491</b>	<b>1 676 968</b>	<b>1 777 306</b>



**Percentage portion of Revenue Sources from Total Revenue:-**

R thousand	Adjustment Budget		2025/26 Medium Term Revenue & Expenditure Framework					
	2024/2025 (R'000)	%	2025/2026 (R'000)	%	2026/2027 (R'000)	%	2027/2028 (R'000)	%
<b>Revenue by Source</b>								
Property rates	201 371	16%	212 727	14%	225 789	14%	239 635	15%
Service charges - electricity revenue	472 747	38%	548 246	37%	587 051	37%	625 859	39%
Service charges - water revenue	98 216	8%	103 605	7%	109 702	7%	116 159	7%
Service charges - sanitation revenue	57 625	5%	61 128	4%	65 051	4%	69 221	4%
Service charges - refuse revenue	38 064	3%	42 709	3%	47 965	3%	53 823	3%
Rental from Fixed Assets	1 930	0%	1 759	0%	1 858	0%	1 962	0%
Sale of Goods and Rendering of Services	14 129	1%	14 664	1%	15 525	1%	16 437	1%
Interest earned - external investments	91 790	7%	81 529	5%	81 397	5%	83 247	5%
Interest earned - outstanding debtors	5 786	0%	6 075	0%	6 379	0%	6 697	0%
Fines, penalties and forfeits	31 213	3%	38 363	3%	38 755	2%	39 151	2%
Licences and permits	5 467	0%	5 669	0%	6 003	0%	6 357	0%
Agency services	6 787	1%	7 194	0%	7 626	0%	8 084	0%
Transfers and subsidies	188 764	15%	342 208	23%	375 742	24%	334 722	21%
Other revenue	20 964	2%	17 369	1%	18 584	1%	19 918	1%
Gains	2 930	0%	2 680	0%	2 680	0%	2 680	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 237 783</b>	<b>100%</b>	<b>1 485 925</b>	<b>100%</b>	<b>1 590 107</b>	<b>100%</b>	<b>1 623 953</b>	<b>100%</b>
<b>Total Revenue from Property Rates and Service Charges</b>	<b>868 024</b>	<b>70%</b>	<b>968 415</b>	<b>65%</b>	<b>1 035 559</b>	<b>65%</b>	<b>1 104 697</b>	<b>68%</b>

Revenue generated from property rates and services charges form a significant percentage of the revenue basket for the Municipality. In the 2025/26 financial year, revenue from property rates and services charges amounts to R 968.4 million or 65 per cent of total revenue mix (**growth of 11.6%**). This figure increases to an estimated R 1.03 billion or 65 per cent (**growth of 6.9 %**) and R 1.1 billion or 68 per cent (**growth of 6.7%**) in the respective outer financial years of the 2025/26 MTREF.

The municipality remains highly dependent on internal revenue sources to fund the budget and in this regard the municipality is cognisant of the fact that this source must be grown responsibly. For this reason, the municipality should strive to at least maintain these revenue streams and if possible explore all other additional avenues to increase revenue from additional sources.

More than 90 per cent of revenue is derived from the following sources:

- 1) Operating and Capital Grants
- 2) Fines
- 3) Property Rates
- 4) Service Charges

### 1.4.1 Operating and Capital Grants

Grants usually fluctuates upwards or downwards from year-to-year as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding made available from the other spheres of Government.

The following grant allocations/receipts are **included in the budget** of the municipality:

WC015 Swartland - Supporting Table SA18 Transfers and grant receipts					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>RECEIPTS:</b>					
<b><u>Operating Transfers and Grants</u></b>					
<b>National Government:</b>	<b>157 307</b>	<b>157 723</b>	<b>172 480</b>	<b>177 360</b>	<b>185 399</b>
Local Government Equitable Share	153 764	153 764	165 310	175 560	183 499
Finance Management	1 600	1 600	1 700	1 800	1 900
EPWP Incentive	1 593	1 593	1 969	–	–
Integrated National Electrification Programme	–	416	3 501	–	–
Municipal Disaster Response Grant	350	350	–	–	–
<b>Provincial Government:</b>	<b>31 428</b>	<b>30 686</b>	<b>170 794</b>	<b>199 634</b>	<b>150 668</b>
Community Development: Workers	38	38	59	59	59
Human Settlements	9 345	8 103	136 182	171 804	126 182
Municipal Accreditation and Capacity Building Grant	249	249	–	–	–
Title Deeds Restoration	30	30	81	–	–
Libraries	12 002	12 002	12 384	12 665	13 381
Maintenance and Construction of Transport Infrastructure	170	170	11 900	4 689	169
WC Financial Management Capability Grant: Student Bur	–	100	–	–	–
Thusong Grant	150	150	–	–	–
Establishment of a K9 Unit	3 732	4 132	4 350	4 473	4 666
Establishment of a Reaction/Rural Safety Unit	5 712	5 712	5 838	5 944	6 211
<b>Total Operating Transfers and Grants</b>	<b>188 735</b>	<b>188 409</b>	<b>343 274</b>	<b>376 994</b>	<b>336 067</b>
<b><u>Capital Transfers and Grants</u></b>					
<b>National Government:</b>	<b>52 150</b>	<b>60 945</b>	<b>60 270</b>	<b>48 161</b>	<b>50 199</b>
Municipal Infrastructure Grant (MIG)	29 332	29 302	25 405	27 293	28 388
Integrated National Electrification Programme	22 818	22 402	17 821	20 868	21 811
Water Services Infrastructure Grant	–	–	17 044	–	–
Municipal Disaster Response Grant	–	9 241	–	–	–
<b>Provincial Government:</b>	<b>174 879</b>	<b>163 912</b>	<b>60 302</b>	<b>38 707</b>	<b>103 161</b>
Human Settlements	174 289	163 322	58 112	38 657	103 111
Libraries	50	50	50	50	50
Establishment of a K9 Unit	40	40	–	–	–
Sport Development	500	500	–	–	–
Municipal Fire Service Capacity Support Grant	–	–	550	–	–
Regional Socio-Economic Projects (RSEP)	–	–	90	–	–
Municipal Water Resilience Grant	–	–	1 500	–	–
<b>Total Capital Transfers and Grants</b>	<b>227 029</b>	<b>224 857</b>	<b>120 572</b>	<b>86 868</b>	<b>153 360</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>415 764</b>	<b>413 266</b>	<b>463 846</b>	<b>463 862</b>	<b>489 427</b>

## 1.4.2 PROPERTY RATES AND SERVICE CHARGES ASSUMPTIONS

The objective with the exercise of tariff determination was to ensure that trade and economic services generate surpluses over the next three to five years in order to sustain quality service delivery to which our consumers in the Swartland area have become accustomed to, but more importantly to finance other community services and the refurbishment/ renewal of council's bulk infrastructure. The objective alluded to above was however not possible with refuse removal which is currently rendered at a shortfall.

Municipalities must focus on increasing collection rates, curbing material losses and aligning their budgets with actual financial realities. Municipalities must ensure that when tariffs are designed, capital repayment of loans are included in the provision for depreciation that must be budgeted for. During the budgeting process, provision must be made for revenue to be generated by the tariffs levied for services to address the maintenance of infrastructure. Municipalities are also urged to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring that the tariffs are **cost reflective for the financial sustainability of the municipality**.

### 1.4.2.1 Property Rates

The final property rates increases for the 2025/2026 financial year is **4.9%** for residential properties and **6.9%** for business and state owned properties. Growth of 0.06% is incorporated and increases over the remaining MTREF period is limited to **5.9%** for residential properties and **6.9%** for business and state owned properties.

The main categories of rateable properties for purposes of levying rates and the final rates (Cent amount in the Rand rate determined for the relevant property category) for the 2025/26 financial year are as follows:

Property Rates	2024/2025	2025/2026	2026/2027	2027/2028	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Residential Properties	0.005360	0.005623	0.005954	0.006306	4.9%	5.9%	5.9%	0.000263	0.000332	0.000351
Businesses, Commercial, Industrial and State owned Properties	0.008769	0.009374	1.002087	1.071231	6.9%	6.9%	6.9%	0.000605	0.000647	0.000691

**Refer to the resolution dealing with the property rate changes on all other property categories.**

The following stipulations in the Property Rates Policy applicable to the 2025/2026 year 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 per cent rebate will be granted in 2025/26 to registered indigents in terms of the Indigent Policy to a maximum valuation of R105 000;
- For qualifying senior citizens and disabled persons as defined in Council's Property Rates Policy, a rebate of the rates payable to a maximum of R300 000 of the valuation of the property will be granted to owners of rate-able property subject to application by September of the previous calendar year. The rebate will increase to R400 000 as it relates to the 2025/2026 policy effective for the 2026/2027 financial year.

#### 1.4.2.2 Sale of Water and Impact of Tariff Increases

The final tariff increases are :- **average increase of 5.6%** for the first 20kls thereafter a **4.9%** increase for the higher residential consumptive blocks, a **5.9%** increase for all businesses, government institutions and sport clubs. The final tariff increases, which are above the estimated headline inflation rate, are needed given the extent of water infrastructure investment required over the MTREF, compounded by illegal connections.

**Bulk water purchases from the WCDM increase to around R 7.39 p/kl from 1 July 2025** due to higher operational costs, increases from the Department of Water Affairs and the compounding cost of water provision during periods of load shedding. Usage from 0 – 20KL will increase on average by 5.6% for domestic consumers.

R thousand	Adjustment Budget	2025/26 Medium Term Revenue & Expenditure Framework			
	2024/2025 (R'000)	2025/2026 (R'000)	2026/2027 (R'000)	2027/2028 (R'000)	
Revenue – Water	125 972	135 957	148 842	168 732	
Expenditure – Water	123 300	117 532	127 112	138 079	
<b>Net Surplus / (Deficit)</b>	<b>2 671</b>	<b>18 425</b>	<b>21 731</b>	<b>30 653</b>	
<b>Net Surplus / (Deficit) %</b>	<b>2%</b>	<b>14%</b>	<b>15%</b>	<b>18%</b>	
Capital Grants	6 689	10 344	16 313	28 388	
<b>Revenue – Water (excl. capital grants &amp; contributions)</b>	119 283	125 613	132 529	140 344	
<b>Net Surplus / (Deficit) (excl. capital grants &amp; contributions)</b>	<b>(4 018)</b>	<b>8 081</b>	<b>5 417</b>	<b>2 265</b>	
<b>Net Surplus / (Deficit) % (excl. capital grants &amp; contributions)</b>	<b>(3.4%)</b>	<b>6.4%</b>	<b>4.1%</b>	<b>1.6%</b>	

Water losses during 2022/23 and 2023/24 audited financial years were disclosed at 13.21 per cent and 18.78 per cent respectively.

The following final water tariffs were incorporated in the 2025/26 MTREF and increases for households (residential) and non-residential are as follows:

Water	2024/2025	2025/2026	2026/2027	2027/2028	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Network Charge: Residential, Indigent and Argricultural	R 79.50	R 84.19	R 89.16	R 94.42	5.90%	5.90%	5.90%	R 4.69	R 4.97	R 5.26
Network Charge: Business, Argricultural, Sport Clubs and Government Institutions	R 132.55	R 140.37	R 148.65	R 157.42	5.90%	5.90%	5.90%	R 7.82	R 8.28	R 8.77
Equitable Share: 6 kl Free	R 10.58	R 11.20	R 11.87	R 12.57	5.90%	5.90%	5.90%	R 0.62	R 0.66	R 0.70
Residential: 0 - 6kl	R 6.44	R 6.88	R 7.36	R 7.87	6.90%	6.90%	6.90%	R 0.44	R 0.48	R 0.51
Residential: 7 - 10kl	R 10.58	R 11.20	R 11.87	R 12.57	5.90%	5.90%	5.90%	R 0.62	R 0.66	R 0.70
Residential: 11-15kl	R 20.07	R 21.05	R 22.09	R 23.17	4.90%	4.90%	4.90%	R 0.98	R 1.03	R 1.08
Residential: 16 - 20kl	R 25.78	R 27.04	R 28.37	R 29.76	4.90%	4.90%	4.90%	R 1.26	R 1.33	R 1.39
Residential: 21 - 25kl	R 37.86	R 39.72	R 41.66	R 43.70	4.90%	4.90%	4.90%	R 1.86	R 1.95	R 2.04
Residential: 26 - 35 kl	R 56.94	R 59.73	R 62.66	R 65.73	4.90%	4.90%	4.90%	R 2.79	R 2.93	R 3.07
Residential: 36 kl >	R 106.18	R 111.38	R 116.84	R 122.57	4.90%	4.90%	4.90%	R 5.20	R 5.46	R 5.73
Business/Commercial/Industrial/Argricultural	R 26.03	R 27.57	R 29.19	R 30.91	5.90%	5.90%	5.90%	R 1.54	R 1.63	R 1.72
Sport Clubs	R 27.60	R 29.23	R 30.95	R 32.78	5.90%	5.90%	5.90%	R 1.63	R 1.72	R 1.83
Schools and Registered Old Age Homes	R 14.62	R 15.48	R 16.40	R 17.36	5.90%	5.90%	5.90%	R 0.86	R 0.91	R 0.97
Government Institutions	R 29.52	R 31.27	R 33.11	R 35.07	5.90%	5.90%	5.90%	R 1.74	R 1.84	R 1.95

#### 1.4.2.3 Sale of Electricity and Impact of Tariff Increases

At this stage, the final increase for the purchase of electricity by the municipality is based on **11.32%**, but the real impact for the municipality will translate into a **15.28% increase** as a result of Eskom's restructuring of bulk tariffs. This will have an additional impact on the municipality of around R 11 million, which is not passed on to the municipality's consumers. The municipality's increase to consumers will be around **12.72%**. Please consult the detailed tariff listing for the final increases.

The municipality will need to take up an external loan to partly finance the 132/11kV Eskom Schoonspruit Substation capital project to the amount R 30 million. This substantial investment will create capacity, which in the main is needed to support the delivery of affordable housing opportunities in the Swartland area.

#### Tariff Restructuring

As part of the Cost of Supply Study that was conducted in 2023/24, a tariff restructuring exercise was also done with a view to align our tariff to the actual cost of supplying various categories of customers. Although the CoS study was submitted to NERSA as part of the Tariff increase application in April 2024, Swartland has not yet received formal feedback from NERSA that the Cost of Supply study was approved by NERSA.

Effective implementation of the restructured tariff would require effective and extensive public participation, which we would like to start once NERSA has formally accepted our Cost of Supply study. It would further require the replacement of a number of our existing electricity meters.

The service is still operating at a surplus over the MTREF.

R thousand	Adjustment Budget	2025/26 Medium Term Revenue & Expenditure Framework		
	2024/2025 (R'000)	2025/2026 (R'000)	2026/2027 (R'000)	2027/2028 (R'000)
Revenue – Electricity	513 102	586 280	626 319	667 953
Expenditure – Electricity	455 363	537 720	576 068	618 596
<b>Net Surplus / (Deficit)</b>	<b>57 740</b>	<b>48 560</b>	<b>50 251</b>	<b>49 356</b>
<b>Net Surplus / (Deficit) %</b>	<b>11%</b>	<b>8%</b>	<b>8%</b>	<b>7%</b>
Capital Grants	23 658	17 821	20 868	21 811
<b>Revenue – Electricity (excl. capital grants &amp; contributions)</b>	<b>489 444</b>	<b>568 459</b>	<b>605 451</b>	<b>646 142</b>
<b>Net Surplus / (Deficit) (excl. capital grants &amp; contributions)</b>	<b>34 082</b>	<b>30 738</b>	<b>29 383</b>	<b>27 545</b>
<b>Net Surplus / (Deficit) % (excl. capital grants &amp; contributions)</b>	<b>7.0%</b>	<b>5.4%</b>	<b>4.9%</b>	<b>4.3%</b>

Electricity losses during 2022/23 and 2023/24 audited financial years were disclosed at only 5.28 per cent and 5.62 per cent respectively.

The following table shows the final increases on electricity tariffs for customers over the 2025/26 MTREF period (**Please consult the detailed tariff listing for all the electricity tariffs**), keeping in mind that NERSA determines same on an annual basis and therefore reliance cannot be placed on the figures in the 2 outer years.

Electricity		2024/2025	2025/2026	2026/2027	2027/2028	2025/26	2026/27	2027/28
1	Residential Consumers Network charge	R 358.38	R 403.96	R 430.63	R 459.56	12.72%	6.60%	6.72%
1	(0-50kWh)	R 1.8076	R 2.0375	R 2.1720	R 2.3180	12.72%	6.60%	6.72%
1	(51-350kWh)	R 2.3242	R 2.6199	R 2.7928	R 2.9804	12.72%	6.60%	6.72%
1	(351-600kWh)	R 3.2710	R 3.6871	R 3.9304	R 4.1946	12.72%	6.60%	6.72%
1	(>600kWh)	R 3.8521	R 4.3421	R 4.6286	R 4.9397	12.72%	6.60%	6.72%
2	Commercial / Non Standard .per kWh	R 3.0157	R 3.3994	R 3.6237	R 3.8672	12.72%	6.60%	6.72%
2	Commercial Basic < 20KVA	R 911.54	R 1 027.49	R 1 095.30	R 1 168.91	12.72%	6.60%	6.72%
2	Commercial Basic 20 to 40 KVA	R 1 198.99	R 1 351.51	R 1 440.71	R 1 537.52	12.72%	6.60%	6.72%
2	Commercial Basic >40 KVA	R 2 188.27	R 2 466.62	R 2 629.42	R 2 806.12	12.72%	6.60%	6.72%
2	Commercial Basic < 20KVA per kWh	R 3.0157	R 3.3994	R 3.6237	R 3.8672	12.72%	6.60%	6.72%
2	Commercial Basic 20 to 40 KVA per kWh	R 3.0157	R 3.3994	R 3.6237	R 3.8672	12.72%	6.60%	6.72%
2	Commercial Basic >40 KVA per kWh	R 3.0157	R 3.3994	R 3.6237	R 3.8672	12.72%	6.60%	6.72%
3	Maximum Demand Supply for Bulk Consumers: Basic	R 2 477.45	R 2 792.58	R 2 976.89	R 3 176.94	12.72%	6.60%	6.72%
3	Plus: Active Energy - kWh	R 1.1777	R 1.3275	R 1.4151	R 1.5102	12.72%	6.60%	6.72%
3	Max. Demand KVA	R 476.63	R 537.25	R 572.71	R 611.20	12.72%	6.60%	6.72%
5	Alternative - Households 20 Amp.-:-							
5	(0-50kWh)	R 1.6572	R 1.8680	R 1.9912	R 2.1250	12.72%	6.60%	6.72%
5	(51-350kWh)	R 2.1736	R 2.4500	R 2.6117	R 2.7873	12.72%	6.60%	6.72%
5	(351-600kWh)	R 3.0988	R 3.4930	R 3.7235	R 3.9738	12.72%	6.60%	6.72%
5	(>600kWh)	R 3.7242	R 4.1979	R 4.4750	R 4.7757	12.72%	6.60%	6.72%
6	Street lightning	R 1.9077	R 2.1503	R 2.2922	R 2.4463	12.72%	6.60%	6.72%
7	Pre-paid meter system (Indigent Residential)							
7	NB: In those instances where a Network Charge is applicable to indigent consumers, it will be fully subsidised on their account.							
7	(0-50kWh)	R 1.6572	R 1.8680	R 1.9912	R 2.1250	12.72%	6.60%	6.72%
7	(51-350kWh)	R 2.1736	R 2.4500	R 2.6117	R 2.7873	12.72%	6.60%	6.72%
7	(351-600kWh)	R 3.0988	R 3.4930	R 3.7235	R 3.9738	12.72%	6.60%	6.72%
7	(>600kWh)	R 3.7242	R 4.1979	R 4.4750	R 4.7757	12.72%	6.60%	6.72%
10	Time Of Use Tariff for Bulk Consumers: Fixed cost per n	R 2 477.45	R 2 792.58	R 2 976.89	R 3 176.94	12.72%	6.60%	6.72%
10	Tou Low Consumption							
10	Low Season (Sept - May) Peak period per kWh	R 2.0420	R 2.3017	R 2.4536	R 2.6185	12.72%	6.60%	6.72%
10	Low Season (Sept - May) Standard period per kWh	R 1.4053	R 1.5840	R 1.6886	R 1.8021	12.72%	6.60%	6.72%
10	Low Season (Sept - May) Off-peak period per kWh	R 0.8913	R 1.0047	R 1.0710	R 1.1429	12.72%	6.60%	6.72%
10	Tou high Consumption							
10	High Season (Jun - Aug) Peak period per kWh	R 6.2602	R 7.0565	R 7.5223	R 8.0278	12.72%	6.60%	6.72%
10	High Season (Jun - Aug) Standard Period per kWh	R 1.8964	R 2.1376	R 2.2787	R 2.4318	12.72%	6.60%	6.72%
10	High Season (Jun - Aug) Off-peak Period per kWh	R 1.0296	R 1.1606	R 1.2372	R 1.3203	12.72%	6.60%	6.72%
10	Maximum demand per KVA	R 319.66	R 360.32	R 384.11	R 409.92	12.72%	6.60%	6.72%
12	Pre-paid Meter System (Non-Indigent Residential)							
12	(0-350kWh)	R 3.3913	R 3.8227	R 4.0750	R 4.3488	12.72%	6.60%	6.72%
12	> 350 kWh	R 3.6927	R 4.1624	R 4.4372	R 4.7353	12.72%	6.60%	6.72%



#### 1.4.2.4 Sewerage and Impact of Tariff Increases

The final tariff increase of **5.9%** that is aligned to estimated headline inflation rate is needed to deliver the service effectively and to prevent that the service does not operate at a deficit beyond the new 2025/2026 MTREF. This will further support future critical upgrades of the wastewater treatment works in the Swartland Municipal Area. The sewerage service consist of various charges for which the tariff listing must be consulted.

R thousand	Adjustment Budget	2025/26 Medium Term Revenue & Expenditure Framework		
	2024/2025 (R'000)	2025/2026 (R'000)	2026/2027 (R'000)	2027/2028 (R'000)
Revenue – Sewerage	98 052	105 857	104 704	110 896
Expenditure – Sewerage	72 798	71 327	75 726	79 313
<b>Net Surplus / (Deficit)</b>	<b>25 254</b>	<b>34 530</b>	<b>28 978</b>	<b>31 583</b>
<b>Net Surplus / (Deficit) %</b>	<b>26%</b>	<b>33%</b>	<b>28%</b>	<b>28%</b>
Capital Grants	4 094	7 000		
<b>Revenue – Sewerage (excl. capital grants &amp; contributions)</b>	<b>93 958</b>	<b>98 857</b>	<b>104 704</b>	<b>110 896</b>
<b>Net Surplus / (Deficit) (excl. capital grants &amp; contributions)</b>	<b>21 161</b>	<b>27 530</b>	<b>28 978</b>	<b>31 583</b>
<b>Net Surplus / (Deficit) % (excl. capital grants &amp; contributions)</b>	<b>22.5%</b>	<b>27.8%</b>	<b>27.7%</b>	<b>28.5%</b>

The following final sanitation tariffs were incorporated in the 2025/26 MTREF:

Sanitation	2024/2025	2025/2026	2026/2027	2027/2028	2025/26	2026/27	2027/28
Households (incl. indigents), Flats and Semi-detached households pm	R 294.75	R 312.14	R 330.56	R 350.06	5.90%	5.90%	5.90%
Businesses, Industrial, Schools, Churches, Sport Facilities, etc. pm	R 294.75	R 312.14	R 330.56	R 350.06	5.90%	5.90%	5.90%
NB: The above residential charge for registered indigent households are subsidised.							

#### 1.4.2.5 Waste Removal and Impact of Tariff Increases

The final tariff increase of **11%**, which is above the headline inflation rate and is needed to deliver the service effectively and to eventually phase out the deficit over the longer term due to the current economic conditions. The additional percentage of 6.7% above estimated headline inflation is equal to R 12.24 per month and needed to ensure that the cost of providing the service is fully funded over the longer term as the service is **currently rendered at a shortfall**. Over the remaining MTREF period, the tariff increase will remain at 11% to prevent that the service does not operate at a deficit beyond the new 2025/2026 MTREF as a result of the Landfill site's cost of compliance and Rehabilitation amounting to R 59 million from 2023/24 to 2025/26.

The public to note that the costs associated with cleaning public open spaces due to illegal dumping and littering, place a huge financial burden on the municipality and therefore the public are requested to please report illegal dumping.

R thousand	Adjustment Budget	2025/26 Medium Term Revenue & Expenditure Framework		
	2024/2025 (R'000)	2025/2026 (R'000)	2026/2027 (R'000)	2027/2028 (R'000)
Revenue – Refuse Removal	78 382	86 886	77 032	85 301
Expenditure – Refuse Removal	65 673	67 248	73 799	78 570
<b>Net Surplus / (Deficit)</b>	<b>12 709</b>	<b>19 638</b>	<b>3 233</b>	<b>6 731</b>
<b>Net Surplus / (Deficit) %</b>	<b>16%</b>	<b>23%</b>	<b>4%</b>	<b>8%</b>
Capital Grants	15 500	17 316		
<b>Revenue – Refuse Removal (excl. capital grants &amp; contributions)</b>	<b>62 882</b>	<b>69 571</b>	<b>77 032</b>	<b>85 301</b>
<b>Net Surplus / (Deficit) (excl. capital grants &amp; contributions)</b>	<b>(2 791)</b>	<b>2 322</b>	<b>3 233</b>	<b>6 731</b>
<b>Net Surplus / (Deficit) % (excl. capital grants &amp; contributions)</b>	<b>(4.4%)</b>	<b>3.3%</b>	<b>4.2%</b>	<b>7.9%</b>

The following final refuse removal tariffs were incorporated in the 2025/26 MTREF:

Refuse Removal	2024/2025	2025/2026	2026/2027	2027/2028	2025/26	2026/27	2027/28
Removal of residential (incl. indigents) refuse pm (Black Bags or 1x240 litre drum)	R 182.65	R 202.74	R 225.04	R 249.80	11.00%	11.00%	11.00%
Removal of business refuse pm (Black Bags or 1x240 litre drum)		R 243.48	R 270.26	R 299.99		11.00%	11.00%
<b>NB:</b> The above residential charge for registered indigent households are subsidised.							

### Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households:

Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Budget Year 2025/26 % incr.	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Rand/cent</b>						
<b><u>Monthly Account for Household - 'Middle Income Range'</u></b>						
<b>Rates and services charges:</b>						
Property rates	312.67	312.67	4.9%	327.99	347.34	367.83
Electricity: Basic levy	358.38	358.38	12.7%	403.96	430.63	459.56
Electricity: Consumption	3 146.23	3 146.23	12.7%	3 546.43	3 780.50	4 034.55
Water: Basic levy	79.50	79.50	5.9%	84.19	89.16	94.42
Water: Consumption	310.19	310.19	5.9%	326.61	343.88	362.09
Sanitation	294.75	294.75	5.9%	312.14	330.56	350.06
Refuse removal	182.65	182.65	11.0%	202.74	225.04	249.80
<b>sub-total</b>	<b>4 684.37</b>	<b>4 684.37</b>	<b>11.1%</b>	<b>5 204.06</b>	<b>5 547.10</b>	<b>5 918.31</b>
VAT on Services	655.75	655.75		731.41	779.96	832.57
<b>Total large household bill:</b>	<b>5 340.12</b>	<b>5 340.12</b>	<b>11.1%</b>	<b>5 935.47</b>	<b>6 327.07</b>	<b>6 750.88</b>
<b>% increase/-decrease</b>	<b>10.1%</b>	<b>10.1%</b>	<b>10.9%</b>	<b>11.1%</b>	<b>6.6%</b>	<b>6.7%</b>
<b><u>Monthly Account for Household - 'Affordable Range'</u></b>						
<b>Rates and services charges:</b>						
Property rates	223.33	223.33	4.9%	234.28	248.10	262.74
Electricity: Basic levy	358.38	358.38	12.7%	403.96	430.63	459.56
Electricity: Consumption	1 278.30	1 278.30	12.7%	1 440.90	1 536.00	1 639.22
Water: Basic levy	79.50	79.50	5.9%	84.19	89.16	94.42
Water: Consumption	80.97	80.97	5.9%	86.12	91.62	97.46
Sanitation	294.75	294.75	5.9%	312.14	330.56	350.06
Refuse removal	182.65	182.65	11.0%	202.74	225.04	249.80
<b>sub-total</b>	<b>2 497.88</b>	<b>2 497.88</b>	<b>10.7%</b>	<b>2 764.33</b>	<b>2 951.09</b>	<b>3 153.25</b>
VAT on Services	341.18	341.18		379.51	405.45	433.58
<b>Total small household bill:</b>	<b>2 839.06</b>	<b>2 839.06</b>	<b>10.7%</b>	<b>3 143.84</b>	<b>3 356.54</b>	<b>3 586.83</b>
<b>% increase/-decrease</b>	<b>9.2%</b>	<b>9.2%</b>	<b>16.6%</b>	<b>10.7%</b>	<b>6.8%</b>	<b>6.9%</b>
<b><u>Monthly Account for Household - 'Indigent'</u></b>						
<b><u>Household receiving free basic services</u></b>						
<b>Rates and services charges:</b>						
Property rates	87.10	87.10	4.9%	91.37	96.76	102.47
Electricity: Basic levy	–	–	12.7%	–	–	–
Electricity: Consumption	652.07	652.07	12.7%	735.01	783.52	836.18
Water: Basic levy	–	–	5.9%	–	–	–
Water: Consumption	42.32	42.32	5.9%	44.82	47.46	50.26
Sanitation	–	–	5.9%	–	–	–
Refuse removal	–	–	11.0%	–	–	–
<b>sub-total</b>	<b>826.15</b>	<b>826.15</b>	<b>5.5%</b>	<b>871.20</b>	<b>927.74</b>	<b>988.91</b>
VAT on Services	104.16	104.16		116.97	124.65	132.97
<b>Total small household bill:</b>	<b>930.31</b>	<b>930.31</b>	<b>6.2%</b>	<b>988.17</b>	<b>1 052.39</b>	<b>1 121.87</b>
<b>% increase/-decrease</b>	<b>15.5%</b>	<b>15.5%</b>	<b>(25.3%)</b>	<b>11.6%</b>	<b>6.5%</b>	<b>6.6%</b>

### 1.4.3 Fines

Fines represent approximately 3 per cent of the revenue mix of the municipality. The 2025/26 MTREF again leaves room for much improvement in the recovery rate of fines in order to maximize the revenue stream in a bid to further improve the cash flow position of the municipality. **Currently the payment rate in respect of fines results in an unsustainable increase in the impairment provision.**

The department is encouraged to consider/investigate alternative methods to materially improving the collection rate relating to fines as this trend has now been experienced for the last 5 years. This expenditure is increasingly becoming an additional burden on rate payers given the impact it has on the impairment provision.

## 1.5 Operating Expenditure Framework

Prior to the tabling of the Draft and Final budget, comprehensive workshops and engagements took place with the various directorates to ensure that effect is given to organisation wide quality sustainable service delivery in a bid to ensure value for money to all of Swartland Municipality's citizens. The objective in the main was to ensure efficiencies in directorates and to more importantly give effect to sound expenditure management and cost containment. This proved very challenging given the limitations placed on tariff increases (to still keep the basket of goods and services affordable) compared to the MTREF's operational expenditure requirements and the fact that very little scope exists for additional savings given the municipality's proven corporate culture in respect of cost containment. It is becoming increasingly challenging to fund community and other services by way of the municipality's basket of basic services and revenue generated through municipal property taxes. Our historical approach to budgets required serious re-invention and consideration given the prevailing economic conditions.

The following table is a high level summary of the 2025/26 MTREF (classified per main type of operating expenditure):

Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Budget	Budget	2025/26	+1 2026/27	+2 2027/28
<b>R thousands</b>					
Employee costs	341 481	344 723	368 788	395 988	426 517
Remuneration of councillors	13 273	13 273	12 630	13 072	13 529
Depreciation and amortisation	128 253	125 316	133 697	146 639	151 276
Interest	14 689	10 569	9 954	13 109	12 825
Inventory consumed and bulk purchases	453 835	473 808	552 865	593 002	639 205
Transfers and subsidies	5 902	4 264	4 073	4 112	4 252
Other expenditure	231 611	239 019	376 802	410 307	370 473
<b>Total Expenditure</b>	<b>1 189 046</b>	<b>1 210 971</b>	<b>1 458 809</b>	<b>1 576 229</b>	<b>1 618 077</b>

- The budgeted allocation for employee related costs (excluding Remuneration of Councillors) for the 2025/26 financial year totals R 368.8 million, which equates to 25.3 per cent of total operating expenditure. This result is in line with the national norm of 25% - 40%.

- A concerted effort was again made to limit this expenditure in an attempt to keep tariffs within the limits of the reduced realistically anticipated revenue streams, with an amount of R 1 782 533 budgeted for training in the 2025/2026 operating budget. This budget is considered more than sufficient to provide for training needs within the Municipality given the historic and ongoing training programmes already covered, **but more-over the necessitated curbing of expenditure given the worsening disposable income levels of the paying public.**
- The expense associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).
- The provision of debt impairment was determined based on the current collection rates of receivables, negatively influenced by the prevailing economic conditions.
- Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations are expected to remain high over the MTREF. These high appropriations can mainly be attributed to the large capital program employed by the municipality in recent years as well as the valuation method used during the implementation of Directive 7. Compared to industry benchmarks, the depreciation figure is considered to be very high.
- Bulk purchases are directly informed by the purchase of electricity from Eskom and water from the West Coast District Municipality. The indicative annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.
- Other expenditure comprises of various line items relating to the daily operations of the municipality.
- Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital).

#### 1.5.1 Priority given to repairs and maintenance

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

The bulk of repairs and maintenance are done through the capital budget. The portion in the operating budget is adequate to secure the ongoing health of the Municipality's infrastructure.

The ratios for the 2025/26 MTREF are shown below:

Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>					
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>197 478</b>	<b>199 644</b>	<b>216 302</b>	<b>225 029</b>	<b>227 710</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	10.7%	13.1%	20.3%	26.1%	35.3%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	32.0%	34.8%	46.6%	41.7%	75.3%
<i>R&amp;M as a % of PPE &amp; Investment Property</i>	3.0%	3.4%	4.0%	3.6%	3.4%
<i>Renewal and upgrading and R&amp;M as a % of PPE and Investment Property</i>	4.8%	5.5%	6.6%	6.1%	7.9%

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

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

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

Indigent property rates and service charges expenditure (including growth projections) totals R 91.2 million in 2025/26 and it will increase to R 107.7 million and R 129 million in the outer years of the MTREF. **These totals do not include financing of other community services, servicing informal settlements and actual expenditure incurred on indigent consumers.**

#### Subsidies for indigent households are set out below:

1.	Rates free of charge to the value based on market value of the property to the maximum of <b>R105 000</b> (R15 000 impermissible tax excluded)
2.	<b>50 kWh</b> free electricity per month (which shall include the network charge of electricity for the month where a conventional meter is applicable)
3.	<b>6 kilolitres</b> of water free per month plus the 100% subsidised network charge
4.	Free refuse x <b>4 removals</b> per month
5.	<b>Free sewerage</b> per month

For the month of **April 2025**, support was provided to 8 730 indigent households:

- Number receiving Property Rates discount: 7 688
- Number with access to free basic water: 8 684 (and exempted by way of subsidy of the water network charge)
- Number with access to free basic electricity: 5 322
- Number provided by ESKOM: 2 201
- Number with access to free basic sanitation: 8 334
- Number with access to free basic refuse removal: 8 730



## 1.6 Capital expenditure

Based on appropriations per vote, the allocations are as follows:

Vote Description  R thousand	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Capital expenditure - Vote</b>					
<b>Multi-year expenditure to be appropriated</b>					
Vote 2 - Civil Services	57 326	54 213	94 706	97 815	112 022
Vote 4 - Electricity Services	55 129	24 791	75 133	43 732	31 800
Vote 6 - Development Services	165 889	157 370	58 712	38 657	103 111
<b>Capital multi-year expenditure sub-total</b>	<b>278 343</b>	<b>236 374</b>	<b>228 552</b>	<b>180 204</b>	<b>246 932</b>
<b>Single-year expenditure to be appropriated</b>					
Vote 1 - Corporate Services	778	478	573	575	577
Vote 2 - Civil Services	69 710	57 936	49 284	18 398	33 118
Vote 3 - Council	878	1 287	12	12	12
Vote 4 - Electricity Services	13 843	17 170	13 033	18 442	28 142
Vote 5 - Financial Services	698	568	168	76	672
Vote 6 - Development Services	8 935	8 842	364	6 090	94
Vote 7 - Municipal Manager	412	100	12	12	12
Vote 8 - Protection Services	2 882	3 055	1 800	1 136	612
<b>Capital single-year expenditure sub-total</b>	<b>98 134</b>	<b>89 435</b>	<b>65 247</b>	<b>44 741</b>	<b>63 239</b>
<b>Total Capital Expenditure - Vote</b>	<b>376 478</b>	<b>325 809</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>

More information on the breakdown of the capital budget can be found in the tables to follow.

## 1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2025/26 MTREF budget.

### MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides a concise overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

<b>WC015 Swartland - Table A1 Budget Summary</b>					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousands</b>					
<b><u>Financial Performance</u></b>					
Property rates	199 371	201 371	212 727	225 789	239 635
Service charges	644 470	666 652	755 688	809 769	865 062
Investment revenue	88 998	91 790	81 529	81 397	83 247
Transfer and subsidies - Operational	190 028	188 764	342 208	375 742	334 722
Other own revenue	90 067	89 205	93 773	97 409	101 287
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 212 935</b>	<b>1 237 783</b>	<b>1 485 925</b>	<b>1 590 107</b>	<b>1 623 953</b>
Employee costs	341 481	344 723	368 788	395 988	426 517
Remuneration of councillors	13 273	13 273	12 630	13 072	13 529
Depreciation and amortisation	128 253	125 316	133 697	146 639	151 276
Interest	14 689	10 569	9 954	13 109	12 825
Inventory consumed and bulk purchases	453 835	473 808	552 865	593 002	639 205
Transfers and subsidies	5 902	4 264	4 073	4 112	4 252
Other expenditure	231 611	239 019	376 802	410 307	370 473
<b>Total Expenditure</b>	<b>1 189 046</b>	<b>1 210 971</b>	<b>1 458 809</b>	<b>1 576 229</b>	<b>1 618 077</b>
<b>Surplus/(Deficit)</b>	<b>23 889</b>	<b>26 812</b>	<b>27 116</b>	<b>13 878</b>	<b>5 876</b>
Transfers and subsidies - capital (monetary allocations)	246 062	247 277	120 566	86 861	153 353
Transfers and subsidies - capital (in-kind)	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>269 951</b>	<b>274 089</b>	<b>147 681</b>	<b>100 739</b>	<b>159 229</b>
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>269 951</b>	<b>274 089</b>	<b>147 681</b>	<b>100 739</b>	<b>159 229</b>
<b><u>Capital expenditure &amp; funds sources</u></b>					
<b>Capital expenditure</b>	<b>376 478</b>	<b>325 809</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>
Transfers recognised - capital	245 992	246 248	120 287	86 861	153 353
Borrowing	36 951	-	30 000	-	-
Internally generated funds	93 535	79 562	143 512	138 084	156 818
<b>Total sources of capital funds</b>	<b>376 478</b>	<b>325 809</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>
<b><u>Financial position</u></b>					
Total current assets	669 334	751 676	1 146 461	1 215 444	1 264 891
Total non current assets	2 907 287	2 861 225	2 670 947	2 731 132	2 870 999
Total current liabilities	160 289	132 114	156 461	183 077	208 911
Total non current liabilities	219 781	195 152	227 630	229 443	233 693
Community wealth/Equity	3 196 551	3 285 636	3 433 317	3 534 056	3 693 286
<b><u>Cash flows</u></b>					
Net cash from (used) operating	470 661	432 811	341 602	298 787	370 999
Net cash from (used) investing	(430 201)	(368 718)	148	(255 269)	(346 415)
Net cash from (used) financing	29 182	(4 956)	23 956	(8 325)	(9 130)
<b>Cash/cash equivalents at the year end</b>	<b>464 184</b>	<b>529 629</b>	<b>895 335</b>	<b>930 528</b>	<b>945 982</b>
<b><u>Cash backing/surplus reconciliation</u></b>					
Cash and investments available	797 212	862 748	895 335	930 528	945 982
Application of cash and investments	622 123	597 672	339 921	394 592	492 295
<b>Balance - surplus (shortfall)</b>	<b>175 090</b>	<b>265 076</b>	<b>555 414</b>	<b>535 936</b>	<b>453 687</b>
<b><u>Asset management</u></b>					
Asset register summary (WDV)	2 179 116	2 058 653	2 233 505	2 362 544	2 417 185
Depreciation	125 851	122 914	128 145	140 809	145 446
Renewal and Upgrading of Existing Assets	40 258	42 818	59 658	58 779	109 547
Repairs and Maintenance	71 627	76 730	88 157	84 220	82 264

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

Table A2 is an illustration of the budgeted financial performance in relation to revenue and expenditure per standard classification. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

WC015 Swartland - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)					
Functional Classification Description R thousand	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Revenue - Functional</b>					
<i><b>Governance and administration</b></i>	<b>377 656</b>	<b>384 791</b>	<b>389 717</b>	<b>407 529</b>	<b>425 521</b>
Executive and council	352	403	265	269	273
Finance and administration	377 305	384 389	389 452	407 260	425 248
<i><b>Community and public safety</b></i>	<b>257 564</b>	<b>238 962</b>	<b>262 229</b>	<b>278 100</b>	<b>298 837</b>
Community and social services	14 098	13 271	13 027	12 688	13 395
Sport and recreation	10 771	10 891	5 939	5 402	5 726
Public safety	48 570	41 282	49 236	49 310	50 170
Housing	184 126	173 519	194 028	210 700	229 546
<i><b>Economic and environmental services</b></i>	<b>30 176</b>	<b>40 518</b>	<b>39 587</b>	<b>36 089</b>	<b>21 811</b>
Planning and development	5 107	5 514	5 592	5 925	6 278
Road transport	25 069	35 004	33 995	30 163	15 533
<i><b>Trading services</b></i>	<b>793 563</b>	<b>820 750</b>	<b>914 931</b>	<b>955 223</b>	<b>1 031 108</b>
Energy sources	488 849	513 084	586 262	626 301	667 935
Water management	127 631	125 972	135 595	147 186	166 977
Waste water management	96 863	103 313	106 188	104 704	110 896
Waste management	80 220	78 382	86 886	77 032	85 301
<i><b>Other</b></i>	<b>38</b>	<b>38</b>	<b>26</b>	<b>28</b>	<b>29</b>
<b>Total Revenue - Functional</b>	<b>1 458 997</b>	<b>1 485 060</b>	<b>1 606 491</b>	<b>1 676 968</b>	<b>1 777 306</b>
<b>Expenditure - Functional</b>					
<i><b>Governance and administration</b></i>	<b>190 151</b>	<b>188 560</b>	<b>198 566</b>	<b>209 675</b>	<b>221 654</b>
Executive and council	30 451	29 822	30 531	31 967	33 513
Finance and administration	156 988	156 046	165 245	174 990	185 347
Internal audit	2 711	2 692	2 789	2 718	2 794
<i><b>Community and public safety</b></i>	<b>195 859</b>	<b>178 732</b>	<b>322 271</b>	<b>370 908</b>	<b>337 069</b>
Community and social services	28 670	29 563	30 804	32 411	34 593
Sport and recreation	40 196	39 113	42 431	44 805	48 127
Public safety	104 801	96 671	107 805	113 755	119 739
Housing	22 192	13 385	141 231	179 937	134 611
<i><b>Economic and environmental services</b></i>	<b>91 889</b>	<b>92 679</b>	<b>108 231</b>	<b>103 928</b>	<b>102 642</b>
Planning and development	16 965	16 330	17 956	18 461	20 456
Road transport	74 923	76 349	90 275	85 467	82 187
<i><b>Trading services</b></i>	<b>708 641</b>	<b>748 625</b>	<b>827 409</b>	<b>889 255</b>	<b>954 106</b>
Energy sources	452 643	470 548	556 387	597 082	642 237
Water management	108 519	123 587	117 662	126 963	137 931
Waste water management	81 920	88 642	85 910	91 190	95 128
Waste management	65 559	65 849	67 452	74 020	78 810
<i><b>Other</b></i>	<b>2 506</b>	<b>2 374</b>	<b>2 332</b>	<b>2 463</b>	<b>2 605</b>
<b>Total Expenditure - Functional</b>	<b>1 189 046</b>	<b>1 210 971</b>	<b>1 458 809</b>	<b>1 576 229</b>	<b>1 618 077</b>
<b>Surplus/(Deficit) for the year</b>	<b>269 951</b>	<b>274 089</b>	<b>147 681</b>	<b>100 739</b>	<b>159 229</b>

**NB:** The above surplus amounts include capital grants which results in a skewed surplus.

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

Table A3 is an illustration of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality.

<b>WC015 Swartland - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)</b>					
<b>Vote Description</b>	<b>Current Year 2024/25</b>		<b>2025/26 Medium Term Revenue &amp; Expenditure Framework</b>		
	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Budget Year 2025/26</b>	<b>Budget Year +1 2026/27</b>	<b>Budget Year +2 2027/28</b>
<b>R thousand</b>					
<b>Revenue by Vote</b>					
Vote 1 - Corporate Services	13 430	12 533	11 982	12 108	12 764
Vote 2 - Civil Services	327 034	340 042	354 006	348 936	367 870
Vote 3 - Council	352	403	265	269	273
Vote 4 - Electricity Services	488 867	513 102	586 280	626 319	667 953
Vote 5 - Financial Services	374 410	380 819	387 011	404 930	422 878
Vote 6 - Development Services	193 449	183 914	204 042	221 213	240 684
Vote 7 - Municipal Manager	–	80	–	–	–
Vote 8 - Protection Services	61 454	54 167	62 905	63 192	64 884
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
<b>Total Revenue by Vote</b>	<b>1 458 997</b>	<b>1 485 060</b>	<b>1 606 491</b>	<b>1 676 968</b>	<b>1 777 306</b>
<b>Expenditure by Vote to be appropriated</b>					
Vote 1 - Corporate Services	46 746	47 664	49 233	52 164	55 536
Vote 2 - Civil Services	393 895	418 145	431 330	451 042	472 550
Vote 3 - Council	26 049	25 374	25 469	26 504	27 629
Vote 4 - Electricity Services	458 585	475 882	559 645	599 564	643 261
Vote 5 - Financial Services	81 680	78 332	84 577	90 928	97 432
Vote 6 - Development Services	51 379	41 940	172 555	212 688	170 291
Vote 7 - Municipal Manager	10 030	10 025	11 298	11 910	12 679
Vote 8 - Protection Services	120 682	113 608	124 701	131 430	138 699
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
<b>Total Expenditure by Vote</b>	<b>1 189 046</b>	<b>1 210 971</b>	<b>1 458 809</b>	<b>1 576 229</b>	<b>1 618 077</b>
<b>Surplus/(Deficit) for the year</b>	<b>269 951</b>	<b>274 089</b>	<b>147 681</b>	<b>100 739</b>	<b>159 229</b>

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

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

WC015 Swartland - Table A4 Budgeted Financial Performance (revenue and expenditure)					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>					
<b>Revenue</b>					
<b>Exchange Revenue</b>					
Service charges - Electricity	451 420	472 747	548 246	587 051	625 859
Service charges - Water	97 940	98 216	103 605	109 702	116 159
Service charges - Waste Water Management	57 022	57 625	61 128	65 051	69 221
Service charges - Waste Management	38 087	38 064	42 709	47 965	53 823
Sale of Goods and Rendering of Services	13 619	14 129	14 664	15 525	16 437
Agency services	6 787	6 787	7 194	7 626	8 084
Interest earned from Receivables	3 407	4 115	3 821	4 013	4 213
Interest earned from Current and Non Current Assets	88 998	91 790	81 529	81 397	83 247
Rental from Fixed Assets	1 930	1 930	1 759	1 858	1 962
Operational Revenue	4 028	9 640	4 885	5 160	5 451
<b>Non-Exchange Revenue</b>					
Property rates	199 371	201 371	212 727	225 789	239 635
Fines, penalties and forfeits	38 991	31 213	38 363	38 755	39 151
Licences or permits	5 467	5 467	5 669	6 003	6 357
Transfer and subsidies - Operational	190 028	188 764	342 208	375 742	334 722
Interest	1 324	1 671	2 253	2 366	2 484
Operational Revenue	12 062	11 324	12 484	13 424	14 467
Gains on disposal of Assets	2 453	2 930	2 680	2 680	2 680
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 212 935</b>	<b>1 237 783</b>	<b>1 485 925</b>	<b>1 590 107</b>	<b>1 623 953</b>
<b>Expenditure</b>					
Employee related costs	341 481	344 723	368 788	395 988	426 517
Remuneration of councillors	13 273	13 273	12 630	13 072	13 529
Bulk purchases - electricity	384 927	405 920	479 999	514 559	553 306
Inventory consumed	68 908	67 888	72 865	78 443	85 900
Debt impairment	3 405	12 021	5 959	5 204	4 851
Depreciation and amortisation	128 253	125 316	133 697	146 639	151 276
Interest	14 689	10 569	9 954	13 109	12 825
Contracted services	83 092	83 319	231 960	257 175	208 740
Transfers and subsidies	5 902	4 264	4 073	4 112	4 252
Irrecoverable debts written off	45 024	43 829	41 008	43 914	46 481
Operational costs	65 587	65 346	67 124	70 928	74 752
Losses on disposal of Assets	22 793	22 793	17 260	18 122	19 028
Other Losses	11 710	11 710	13 490	14 965	16 622
<b>Total Expenditure</b>	<b>1 189 046</b>	<b>1 210 971</b>	<b>1 458 809</b>	<b>1 576 229</b>	<b>1 618 077</b>
<b>Surplus/(Deficit)</b>	<b>23 889</b>	<b>26 812</b>	<b>27 116</b>	<b>13 878</b>	<b>5 876</b>
Transfers and subsidies - capital (monetary)	246 062	247 277	120 566	86 861	153 353
<b>Surplus/(Deficit) after capital transfers &amp;</b>	<b>269 951</b>	<b>274 089</b>	<b>147 681</b>	<b>100 739</b>	<b>159 229</b>
<b>Surplus/(Deficit) for the year</b>	<b>269 951</b>	<b>274 089</b>	<b>147 681</b>	<b>100 739</b>	<b>159 229</b>

### MBRR 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 (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget (National, Provincial and Other grants and transfers, External borrowing and internally generated funds from current and prior year surpluses). The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

<b>WC015 Swartland - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding</b>					
<b>Vote Description</b>  <b>R thousand</b>	<b>Current Year 2024/25</b>		<b>2025/26 Medium Term Revenue &amp; Expenditure Framework</b>		
	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Budget Year 2025/26</b>	<b>Budget Year +1 2026/27</b>	<b>Budget Year +2 2027/28</b>
<b><u>Capital expenditure - Vote</u></b>					
<b><u>Multi-year expenditure to be appropriated</u></b>					
Vote 2 - Civil Services	57 326	54 213	94 706	97 815	112 022
Vote 4 - Electricity Services	55 129	24 791	75 133	43 732	31 800
Vote 6 - Development Services	165 889	157 370	58 712	38 657	103 111
<b>Capital multi-year expenditure sub-total</b>	<b>278 343</b>	<b>236 374</b>	<b>228 552</b>	<b>180 204</b>	<b>246 932</b>
<b><u>Single-year expenditure to be appropriated</u></b>					
Vote 1 - Corporate Services	778	478	573	575	577
Vote 2 - Civil Services	69 710	57 936	49 284	18 398	33 118
Vote 3 - Council	878	1 287	12	12	12
Vote 4 - Electricity Services	13 843	17 170	13 033	18 442	28 142
Vote 5 - Financial Services	698	568	168	76	672
Vote 6 - Development Services	8 935	8 842	364	6 090	94
Vote 7 - Municipal Manager	412	100	12	12	12
Vote 8 - Protection Services	2 882	3 055	1 800	1 136	612
<b>Capital single-year expenditure sub-total</b>	<b>98 134</b>	<b>89 435</b>	<b>65 247</b>	<b>44 741</b>	<b>63 239</b>
<b>Total Capital Expenditure - Vote</b>	<b>376 478</b>	<b>325 809</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>
<b><u>Capital Expenditure - Functional</u></b>					
<b><u>Governance and administration</u></b>	<b>4 525</b>	<b>3 925</b>	<b>4 267</b>	<b>3 234</b>	<b>3 473</b>
Executive and council	1 290	1 387	24	24	24
Finance and administration	3 236	2 538	4 243	3 210	3 449
<b><u>Community and public safety</u></b>	<b>24 932</b>	<b>25 119</b>	<b>14 390</b>	<b>3 495</b>	<b>2 708</b>
Community and social services	1 130	895	10 343	143	143
Sport and recreation	20 920	21 169	2 247	2 215	1 953
Public safety	2 882	3 055	1 800	1 136	612
<b><u>Economic and environmental services</u></b>	<b>156 971</b>	<b>142 180</b>	<b>97 186</b>	<b>94 868</b>	<b>102 312</b>
Planning and development	24 829	25 530	12 760	11 664	23 610
Road transport	132 142	116 650	84 426	83 203	78 702
<b><u>Trading services</u></b>	<b>190 050</b>	<b>154 585</b>	<b>177 955</b>	<b>123 349</b>	<b>201 678</b>
Energy sources	67 741	40 731	86 083	59 505	57 635
Water management	49 869	45 551	31 588	47 562	92 661
Waste water management	39 350	40 791	21 338	10 752	33 998
Waste management	33 090	27 511	38 946	5 529	17 385
<b>Total Capital Expenditure - Functional</b>	<b>376 478</b>	<b>325 809</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>
<b><u>Funded by:</u></b>					
National Government	52 150	60 945	60 270	48 161	50 199
Provincial Government	174 809	166 190	60 016	38 700	103 154
Transfers and subsidies - capital (monetary)	19 033	19 113	—	—	—
<b>Transfers recognised - capital</b>	<b>245 992</b>	<b>246 248</b>	<b>120 287</b>	<b>86 861</b>	<b>153 353</b>
<b>Borrowing</b>	<b>36 951</b>	<b>—</b>	<b>30 000</b>	<b>—</b>	<b>—</b>
<b>Internally generated funds</b>	<b>93 535</b>	<b>79 562</b>	<b>143 512</b>	<b>138 084</b>	<b>156 818</b>
<b>Total Capital Funding</b>	<b>376 478</b>	<b>325 809</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>



## MBRR Table A6 - Budgeted Financial Position

Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:

- Call investments deposits; Consumer debtors; Property, plant and equipment; Trade and other payables; Provisions non-current; Changes in net assets; and Reserves.

WC015 Swartland - Table A6 Budgeted Financial Position					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	464 184	529 629	895 335	930 528	945 982
Trade and other receivables from exchange transactions	97 905	104 984	121 920	139 914	158 844
Receivables from non-exchange transactions	32 595	45 794	52 683	61 807	71 158
Current portion of non-current receivables	–	(287)	(287)	(287)	(287)
Inventory	29 555	38 030	40 407	43 952	46 998
VAT	44 910	32 467	35 344	38 473	41 138
Other current assets	185	1 058	1 058	1 058	1 058
<b>Total current assets</b>	<b>669 334</b>	<b>751 676</b>	<b>1 146 461</b>	<b>1 215 444</b>	<b>1 264 891</b>
<b>Non current assets</b>					
Investments	333 028	333 119	–	–	–
Investment property	20 041	24 327	23 852	23 379	22 897
Property, plant and equipment	2 552 627	2 499 280	2 642 408	2 703 270	2 843 809
Heritage assets	1 345	4 121	4 121	4 121	4 121
Intangible assets	246	378	566	362	172
<b>Total non current assets</b>	<b>2 907 287</b>	<b>2 861 225</b>	<b>2 670 947</b>	<b>2 731 132</b>	<b>2 870 999</b>
<b>TOTAL ASSETS</b>	<b>3 576 621</b>	<b>3 612 901</b>	<b>3 817 408</b>	<b>3 946 576</b>	<b>4 135 890</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Bank overdraft	–	–	–	–	–
Financial liabilities	3 544	6 044	8 325	9 330	7 823
Consumer deposits	18 846	20 160	20 160	20 160	20 360
Trade and other payables from exchange transactions	87 948	67 130	90 183	115 104	139 440
Trade and other payables from non-exchange transactions	–	8 099	4 581	2 599	2 599
Provision	13 758	23 388	23 708	24 041	24 387
VAT	36 194	7 293	9 505	11 845	14 304
Other current liabilities	–	–	–	–	–
<b>Total current liabilities</b>	<b>160 289</b>	<b>132 114</b>	<b>156 461</b>	<b>183 077</b>	<b>208 911</b>
<b>Non current liabilities</b>					
Financial liabilities	62 019	27 314	48 988	39 659	31 836
Provision	82 158	76 739	83 898	91 251	99 383
Long term portion of trade payables	–	–	–	–	–
Other non-current liabilities	75 605	91 100	94 744	98 533	102 475
<b>Total non current liabilities</b>	<b>219 781</b>	<b>195 152</b>	<b>227 630</b>	<b>229 443</b>	<b>233 693</b>
<b>TOTAL LIABILITIES</b>	<b>380 070</b>	<b>327 266</b>	<b>384 091</b>	<b>412 520</b>	<b>442 604</b>
<b>NET ASSETS</b>	<b>3 196 551</b>	<b>3 285 636</b>	<b>3 433 317</b>	<b>3 534 056</b>	<b>3 693 286</b>
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated surplus/(deficit)	2 841 942	2 915 289	2 974 224	3 013 717	3 069 677
Reserves and funds	354 610	370 346	459 093	520 339	623 609
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>3 196 551</b>	<b>3 285 636</b>	<b>3 433 317</b>	<b>3 534 056</b>	<b>3 693 286</b>

## MBRR Table A7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded. The net effect of the budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents. The net effect of the budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents. The cash levels below include unspent grants and long-term investments over the MTREF.

WC015 Swartland - Table A7 Budgeted Cash Flows					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property rates	194 714	190 960	203 845	216 342	229 587
Service charges	643 646	647 860	741 336	794 305	848 578
Other revenue	284 882	288 568	323 218	333 356	332 855
Transfers and Subsidies - Operational	190 068	188 731	343 708	375 742	334 722
Transfers and Subsidies - Capital	246 022	225 965	115 548	84 879	153 353
Interest	88 998	91 790	81 529	81 397	83 247
Dividends	-	-	-	-	-
<b>Payments</b>					
Suppliers and employees	(1 163 758)	(1 192 911)	(1 460 203)	(1 577 366)	(1 602 399)
Interest	(8 010)	(3 889)	(3 305)	(5 756)	(4 693)
Transfers and Subsidies	(5 902)	(4 264)	(4 073)	(4 112)	(4 252)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>470 661</b>	<b>432 811</b>	<b>341 602</b>	<b>298 787</b>	<b>370 999</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	2 453	2 930	2 680	2 680	2 680
Decrease (increase) in non-current receivables	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	333 119	-	-
<b>Payments</b>					
Capital assets	(432 655)	(371 647)	(335 652)	(257 949)	(349 095)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(430 201)</b>	<b>(368 718)</b>	<b>148</b>	<b>(255 269)</b>	<b>(346 415)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Short term loans	-	-	-	-	-
Borrowing long term/refinancing	40 000	-	30 000	-	-
Increase (decrease) in consumer deposits	500	500	-	-	200
<b>Payments</b>					
Repayment of borrowing	(11 318)	(5 456)	(6 044)	(8 325)	(9 330)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>29 182</b>	<b>(4 956)</b>	<b>23 956</b>	<b>(8 325)</b>	<b>(9 130)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>69 641</b>	<b>59 138</b>	<b>365 706</b>	<b>35 193</b>	<b>15 454</b>
Cash/cash equivalents at the year begin:	394 543	470 491	529 629	895 335	930 528
Cash/cash equivalents at the year end:	464 184	529 629	895 335	930 528	945 982

**NB:** The increase in Cash/cash equivalents at year-end in 2025/26 is due to the maturity of the R 300 million investment that was invested for three years.

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

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget and NT Circulars 129 and 130. As part of the budgeting and planning guidelines that informed the compilation of the 2025/26 MTREF, the end objective of the medium-term framework **was to ensure the budget is funded and aligned to section 18 of the MFMA.**

WC015 Swartland - Table A8 Cash backed reserves/accumulated surplus reconciliation					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>					
<b>Cash and investments available</b>					
Cash/cash equivalents at the year end	464 184	529 629	895 335	930 528	945 982
Non current Investments	333 028	333 119	–	–	–
<b>Cash and investments available:</b>	<b>797 212</b>	<b>862 748</b>	<b>895 335</b>	<b>930 528</b>	<b>945 982</b>
<b>Application of cash and investments</b>					
Unspent conditional transfers	–	8 099	3 015	3 015	3 015
Unspent borrowing	–	–	–	–	–
Other working capital requirements	(70 556)	(112 106)	(120 056)	(126 175)	(131 881)
Other provisions	13 758	23 388	23 708	24 041	24 387
Long term investments committed	333 028	333 119	–	–	–
Reserves to be backed by cash/investments	354 610	370 346	459 093	520 339	623 609
<b>Total Application of cash and investments:</b>	<b>622 123</b>	<b>597 672</b>	<b>339 921</b>	<b>394 592</b>	<b>492 295</b>
<b>Surplus(shortfall) - Excluding Non-Current Creditors Trf</b>	<b>175 090</b>	<b>265 076</b>	<b>555 414</b>	<b>535 936</b>	<b>453 687</b>
<b>Creditors transferred to Debt Relief - Non-Current portio</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Surplus(shortfall) - Including Non-Current Creditors Trf</b>	<b>175 090</b>	<b>265 076</b>	<b>555 414</b>	<b>535 936</b>	<b>453 687</b>

## MBRR Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

According to Municipal Budget and Reporting Regulations (Table A9), the municipalities were advised to allocate 60 per cent of the total Capital Expenditure budget to new acquisition while the remaining 40 per cent to renewal and upgrading of the new assets.

***MFMA Budget Circular 130*** - Given the current challenges of aging and dilapidated infrastructure faced by the municipalities, which contributes to high level of losses, municipalities are advised to allocate at least 60 per cent of the capital expenditure to renewal/upgrading of the existing assets while 40 per cent should acquire new assets.

The 2025/26 capital expenditure on the renewal and upgrading of existing capital assets is 20.3%, for 2026/27 increases to 26.1% and 35.3% for 2027/28.

**WC015 Swartland - Table A9 Asset Management**

Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>					
<b>CAPITAL EXPENDITURE</b>					
<b><u>Total New Assets</u></b>	<b>336 219</b>	<b>282 991</b>	<b>234 140</b>	<b>166 166</b>	<b>200 624</b>
Roads Infrastructure	117 253	101 419	63 812	66 213	62 145
Storm water Infrastructure	1 509	4 281	—	—	—
Electrical Infrastructure	61 979	34 380	76 703	46 852	33 470
Water Supply Infrastructure	38 951	33 864	8 165	19 446	35 873
Sanitation Infrastructure	26 154	25 273	13 843	5 194	14 692
Solid Waste Infrastructure	29 621	24 038	33 616	—	15 000
<b>Infrastructure</b>	<b>275 466</b>	<b>223 254</b>	<b>196 140</b>	<b>137 706</b>	<b>161 180</b>
Community Facilities	1 800	1 230	2 050	1 100	1 100
Sport and Recreation Facilities	12 341	13 306	9 978	—	—
<b>Community Assets</b>	<b>14 141</b>	<b>14 536</b>	<b>12 028</b>	<b>1 100</b>	<b>1 100</b>
Operational Buildings	650	380	380	—	—
Housing	16 327	17 129	12 574	11 552	23 494
<b>Other Assets</b>	<b>16 977</b>	<b>17 509</b>	<b>12 954</b>	<b>11 552</b>	<b>23 494</b>
Licences and Rights	400	400	—	—	—
<b>Intangible Assets</b>	<b>400</b>	<b>400</b>	<b>—</b>	<b>—</b>	<b>—</b>
Computer Equipment	1 790	1 790	2 583	3 168	2 757
Furniture and Office Equipment	920	935	665	477	724
Machinery and Equipment	2 187	2 610	3 258	1 858	1 497
Transport Assets	15 638	13 658	6 113	9 905	9 472
Land	8 700	8 300	400	400	400
<b><u>Total Renewal of Existing Assets</u></b>	<b>3 410</b>	<b>5 711</b>	<b>26 141</b>	<b>16 200</b>	<b>19 190</b>
Roads Infrastructure	—	2 268	20 500	15 500	15 000
Water Supply Infrastructure	—	—	480	—	—
Sanitation Infrastructure	3 000	3 000	4 461	—	4 000
<b>Infrastructure</b>	<b>3 000</b>	<b>5 268</b>	<b>25 441</b>	<b>15 500</b>	<b>19 000</b>
Sport and Recreation Facilities	250	250	—	—	—
<b>Community Assets</b>	<b>250</b>	<b>250</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Machinery and Equipment</b>	<b>160</b>	<b>193</b>	<b>700</b>	<b>700</b>	<b>190</b>
<b><u>Total Upgrading of Existing Assets</u></b>	<b>36 848</b>	<b>37 107</b>	<b>33 517</b>	<b>42 579</b>	<b>90 357</b>
Roads Infrastructure	9 749	9 749	—	—	—
Storm water Infrastructure	250	250	550	550	1 050
Electrical Infrastructure	4 483	4 533	8 080	9 580	21 080
Water Supply Infrastructure	10 434	11 205	22 887	27 549	56 727
Sanitation Infrastructure	5 827	5 565	2 000	4 900	11 500
<b>Infrastructure</b>	<b>30 744</b>	<b>31 302</b>	<b>33 517</b>	<b>42 579</b>	<b>90 357</b>
Sport and Recreation Facilities	6 105	5 805	—	—	—
<b>Community Assets</b>	<b>6 105</b>	<b>5 805</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b><u>Total Capital Expenditure</u></b>	<b>376 478</b>	<b>325 809</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>
Roads Infrastructure	127 003	113 437	84 312	81 713	77 145
Storm water Infrastructure	1 759	4 531	550	550	1 050
Electrical Infrastructure	66 461	38 912	84 783	56 432	54 550
Water Supply Infrastructure	49 386	45 068	31 533	46 995	92 601
Sanitation Infrastructure	34 981	33 838	20 304	10 094	30 192
Solid Waste Infrastructure	29 621	24 038	33 616	—	15 000
<b>Infrastructure</b>	<b>309 210</b>	<b>259 825</b>	<b>255 098</b>	<b>195 785</b>	<b>270 537</b>
Community Facilities	1 800	1 230	2 050	1 100	1 100
Sport and Recreation Facilities	18 695	19 360	9 978	—	—
<b>Community Assets</b>	<b>20 495</b>	<b>20 590</b>	<b>12 028</b>	<b>1 100</b>	<b>1 100</b>
Operational Buildings	650	380	380	—	—
Housing	16 327	17 129	12 574	11 552	23 494
<b>Other Assets</b>	<b>16 977</b>	<b>17 509</b>	<b>12 954</b>	<b>11 552</b>	<b>23 494</b>
Licences and Rights	400	400	—	—	—
<b>Intangible Assets</b>	<b>400</b>	<b>400</b>	<b>—</b>	<b>—</b>	<b>—</b>
Computer Equipment	1 790	1 790	2 583	3 168	2 757
Furniture and Office Equipment	920	935	665	477	724
Machinery and Equipment	2 347	2 803	3 958	2 558	1 687
Transport Assets	15 638	13 658	6 113	9 905	9 472
Land	8 700	8 300	400	400	400
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>376 478</b>	<b>325 809</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>

WC015 Swartland - Table A9 Asset Management					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand					
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>2 179 116</b>	<b>2 058 653</b>	<b>2 233 505</b>	<b>2 362 544</b>	<b>2 417 185</b>
<i>Roads Infrastructure</i>	401 130	416 311	485 095	521 768	554 870
<i>Storm water Infrastructure</i>	102 229	122 796	118 725	112 102	105 379
<i>Electrical Infrastructure</i>	390 768	362 103	377 813	435 470	461 421
<i>Water Supply Infrastructure</i>	408 346	393 238	430 678	457 902	490 421
<i>Sanitation Infrastructure</i>	477 155	419 890	428 446	421 473	404 229
<i>Solid Waste Infrastructure</i>	31 846	25 799	38 530	57 624	52 330
<b>Infrastructure</b>	<b>1 811 474</b>	<b>1 740 138</b>	<b>1 879 287</b>	<b>2 006 340</b>	<b>2 068 650</b>
<b>Community Assets</b>	<b>114 790</b>	<b>110 719</b>	<b>119 823</b>	<b>120 644</b>	<b>110 716</b>
<b>Heritage Assets</b>	<b>1 345</b>	<b>4 121</b>	<b>4 121</b>	<b>4 121</b>	<b>4 121</b>
<b>Investment properties</b>	<b>20 041</b>	<b>24 327</b>	<b>23 852</b>	<b>23 379</b>	<b>22 897</b>
<b>Other Assets</b>	<b>74 965</b>	<b>35 152</b>	<b>50 641</b>	<b>56 907</b>	<b>61 242</b>
<b>Intangible Assets</b>	<b>246</b>	<b>378</b>	<b>566</b>	<b>362</b>	<b>172</b>
<b>Computer Equipment</b>	<b>3 480</b>	<b>3 548</b>	<b>2 614</b>	<b>1 992</b>	<b>2 018</b>
<b>Furniture and Office Equipment</b>	<b>1 533</b>	<b>2 588</b>	<b>2 205</b>	<b>1 480</b>	<b>516</b>
<b>Machinery and Equipment</b>	<b>24 154</b>	<b>11 739</b>	<b>9 816</b>	<b>8 332</b>	<b>5 959</b>
<b>Transport Assets</b>	<b>43 485</b>	<b>44 935</b>	<b>51 458</b>	<b>49 660</b>	<b>51 371</b>
<b>Land</b>	<b>83 603</b>	<b>81 008</b>	<b>89 123</b>	<b>89 328</b>	<b>89 523</b>
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>2 179 116</b>	<b>2 058 653</b>	<b>2 233 505</b>	<b>2 362 544</b>	<b>2 417 185</b>
<b>EXPENDITURE OTHER ITEMS</b>	<b>197 478</b>	<b>199 644</b>	<b>216 302</b>	<b>225 029</b>	<b>227 710</b>
<b><u>Depreciation</u></b>	<b>125 851</b>	<b>122 914</b>	<b>128 145</b>	<b>140 809</b>	<b>145 446</b>
<b><u>Repairs and Maintenance by Asset Class</u></b>	<b>71 627</b>	<b>76 730</b>	<b>88 157</b>	<b>84 220</b>	<b>82 264</b>
<i>Roads Infrastructure</i>	6 026	6 269	20 921	12 454	6 902
<i>Storm water Infrastructure</i>	22 254	23 788	24 311	26 414	28 140
<i>Electrical Infrastructure</i>	5 322	5 332	5 794	6 166	6 572
<i>Water Supply Infrastructure</i>	1 707	1 849	2 011	2 018	2 089
<i>Sanitation Infrastructure</i>	5 464	5 961	6 151	6 365	6 588
<i>Solid Waste Infrastructure</i>	8 741	9 742	10 272	10 584	11 076
<b>Infrastructure</b>	<b>49 514</b>	<b>52 941</b>	<b>69 462</b>	<b>64 001</b>	<b>61 366</b>
<i>Community Facilities</i>	2 543	2 542	2 533	2 808	2 930
<i>Sport and Recreation Facilities</i>	1 042	1 238	1 072	1 103	1 136
<b>Community Assets</b>	<b>3 585</b>	<b>3 780</b>	<b>3 605</b>	<b>3 912</b>	<b>4 066</b>
<i>Operational Buildings</i>	1 148	1 148	1 260	1 319	1 380
<i>Housing</i>	775	775	1 624	1 199	845
<b>Other Assets</b>	<b>1 923</b>	<b>1 923</b>	<b>2 884</b>	<b>2 517</b>	<b>2 224</b>
<i>Licences and Rights</i>	6 669	6 659	-	-	-
<b>Intangible Assets</b>	<b>6 669</b>	<b>6 659</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>	<b>402</b>	<b>372</b>	<b>402</b>	<b>420</b>	<b>420</b>
<b>Furniture and Office Equipment</b>	<b>58</b>	<b>58</b>	<b>72</b>	<b>73</b>	<b>74</b>
<b>Machinery and Equipment</b>	<b>1 392</b>	<b>1 468</b>	<b>1 532</b>	<b>1 615</b>	<b>1 609</b>
<b>Transport Assets</b>	<b>8 083</b>	<b>9 529</b>	<b>10 201</b>	<b>11 682</b>	<b>12 504</b>
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>197 478</b>	<b>199 644</b>	<b>216 302</b>	<b>225 029</b>	<b>227 710</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	10.7%	13.1%	20.3%	26.1%	35.3%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	32.0%	34.8%	46.6%	41.7%	75.3%
<i>R&amp;M as a % of PPE &amp; Investment Property</i>	3.0%	3.4%	4.0%	3.6%	3.4%
<i>Renewal and upgrading and R&amp;M as a % of PPE and Investment Pr</i>	4.8%	5.5%	6.6%	6.1%	7.9%

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

WC015 Swartland - Table A10 Basic service delivery measurement					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Household service targets</b>					
<b><u>Water:</u></b>					
Piped water inside dwelling	32 872	32 872	40 623	40 623	40 623
Piped water inside yard (but not in dwelling)	3 232	3 232	3 500	3 500	3 500
Using public tap (at least min.service level)	212	212	246	246	246
<i>Minimum Service Level and Above sub-total</i>	36 316	36 316	44 369	44 369	44 369
Using public tap (< min.service level)	–	–	162	162	162
Other water supply (< min.service level)	2 823	2 823	324	324	324
<i>Below Minimum Service Level sub-total</i>	2 823	2 823	486	486	486
<b>Total number of households</b>	<b>39 139</b>	<b>39 139</b>	<b>44 855</b>	<b>44 855</b>	<b>44 855</b>
<b><u>Sanitation/sewerage:</u></b>					
Flush toilet (connected to sewerage)	33 744	33 744	41 153	41 153	41 153
Flush toilet (with septic tank)	3 887	3 887	2 279	2 279	2 279
Chemical toilet	29	29	108	108	108
Pit toilet (ventilated)	37	37	73	73	73
Other toilet provisions (> min.service level)	–	–	93	93	93
<i>Minimum Service Level and Above sub-total</i>	37 697	37 697	43 706	43 706	43 706
Bucket toilet	991	991	944	944	944
Other toilet provisions (< min.service level)	141	141	57	57	57
No toilet provisions	310	310	148	148	148
<i>Below Minimum Service Level sub-total</i>	1 442	1 442	1 149	1 149	1 149
<b>Total number of households</b>	<b>39 139</b>	<b>39 139</b>	<b>44 855</b>	<b>44 855</b>	<b>44 855</b>
<b><u>Energy:</u></b>					
Electricity (at least min.service level)	38 631	38 631	43 985	43 985	43 985
<i>Minimum Service Level and Above sub-total</i>	38 631	38 631	43 984	43 984	43 984
Other energy sources	508	508	871	871	871
<i>Below Minimum Service Level sub-total</i>	508	508	871	871	871
<b>Total number of households</b>	<b>39 139</b>	<b>39 139</b>	<b>44 855</b>	<b>44 855</b>	<b>44 855</b>
<b><u>Refuse:</u></b>					
Removed at least once a week	32 675	32 675	39 195	39 195	39 195
<i>Minimum Service Level and Above sub-total</i>	32 675	32 675	39 195	39 195	39 195
Removed less frequently than once a week	480	480	607	607	607
Using communal refuse dump	897	897	2 071	2 071	2 071
Using own refuse dump	4 863	4 863	2 403	2 403	2 403
Other rubbish disposal	204	204	333	333	333
No rubbish disposal	20	20	246	246	246
<i>Below Minimum Service Level sub-total</i>	6 464	6 464	5 660	5 660	5 660
<b>Total number of households</b>	<b>39 139</b>	<b>39 139</b>	<b>44 855</b>	<b>44 855</b>	<b>44 855</b>

**Reference:** Data set supplied by the Strategic office.



Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Households receiving Free Basic Service</b>					
Water (6 kilolitres per household per month)	9 668	9 668	9 042	9 314	9 593
Sanitation (free minimum level service)	9 329	9 329	8 686	8 947	9 215
Electricity/other energy (50kwh per household per month)	8 848	8 848	8 344	8 594	8 852
Refuse (removed at least once a week)	9 677	9 677	9 027	9 972	11 060
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>					
Water (6 kilolitres per indigent household per month)	15 850	15 850	16 801	17 809	18 878
Sanitation (free sanitation service to indigent households)	32 770	32 770	33 753	35 441	37 213
Electricity/other energy (50kwh per indigent household per month)	10 812	10 812	11 514	12 880	14 413
Refuse (removed once a week for indigent households)	19 663	19 663	21 236	22 935	24 769
<b>Total cost of FBS provided</b>	<b>79 094</b>	<b>79 094</b>	<b>83 304</b>	<b>89 064</b>	<b>95 273</b>
<b>Highest level of free service provided per household</b>					
Property rates (R value threshold)	105 000	105 000	105 000	105 000	105 000
Water (kilolitres per household per month)	6	6	6	6	6
Sanitation (Rand per household per month)	294.75	294.75	312.14	330.56	350.06
Electricity (kwh per household per month)	50	50	50	50	50
Refuse (average litres per week)	182.65	182.65	202.74	225.04	249.80
<b>Revenue cost of subsidised services provided (R'000)</b>					
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	3 597	3 597	4 180	4 598	5 058
Other	3 000	3 000	3 300	3 300	3 300
<b>Total revenue cost of subsidised services provided</b>	<b>6 597</b>	<b>6 597</b>	<b>7 480</b>	<b>7 898</b>	<b>8 358</b>

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

#### POLITICAL OVERSIGHT OVER THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans.

The mayoral committee is one of the key assurance providers in accomplishing the linkage between the IDP and the Budget of a municipality.

#### SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP, budget and related policies. The mayor therefore tabled a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, in council at least 10 months before the start of the next financial year.

#### PURPOSE OF THE BUDGET AND IDP PROCESS PLAN

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (2025/26 – 2029/30) and the budget for the 2025/26 financial year and the two outer years.

The process plan enhances integration and alignment between the IDP and the Budget, thereby ensuring the development of an IDP-based budget. It fulfils the role of an operational framework for the IDP and Budget process outlining the manner in which this process was undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

The Mayor tabled in Council the required IDP and budget time schedule on 22 August 2024. Key dates applicable to the process were:

- **November 2024** – Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;
- **October / November 2024** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **30 January 2025** - Council considered and approved the 2024/25 Mid-year Review and Adjustment Budget;

- **February / March 2025** - Finalise detailed draft operating and capital budgets in the prescribed formats incorporating National and Provincial budget allocations, integrate and align to IDP documentation and draft SDBIP, finalise budget policies;
- **31 March 2025** - Tabling in Council of the draft 2025/26 IDP and MTREF Budget for public consultation;
- **April 2025** – Public consultation by means of written comments;
- **30 April 2025 @ 12 midday** - Closing date for written comments;
- **2 - 15 May 2025** – Finalisation of the 2025/26 IDP and MTREF Budget, taking into consideration comments received from the public, comments from National and Provincial Treasury; and
- **29 May 2025** - Tabling of the 2025/26 IDP and Final MTREF budget before Council for consideration and approval.

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

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

### 2.1.2 Community Consultation

Members of the community were given the opportunity to provide written comments and inputs on the draft budget presented to them. Having considered all of the representations received by 30 April 2025, in its entirety, amendments to the draft budget were made as stipulated in the recommendations. No further amendments can be made to the council's MTREF, given council's longer-term vision to ensure a high standard of sustainable service delivery, the need for massive investment in water and sewerage infrastructure starting from year 3, without placing an additional burden on paying public.

## 2.2 Overview of alignment of annual budget with IDP

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

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

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The 2025/26 MTREF was in the main informed by the IDP process outcomes and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

### **2.2.1 Reconciliation between the IDP strategic objectives and budgeted revenue**

WC015 Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)						
Strategic Objective	Goal	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>						
Community safety and wellbeing	Manage Development Services	215	960	180	92	94
	Manage Community Development	38	38	149	59	59
	Manage Multi-Purpose Centres	177	922	31	33	35
	Manage Protection Services	61 454	54 167	62 905	63 192	64 884
	Manage Civil Protection	417	417	573	—	—
	Manage Licensing and Registration Services	12 468	12 468	13 096	13 882	14 715
	Manage Traffic and Law Enforcement	48 326	41 039	48 423	49 032	49 877
	Manage Fire and Emergency Services	10	10	565	15	15
	Manage the Harbour Yzerfontein	233	233	247	262	278
Economic transformation	Facilitate economic development in the municipal area	—	—	—	—	—
A healthy and sustainable environment	Manage Development Services	193 234	182 954	203 862	221 122	240 591
	Manage Development Services	1	1	1	1	2
	Manage Planning and Valuations	1 303	1 329	1 419	1 502	1 590
	Manage Building Control	3 805	4 105	4 173	4 423	4 688
	Manage Human Settlements	184 126	173 519	194 028	210 700	229 546
	Manage the Caravan Park Yzerfontein	4 000	4 000	4 241	4 495	4 765
A connected and innovative local government	Manage Corporate Services	13 430	12 533	11 982	12 108	12 764
	Manage Corporate Services, Secretariat and	103	103	104	104	104
	Manage Human Resource Services	787	1 462	549	400	400
	Manage Properties, Contracts and Legal Administration	290	290	308	326	346
	Manage Libraries	12 212	10 640	10 995	11 251	11 885
	Manage Marketing And Tourism	38	38	26	28	29
	Manage the Office of the Municipal Manager	—	80	—	—	—
	Manage Strategic Services	—	80	—	—	—
	Manage Financial Services	374 410	380 819	387 011	404 930	422 878
	Manage Finance (Credit Control, Income, Expenditure, etc)	169 781	174 190	168 342	172 677	176 216
	Manage Rates	203 029	205 029	216 969	230 453	244 762
	Manage Financial Management Grant	1 600	1 600	1 700	1 800	1 900
	Manage Council Expenses	352	403	265	269	273
Quality and reliable services	Manage Civil Engineering Services	815 902	853 144	940 286	975 255	1 035 823
	Manage Cemeteries	964	964	971	1 019	1 070
	Manage Parks and Recreational Areas	300	300	644	—	—
	Manage Proclaimed Roads	204	204	11 936	4 727	209
	Manage Sewerage	94 584	98 052	105 857	104 704	110 896
	Manage Sportsgrounds	6 065	6 065	480	298	316
	Manage Streets	12 837	22 981	8 963	11 554	609
	Manage Storm water	1 840	4 612	331	—	—
	Manage Swimming Pools	406	526	574	609	645
	Manage Water Provision	127 631	125 972	135 595	147 186	166 977
	Manage Municipal Property	1 985	1 985	1 769	1 807	1 846
	Manage Refuse Removal	80 220	78 382	86 886	77 032	85 301
	Manage Electricity Distribution	488 867	513 102	586 280	626 319	667 953
Total Revenue (excluding capital transfers and contributions) <sup>51</sup>		1 458 997	1 485 060	1 606 491	1 676 968	1 777 306

## 2.2.2 Reconciliation between the IDP strategic objectives and budgeted operating expenditure

WC015 Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)						
Strategic Objective	Goal	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>						
<b>Community safety and wellbeing</b>	<b>Manage Development Services</b>	<b>8 492</b>	<b>8 533</b>	<b>9 358</b>	<b>10 010</b>	<b>10 642</b>
	Manage Community Development	4 350	4 366	4 946	5 271	5 571
	Manage Multi-Purpose Centres	1 872	1 880	1 893	2 015	2 160
	Manage Environmental and Occupational	2 271	2 287	2 520	2 724	2 911
	<b>Manage Protection Services</b>	<b>120 682</b>	<b>113 608</b>	<b>124 701</b>	<b>131 430</b>	<b>138 699</b>
	Manage Protection Services	3 014	2 988	3 119	3 348	3 608
	Manage Civil Protection	749	1 730	862	371	379
	Manage Licensing and Registration Services	11 939	12 041	12 708	13 725	14 717
	Manage Traffic and Law Enforcement	92 041	83 123	93 223	98 218	103 376
	Manage Fire and Emergency Services	12 439	13 226	14 256	15 197	16 009
	Manage the Harbour Yzerfontein	500	500	533	570	611
<b>Economic transformation</b>	<b>Facilitate economic development in the municipal area</b>	<b>–</b>	<b>–</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>A healthy and sustainable</b>	<b>Manage Development Services</b>	<b>42 887</b>	<b>33 407</b>	<b>163 197</b>	<b>202 678</b>	<b>159 649</b>
	Manage Development Services	3 021	2 974	3 145	3 376	3 633
	Manage Planning and Valuations	10 210	9 577	10 293	10 202	11 572
	Manage Building Control	3 996	4 015	4 384	4 701	5 060
	Manage Human Settlements	22 192	13 385	141 231	179 937	134 611
	Manage the Caravan Park Yzerfontein	3 468	3 455	4 144	4 461	4 773
<b>A connected and innovative local government</b>	<b>Manage Corporate Services</b>	<b>46 746</b>	<b>47 664</b>	<b>49 233</b>	<b>52 164</b>	<b>55 536</b>
	Manage Corporate Services, Secretariat and Records and Ward Committees	15 124	15 569	16 048	16 959	17 950
	Manage Human Resource Services	8 084	8 765	8 338	8 719	9 203
	Manage Properties, Contracts and Legal Administration	7 126	7 013	7 832	8 328	8 901
	Manage Libraries	13 853	13 890	14 624	15 630	16 805
	Manage Marketing And Tourism	2 559	2 427	2 390	2 528	2 677
	<b>Manage Electrical Engineering Services</b>	<b>21 010</b>	<b>20 519</b>	<b>21 924</b>	<b>23 495</b>	<b>24 665</b>
	Manage ICT Services	21 010	20 519	21 924	23 495	24 665
	<b>Manager</b>	<b>10 030</b>	<b>10 025</b>	<b>11 268</b>	<b>11 880</b>	<b>12 649</b>
	Manage the Office of the Municipal Manager	4 402	4 448	5 062	5 463	5 884
	Manage Internal Audit	2 869	2 839	2 957	2 890	2 971
	Manage Strategic Services	2 759	2 738	3 249	3 527	3 794
	<b>Manage Financial Services</b>	<b>81 680</b>	<b>78 332</b>	<b>84 577</b>	<b>90 928</b>	<b>97 432</b>
	Manage Financial Administration	2 368	2 368	2 536	2 714	2 916
	Manage Supply Chain Management	10 838	10 790	11 999	12 877	13 818
	Manage the Budget and Treasury Office	3 572	4 006	6 705	6 832	7 243
	Manage Finance (Credit Control, Income, Expenditure, etc)	54 498	50 844	55 891	60 418	64 713
	Manage Assets	5 714	5 940	2 464	2 670	2 869
	Manage Fleet	1 347	1 344	1 446	1 597	1 749
	Manage Rates	1 867	1 563	1 968	2 157	2 367
	Manage Financial Management Grant	1 477	1 477	1 568	1 662	1 757



WC015 Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)						
Strategic Objective	Goal	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand						
Quality and reliable services	<b>Manage Council Expenses</b>					
	Manage Council Expenses	26 049	25 374	25 469	26 504	27 629
	<b>Manage Civil Engineering Services</b>	831 469	873 508	969 050	1 027 110	1 091 146
	Manage Civil Engineering Services	4 220	4 274	4 480	4 791	5 047
	Manage Cemeteries	1 072	1 037	1 033	1 225	1 252
	Manage Parks and Recreational Areas	24 023	24 153	25 986	27 516	29 718
	Manage Proclaimed Roads	461	461	15 033	6 219	462
	Manage Sewerage	48 110	52 773	48 867	51 384	52 882
	Manage Waste Water Treatment Works	19 506	20 024	22 460	24 342	26 431
	Manage Sportsgrounds	8 663	8 205	8 493	8 822	9 408
	Manage Streets	65 414	66 737	66 371	69 820	71 818
	Manage Storm water	22 563	24 104	24 657	26 778	28 521
	Manage Swimming Pools	6 237	5 495	6 281	6 729	7 228
	Manage Water Provision	108 251	123 319	117 430	126 765	137 774
	Manage Municipal Property	19 991	21 889	22 992	22 853	23 440
	Manage Refuse Removal	41 138	40 421	40 950	46 591	50 135
	Manage Street Cleaning	8 633	8 728	9 250	8 843	9 098
	Manage Solid Waste Disposal (Landfill Sites)	15 613	16 524	17 048	18 365	19 337
	Manage Electrical Engineering Services	2 241	2 125	2 187	2 344	2 521
	Manage Electricity Distribution	433 132	451 027	533 054	571 082	613 249
	Manage Street Lighting	2 202	2 212	2 479	2 642	2 826
<b>Total Expenditure</b>		<b>1 189 046</b>	<b>1 210 971</b>	<b>1 458 809</b>	<b>1 576 229</b>	<b>1 618 077</b>

### 2.2.3 Reconciliation between the IDP strategic objectives and budgeted capital expenditure

WC015 Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)						
Strategic Objective	Goal	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand						
Community safety and wellbeing	<b>Manage Development Services</b>					
	Manage Multi-Purpose Centres	980	745	9 900	–	–
	<b>Manage Protection Services</b>					
	Manage Protection Services	977	1 150	1 022	836	412
	Manage Fire and Emergency Services	1 905	1 905	778	300	200
Economic transformation	Facilitate economic development in the municipal area	–	–	–	–	–
A healthy and sustainable	<b>Manage Development Services</b>					
	Manage Development Services	46	49	50	52	54
	Manage Planning and Valuations	–	–	78	–	–
	Manage Human Settlements	173 309	164 925	49 012	44 657	103 111
	Manage the Caravan Park Yzerfontein	489	492	36	38	40
A connected and innovative local government	<b>Manage Corporate Services</b>					
	Manage Corporate Services, Secretariat and Records and Ward Committees	28	31	430	432	434
	Manage Properties, Contracts and Legal	700	397	100	100	100
	Manage Libraries	50	50	43	43	43
	<b>Manage Electrical Engineering Services</b>					
	Manage ICT Services	1 230	1 230	2 083	2 668	2 307
	<b>Manage the Office of the Municipal Manager</b>					
	Manage the Office of the Municipal Manager	12	100	12	12	12
	<b>Manage Financial Services</b>					
	Manage Financial Administration	122	114	63	36	38
	Manage Finance (Credit Control, Income, Expenditure, etc)	576	454	105	40	634
	<b>Manage Council Expenses</b>					
	Manage Council Expenses	1 278	1 287	12	12	12
Quality and reliable services	<b>Manage Civil Engineering Services</b>					
	Manage Civil Engineering Services	56	52	58	60	62
	Manage Cemeteries	–	–	300	–	–
	Manage Parks and Recreational Areas	1 961	1 930	1 252	1 880	1 913
	Manage Sewerage	11 929	12 414	3 536	4 482	12 230
	Manage Waste Water Treatment Works	1 500	300	10 261	500	6 000
	Manage Sportsgrounds	7 159	6 236	959	297	–
	Manage Streets	42 583	33 244	60 741	60 585	27 658
	Manage Storm water	1 825	1 825	618	620	1 122
	Manage Swimming Pools	11 311	12 511	–	–	–
	Manage Water Provision	14 942	15 713	25 758	42 225	78 734
	Manage Municipal Property	680	412	1 562	34	36
	Manage Refuse Removal	33 090	27 511	38 946	5 529	17 385
	Manage Electrical Engineering Services	380	800	400	420	500
	Manage Electricity Distribution	67 361	39 931	85 683	59 085	57 135
Total Capital Expenditure		376 478	325 809	293 799	224 945	310 171

## Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

### 2.2.4 Measurable performance objectives

WC015 Supporting Table SA7 Measureable performance objectives						
Description	Unit of measurement	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Community safety and wellbeing</b>						
<u>Manage Protection Services</u>		<b>2 882</b>	<b>3 055</b>	<b>1 800</b>	<b>1 136</b>	<b>612</b>
Manage Protection Services	Completion of projects	977	1 150	1 022	836	412
Manage Civil Protection	Completion of projects	–	–	–	–	–
Manage Licensing and Registration Services	Completion of projects	–	–	–	–	–
Manage Traffic and Law Enforcement	Completion of projects	–	–	–	–	–
Manage Fire and Emergency Services	Completion of projects	1 905	1 905	778	300	200
<b>Economic transformation</b>						
Facilitate economic development in the	Completion of projects	–	–	–	–	–
<b>A healthy and sustainable environment</b>						
<u>Manage Development Services</u>		<b>174 824</b>	<b>166 212</b>	<b>59 076</b>	<b>44 747</b>	<b>103 205</b>
Manage Development Services	Completion of projects	46	49	50	52	54
Manage Multi-Purpose Centres	Completion of projects	980	745	9 900	–	–
Manage Planning and Valuations	Completion of projects	–	–	78	–	–
Manage Building Control	Completion of projects	–	–	–	–	–
Manage Human Settlements	Completion of projects	173 309	164 925	49 012	44 657	103 111
Manage the Caravan Park Yzerfontein	Completion of projects	489	492	36	38	40
<b>A connected and innovative local</b>						
<u>Manage Corporate Services</u>		<b>778</b>	<b>478</b>	<b>573</b>	<b>575</b>	<b>577</b>
Manage Corporate Services, Secretariat and	Completion of projects	28	31	430	432	434
Manage Properties, Contracts and Legal	Completion of projects	700	397	100	100	100
Manage Libraries	Completion of projects	50	50	43	43	43

WC015 Supporting Table SA7 Measureable performance objectives						
Description	Unit of measurement	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<u>Manage ICT Services</u>	Completion of projects	1 230	1 230	2 083	2 668	2 307
<u>Manage the Office of the Municipal Manager</u>						
Manage the Office of the Municipal Manager	Completion of projects	12	100	12	12	12
<u>Manage Financial Services</u>		698	568	168	76	672
Manage Financial Administration	Completion of projects	122	114	63	36	38
Manage Finance (Credit Control, Income,	Completion of projects	576	454	105	40	634
<u>Manage Council Expenses</u>	Completion of projects	1 278	1 287	12	12	12
<b>Quality and reliable services</b>						
<u>Manage Civil Engineering Services</u>		194 777	152 880	230 074	175 719	202 774
Manage Civil Engineering Services	Completion of projects	56	52	58	60	62
Manage Cemeteries	Completion of projects	–	–	300	–	–
Manage Parks and Recreational Areas	Completion of projects	1 961	1 930	1 252	1 880	1 913
Manage Sewerage	Completion of projects	11 929	12 414	3 536	4 482	12 230
Manage Waste Water Treatment Works	Completion of projects	1 500	300	10 261	500	6 000
Manage Sportsgrounds	Completion of projects	7 159	6 236	959	297	–
Manage Streets	Completion of projects	42 583	33 244	60 741	60 585	27 658
Manage Storm water	Completion of projects	1 825	1 825	618	620	1 122
Manage Swimming Pools	Completion of projects	11 311	12 511	–	–	–
Manage Water Storage	Completion of projects	14 942	15 713	25 758	42 225	78 734
Manage Municipal Property	Completion of projects	680	412	1 562	34	36
Manage Refuse Removal	Completion of projects	33 090	27 511	38 946	5 529	17 385
Manage Electrical Engineering Services	Completion of projects	380	800	400	420	500
Manage Electricity Distribution	Completion of projects	67 361	39 931	85 683	59 085	57 135
		376 478	325 809	293 799	224 945	310 171

## 2.3 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies / by-laws.

No.	Policy/Plan Name	Reviewed (Yes / No)	Amended (Yes / No)
1.	Tariff Policy	Yes	Yes
2.	Tariff By-law	Yes	New
3.	Property Rates Policy	Yes	Yes
4.	Credit Control and Debt Collection Policy	Yes	No
5.	Indigent Policy	Yes	Yes
6.	Cash Management and Investment Policy	Yes	Yes
7.	Asset Management Policy	Yes	Yes
8.	Fleet Management Policy	Yes	Yes
9.	Supply Chain Management Policy	Yes	Yes
10.	Budget Implementation Policy	Yes	Yes
11.	Funding and Reserves Policy	Yes	Yes
12.	Debt and Borrowing Policy	Yes	No
13.	Virement Policy	Yes	Yes
14.	Travel and Subsistence Policy	Yes	Yes
15.	Cost Containment Policy	Yes	No
16.	Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy	Yes	No
17.	Insurance Management Policy	Yes	Yes
18.	Preferential Procurement Policy	Yes	Yes

**All the above policies are and will be made available on the Municipality's website.**

### 2.3.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy were tabled and approved in May 2024. The Credit Control and Debt Collection Policy was reviewed and not amended for the 2025/26 financial year.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services as per the Indigent Policy. The Indigent Policy was reviewed and amended for the 2025/26 financial year.

### **2.3.2 Asset Management, Infrastructure Investment and Funding Policy**

The Asset Management Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment. The policy was reviewed and amended for the 2025/26 financial year.

### **2.3.3 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in January 2006. The amendments to the Supply Chain Management Policy was effective from 1 April 2025 and for the 2025/26 financial year.

### **2.3.4 Budget Implementation and Virement Policy**

The Budget Implementation Policy was approved in May 2016. The policy was reviewed and amended for the 2025/26 financial year.

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The policy was reviewed and amended for the 2025/26 financial year.

### **2.3.5 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy was reviewed and amended for the 2025/26 financial years. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

Swartland Municipality strives to maintain a cost coverage ratio of between 4 to 6 months at all times, which is well above the norm in local government and the cost coverage as per A-schedule SA8 is around 8.9 to 9.2 months (including long-term investments) for the 2025/26 MTREF. (**Note:** this cost coverage does not refer to the annual cash / cost coverage ratio in the AFS as prescribed by Circular 71).

### **2.3.6 Tariff Policy**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy was reviewed and amended for the 2025/26 financial year.



## **2.4 Overview of budget assumptions**

### **2.4.1 External factors**

The Swartland population increased from 113 782 (2011) to 133 762 (2016) and 148 331 (2022) as new households urbanize and in-migrate. This, coupled with the multiplier effect of the high unemployment rate in South Africa could place enormous pressure on the revenue streams and especially the recovery rate of debtors. The audited recovery rate for the 2022/23 year was 97.09%, 95.83% (both excluding fines) for 2023/24 and a planned 95% of billings for the 2025/26 MTREF. Other factors include the following previously mentioned:

- Pressure on supply and demand as a result of ongoing geopolitical conflict, compounding local inflation in the form of Food and Fuel increases which could potential see the SARB delaying reducing the repo rate or pausing rates for longer in the 2024 cycle;
- Unstable national grid and Eskom's woes impacting municipal service delivery;
- Revenue leakage where approved tariffs are not billed for other services not part of the municipal account;
- Fuel price increases and its impact on disposable income levels;
- Not having a grip on cost drivers, such as overtime on non-core functions;
- National risks impacting financial sustainability;
- Cost of fuel on the municipal operations;
- Slower recovery of the economy;
- Ability to collect revenue in challenging environments;
- The upward pressure and multiplier effect of increases in staff salaries.

### **2.4.2 Interest rates for borrowing and investment of funds**

Interest rates are currently under control, all things remaining equal with the inflation rate currently being above the mid-target range of the South African Reserve Bank.

### **2.4.3 Collection rate for revenue services**

The base assumption is that tariff and rate increases will increase at a rate slightly above CPI over the long term and leaves the concern whether this is sustainable over the longer term. The rate of revenue collection for 2025/26 is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings. The potential of over-performance of any increased collections or arrear collections will however be considered a source of additional cash in-flow once the performance has been carefully monitored.

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

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

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals.

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

## 2.4.5 Salary increases

That Council takes note of the increases of the directors that are contractually linked to the other personnel, which is negotiated and determined at a national level:

- In respect of all personnel, an increase of **5.01%** for 2025/2026; **5.25%** for 2026/2027 and **5.75%** for the 2027/2028 financial years, excluding the increase in other benefits that are applicable and the annual 2.415% notch increase where applicable;
- All salary adjustments are adequately budgeted for;
- Provision has been made for a 3% increase for political office bearers which is within the mid band of the inflation targets set by the South African Reserve Bank (SARB).

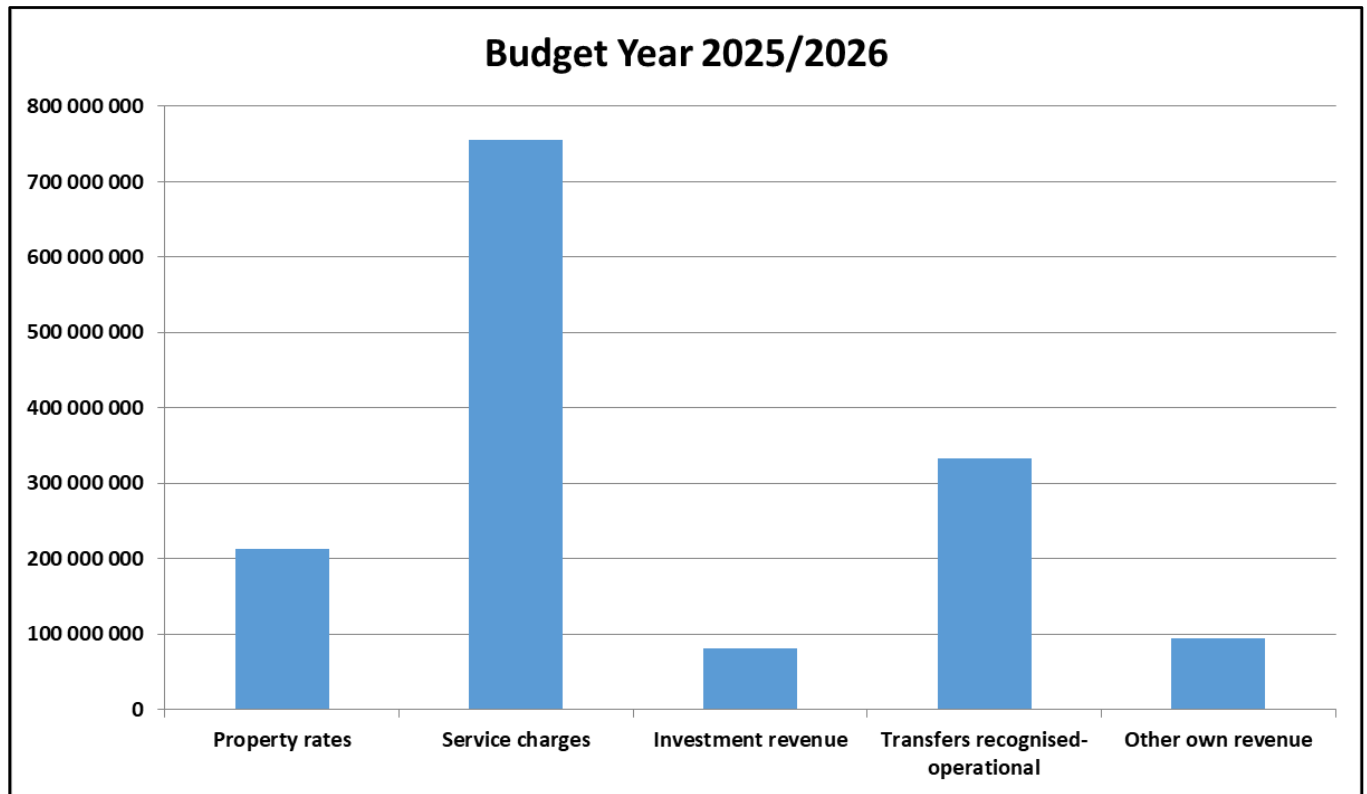
## 2.5 Overview of budget funding

### 2.5.1 Medium-term outlook: operating revenue

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

Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousands</b>					
<b><u>Financial Performance</u></b>					
Property rates	199 371	201 371	212 727	225 789	239 635
Service charges	644 470	666 652	755 688	809 769	865 062
Investment revenue	88 998	91 790	81 529	81 397	83 247
Transfer and subsidies - Operational	190 028	188 764	342 208	375 742	334 722
Other own revenue	90 067	89 205	93 773	97 409	101 287
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 212 935</b>	<b>1 237 783</b>	<b>1 485 925</b>	<b>1 590 107</b>	<b>1 623 953</b>

The following graph is a breakdown of the operational revenue per main category for the 2025/26 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right and being cost-reflective assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal.

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget process. Further initiatives will need to be considered for revenue growth, revenue protection and preventing revenue leakage going forward.

## 2.5.2 Detail Investment Information / Investment particulars by maturity

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

## 2.5.3 Cash Flow Management

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

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

### Budget cash flow statement

WC015 Swartland - Table A7 Budgeted Cash Flows					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property rates	194 714	190 960	203 845	216 342	229 587
Service charges	643 646	647 860	741 336	794 305	848 578
Other revenue	284 882	288 568	323 218	333 356	332 855
Transfers and Subsidies - Operational	190 068	188 731	343 708	375 742	334 722
Transfers and Subsidies - Capital	246 022	225 965	115 548	84 879	153 353
Interest	88 998	91 790	81 529	81 397	83 247
<b>Payments</b>					
Suppliers and employees	(1 163 758)	(1 192 911)	(1 460 203)	(1 577 366)	(1 602 399)
Interest	(8 010)	(3 889)	(3 305)	(5 756)	(4 693)
Transfers and Subsidies	(5 902)	(4 264)	(4 073)	(4 112)	(4 252)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>470 661</b>	<b>432 811</b>	<b>341 602</b>	<b>298 787</b>	<b>370 999</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	2 453	2 930	2 680	2 680	2 680
Decrease (increase) in non-current investments	-	-	333 119	-	-
<b>Payments</b>					
Capital assets	(432 655)	(371 647)	(335 652)	(257 949)	(349 095)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(430 201)</b>	<b>(368 718)</b>	<b>148</b>	<b>(255 269)</b>	<b>(346 415)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Borrowing long term/refinancing	40 000	-	30 000	-	-
Increase (decrease) in consumer deposits	500	500	-	-	200
<b>Payments</b>					
Repayment of borrowing	(11 318)	(5 456)	(6 044)	(8 325)	(9 330)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>29 182</b>	<b>(4 956)</b>	<b>23 956</b>	<b>(8 325)</b>	<b>(9 130)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>69 641</b>	<b>59 138</b>	<b>365 706</b>	<b>35 193</b>	<b>15 454</b>
Cash/cash equivalents at the year begin:	394 543	470 491	529 629	895 335	930 528
Cash/cash equivalents at the year end:	464 184	529 629	895 335	930 528	945 982

**NB:** The increase in Cash/cash equivalents at year-end in 2025/26 is due to the maturity of the R 300 million investment that was invested for three years.

## 2.5.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA.

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

### Cash backed reserves/accumulated surplus reconciliation

WC015 Swartland - Table A8 Cash backed reserves/accumulated surplus reconciliation					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>					
<b><u>Cash and investments available</u></b>					
Cash/cash equivalents at the year end	464 184	529 629	895 335	930 528	945 982
Non current Investments	333 028	333 119	–	–	–
<b>Cash and investments available:</b>	<b>797 212</b>	<b>862 748</b>	<b>895 335</b>	<b>930 528</b>	<b>945 982</b>
<b><u>Application of cash and investments</u></b>					
Unspent conditional transfers	–	8 099	3 015	3 015	3 015
Unspent borrowing	–	–	–	–	–
Other working capital requirements	(70 556)	(112 106)	(120 056)	(126 175)	(131 881)
Other provisions	13 758	23 388	23 708	24 041	24 387
Long term investments committed	333 028	333 119	–	–	–
Reserves to be backed by cash/investments	354 610	370 346	459 093	520 339	623 609
<b>Total Application of cash and investments:</b>	<b>622 123</b>	<b>597 672</b>	<b>339 921</b>	<b>394 592</b>	<b>492 295</b>
<b>Surplus(shortfall) - Excluding Non-Current Creditors Trf</b>	<b>175 090</b>	<b>265 076</b>	<b>555 414</b>	<b>535 936</b>	<b>453 687</b>
<b>Creditors transferred to Debt Relief - Non-Current portio</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Surplus(shortfall) - Including Non-Current Creditors Trf</b>	<b>175 090</b>	<b>265 076</b>	<b>555 414</b>	<b>535 936</b>	<b>453 687</b>

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

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due.
- The **Capital Replacement Reserve** needs to be **cash-backed**.

### **2.5.5 Funding compliance measurement**

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

- Cash/cash equivalent position
- Cash plus investments less application of funds
- Monthly average payments covered by cash or cash equivalents
- Surplus/deficit excluding depreciation off-sets
- Property Rates/service charge revenue as a percentage increase less macro inflation target
- Cash receipts as a percentage of ratepayer and other revenue
- Debt impairment expense as a percentage of billable revenue
- Capital payments percentage of capital expenditure
- Transfers/grants revenue as a percentage of Government transfers/grants available
- Consumer debtors change (Current and Non-current)
- Repairs and maintenance expenditure level
- Asset renewal/rehabilitation expenditure level



## 2.6 Expenditure on grants

### Expenditure on transfers and grant programmes

WC015 Swartland - Supporting Table SA19 Expenditure on transfers and grant programme					
Description	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>					
<b>EXPENDITURE:</b>					
<b>Operating expenditure of Transfers and Grants</b>					
<b>National Government:</b>	<b>157 307</b>	<b>157 723</b>	<b>172 480</b>	<b>177 360</b>	<b>185 399</b>
Local Government Equitable Share	153 764	153 764	165 310	175 560	183 499
Finance Management	1 600	1 600	1 700	1 800	1 900
EPWP Incentive	1 593	1 593	1 969	–	–
Integrated National Electrification Programme	–	416	3 501	–	–
Municipal Disaster Response Grant	350	350	–	–	–
<b>Provincial Government:</b>	<b>31 428</b>	<b>30 686</b>	<b>170 794</b>	<b>199 634</b>	<b>150 668</b>
Community Development Workers	38	38	59	59	59
Human Settlements	9 345	8 103	136 182	171 804	126 182
Municipal Accreditation and Capacity Building Grant	249	249	–	–	–
Title Deeds Restoration	30	30	81	–	–
Libraries	12 002	12 002	12 384	12 665	13 381
Maintenance and Construction of Transport Infrastructure	170	170	11 900	4 689	169
WC Financial Management Capability Grant: Student Bursar	–	100	–	–	–
Thusong Grant	150	150	–	–	–
Establishment of a K9 Unit	3 732	4 132	4 350	4 473	4 666
Establishment of a Reaction/Rural Safety Unit	5 712	5 712	5 838	5 944	6 211
<b>Total operating expenditure of Transfers and Grants:</b>	<b>188 735</b>	<b>188 409</b>	<b>343 274</b>	<b>376 994</b>	<b>336 067</b>
<b>Capital expenditure of Transfers and Grants</b>					
<b>National Government:</b>	<b>52 150</b>	<b>60 945</b>	<b>60 270</b>	<b>48 161</b>	<b>50 199</b>
Municipal Infrastructure Grant (MIG)	29 332	29 302	25 405	27 293	28 388
Integrated National Electrification Programme	22 818	22 402	17 821	20 868	21 811
Water Services Infrastructure Grant	–	–	17 044	–	–
Municipal Disaster Response Grant	–	9 241	–	–	–
<b>Provincial Government:</b>	<b>174 879</b>	<b>163 912</b>	<b>60 302</b>	<b>38 707</b>	<b>103 161</b>
Human Settlements	174 289	163 322	58 112	38 657	103 111
Libraries	50	50	50	50	50
Establishment of a K9 Unit	40	40	–	–	–
Sport Development	500	500	–	–	–
Municipal Fire Service Capacity Support Grant	–	–	550	–	–
Regional Socio-Economic Projects (RSEP)	–	–	90	–	–
Municipal Water Resilience Grant	–	–	1 500	–	–
<b>Total capital expenditure of Transfers and Grants</b>	<b>227 029</b>	<b>224 857</b>	<b>120 572</b>	<b>86 868</b>	<b>153 360</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>415 764</b>	<b>413 266</b>	<b>463 846</b>	<b>463 862</b>	<b>489 427</b>

## 2.7 Allocations and grants made by the municipality

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

Description  R thousand	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b><u>Cash Transfers to Organisations</u></b>					
Old age homes, Child & Youth Care	1 757	1 757	1 833	1 917	2 002
SPCA	360	360	375	393	410
NSRI	38	38	40	42	44
Museums	301	301	314	328	343
Bergriver Canoe Marathon	30	30	30	30	30
Sport Bodies/Developmental & Social Upliftment	726	584	370	370	370
Tourism associations	1 672	15	–	–	–
Public Safety : SM Area	500	500	500	500	500
<b>Total Cash Transfers To Organisations</b>	<b>5 384</b>	<b>3 586</b>	<b>3 462</b>	<b>3 580</b>	<b>3 698</b>
<b><u>Cash Transfers to Groups of Individuals</u></b>					
Bursaries:non-employees	–	100	–	–	–
Welfare organisations	492	492	511	532	553
Private Enterprises:Standard Bank (In-kind)	–	60	30	–	–
Project Linked Support (Title Deeds)	26	26	70	–	–
<b>Total Cash Transfers To Groups Of</b>	<b>518</b>	<b>678</b>	<b>611</b>	<b>532</b>	<b>553</b>
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	<b>5 902</b>	<b>4 264</b>	<b>4 073</b>	<b>4 112</b>	<b>4 252</b>
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL TRANSFERS AND GRANTS</b>	<b>5 902</b>	<b>4 264</b>	<b>4 073</b>	<b>4 112</b>	<b>4 252</b>

## 2.8 Councillor and employee benefits

### Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Councillors (Political Office Bearers plus Other)</b>					
Basic Salaries and Wages	10 018	10 018	9 528	9 862	10 207
Pension and UIF Contributions	977	977	978	1 012	1 048
Medical Aid Contributions	213	213	232	240	248
Cellphone Allowance	1 181	1 181	1 081	1 119	1 158
Other benefits and allowances	885	885	811	839	868
<b>Sub Total - Councillors</b>	<b>13 273</b>	<b>13 273</b>	<b>12 630</b>	<b>13 072</b>	<b>13 529</b>
<b>% increase</b>	<b>10.6%</b>	<b>-</b>	<b>-</b>	<b>3.5%</b>	<b>3.5%</b>
<b>Senior Managers of the Municipality</b>					
Basic Salaries and Wages	10 180	10 120	9 241	9 959	10 784
Pension and UIF Contributions	1 953	1 953	2 046	2 206	2 388
Medical Aid Contributions	468	468	469	516	568
Performance Bonus	1 215	1 215	1 302	1 370	1 439
Motor Vehicle Allowance	1 043	963	936	1 012	954
Cellphone Allowance	266	266	266	266	266
Other benefits and allowances	285	285	236	254	276
Payments in lieu of leave	35	35	37	39	40
Post-retirement benefit obligations	1 601	1 601	1 714	1 804	1 894
<b>Sub Total - Senior Managers of Municipality</b>	<b>17 045</b>	<b>16 905</b>	<b>16 246</b>	<b>17 426</b>	<b>18 609</b>
<b>% increase</b>	<b>1.4%</b>	<b>(0.8%)</b>	<b>-</b>	<b>7.3%</b>	<b>6.8%</b>
<b>Other Municipal Staff</b>					
Basic Salaries and Wages	197 651	195 572	214 310	230 246	249 436
Pension and UIF Contributions	35 522	35 450	38 600	41 602	45 050
Medical Aid Contributions	15 634	15 909	17 357	19 088	20 994
Overtime	15 726	19 262	15 909	16 744	17 582
Motor Vehicle Allowance	6 354	6 691	6 706	7 527	7 534
Cellphone Allowance	708	708	684	684	684
Housing Allowances	1 279	1 392	1 500	1 615	1 748
Other benefits and allowances	35 729	37 002	40 507	43 195	46 128
Payments in lieu of leave	3 139	3 139	3 296	3 470	3 643
Long service awards	2 696	2 696	2 966	3 121	3 277
Post-retirement benefit obligations	9 998	9 998	10 706	11 268	11 832
<b>Sub Total - Other Municipal Staff</b>	<b>324 436</b>	<b>327 818</b>	<b>352 542</b>	<b>378 562</b>	<b>407 907</b>
<b>% increase</b>	<b>8.5%</b>	<b>1.0%</b>	<b>-</b>	<b>7.4%</b>	<b>7.8%</b>
<b>Total Parent Municipality</b>	<b>354 754</b>	<b>357 996</b>	<b>381 418</b>	<b>409 060</b>	<b>440 046</b>
<b>Total Municipal Entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>354 754</b>	<b>357 996</b>	<b>381 418</b>	<b>409 060</b>	<b>440 046</b>
<b>% increase</b>	<b>8.3%</b>	<b>0.9%</b>	<b>6.5%</b>	<b>7.2%</b>	<b>7.6%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>341 481</b>	<b>344 723</b>	<b>368 788</b>	<b>395 988</b>	<b>426 517</b>

## 2.9 Monthly targets for revenue, expenditure and capital

### 2.9.1 Monthly projections of revenue and expenditure to be collected for each source

Description R thousand	Budget Year 2025/26												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Revenue</b>															
<b>Exchange Revenue</b>															
Service charges - Electricity	42 723	43 279	45 502	46 614	47 114	46 058	46 780	47 169	47 725	48 281	48 837	38 165	548 246	587 051	625 859
Service charges - Water	7 057	7 185	6 828	6 121	9 429	9 901	10 615	11 810	10 984	9 558	7 774	6 344	103 605	109 702	116 159
Service charges - Waste Water Management	5 102	5 113	5 090	5 086	5 116	5 125	5 112	5 087	5 092	5 096	5 099	5 009	61 128	65 051	69 221
Service charges - Waste Management	3 559	3 560	3 559	3 560	3 559	3 559	3 559	3 560	3 560	3 560	3 559	3 555	42 709	47 965	53 823
Sale of Goods and Rendering of Services	852	1 094	1 361	1 990	1 306	1 154	1 277	1 274	1 158	1 270	964	964	14 664	15 525	16 437
Agency services	612	617	647	662	655	640	612	597	511	518	576	549	7 194	7 626	8 084
Interest earned from Receivables	318	318	318	318	318	318	318	318	318	318	318	318	3 821	4 013	4 213
Interest earned from Current and Non Current Assets	682	682	682	682	1 053	682	682	682	682	682	682	73 659	81 529	81 397	83 247
Rental from Fixed Assets	147	148	148	148	147	147	147	149	149	149	148	133	1 759	1 858	1 962
Operational Revenue	404	410	400	413	414	392	401	403	404	409	412	424	4 885	5 160	5 451
<b>Non-Exchange Revenue</b>															
Property rates	17 571	17 681	18 122	17 461	17 902	17 946	17 990	18 034	18 782	17 285	18 122	15 832	212 727	225 789	239 635
Fines, penalties and forfeits	28	29	28	29	28	28	29	29	29	29	28	38 049	38 363	38 755	39 151
Licences or permits	478	494	491	497	481	478	484	500	507	500	487	273	5 669	6 003	6 357
Transfer and subsidies - Operational	81 255	11 825	11 825	11 825	11 825	71 627	17 075	17 075	58 402	17 075	17 075	15 326	342 208	375 742	334 722
Interest	188	188	188	188	188	188	188	188	188	188	188	188	2 253	2 366	2 484
Operational Revenue	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	12 484	13 424	14 467
Gains on disposal of Assets	17	17	17	17	17	1 117	17	17	17	17	17	1 397	2 680	2 680	2 680
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>162 033</b>	<b>93 678</b>	<b>96 246</b>	<b>96 649</b>	<b>100 592</b>	<b>160 400</b>	<b>106 325</b>	<b>107 930</b>	<b>149 548</b>	<b>105 974</b>	<b>105 325</b>	<b>201 226</b>	<b>1 485 925</b>	<b>1 590 107</b>	<b>1 623 953</b>

Description  R thousand	Budget Year 2025/26												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Expenditure</b>															
Employee related costs	26 356	27 642	27 642	27 642	44 706	27 642	27 642	27 642	27 642	28 944	27 642	47 646	368 788	395 988	426 517
Remuneration of councillors	1 052	1 052	1 052	1 052	1 052	1 052	1 052	1 052	1 052	1 052	1 052	1 052	12 630	13 072	13 529
Bulk purchases - electricity	455	63 576	53 259	32 155	32 719	32 168	30 408	31 755	26 626	26 581	28 317	121 981	479 999	514 559	553 306
Inventory consumed	2 921	2 939	2 921	2 883	2 966	2 939	2 966	2 906	2 923	2 968	2 849	40 686	72 865	78 443	85 900
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	5 959	5 959	5 204	4 851
Depreciation and amortisation	-	-	21 605	10 921	10 786	10 989	11 056	10 786	10 989	10 921	11 077	24 568	133 697	146 639	151 276
Interest	-	-	-	-	-	1 718	-	-	-	-	-	8 236	9 954	13 109	12 825
Contracted services	17 392	20 630	19 909	21 777	20 217	19 744	19 248	17 909	17 909	17 909	17 909	21 409	231 960	257 175	208 740
Transfers and subsidies	144	510	1 117	544	494	137	44	379	44	74	44	544	4 073	4 112	4 252
Irrecoverable debts written off	-	-	-	-	-	-	-	-	-	-	-	41 008	41 008	43 914	46 481
Operational costs	4 290	4 290	4 978	7 961	4 290	4 978	4 290	4 290	4 290	4 290	4 290	14 885	67 124	70 928	74 752
Losses on disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	17 260	17 260	18 122	19 028
Other Losses	-	-	-	-	-	-	-	-	-	-	-	13 490	13 490	14 965	16 622
<b>Total Expenditure</b>	<b>52 611</b>	<b>120 640</b>	<b>132 483</b>	<b>104 935</b>	<b>117 231</b>	<b>101 367</b>	<b>96 706</b>	<b>96 719</b>	<b>91 474</b>	<b>92 739</b>	<b>93 180</b>	<b>358 724</b>	<b>1 458 809</b>	<b>1 576 229</b>	<b>1 618 077</b>
<b>Surplus/(Deficit)</b>	<b>109 421</b>	<b>(26 962)</b>	<b>(36 237)</b>	<b>(8 286)</b>	<b>(16 639)</b>	<b>59 032</b>	<b>9 619</b>	<b>11 212</b>	<b>58 074</b>	<b>13 234</b>	<b>12 145</b>	<b>(157 498)</b>	<b>27 116</b>	<b>13 878</b>	<b>5 876</b>
Transfers and subsidies - capital	1 485	9 680	10 881	9 980	10 861	9 754	10 632	10 184	11 055	9 929	11 030	15 095	120 566	86 861	153 353
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>110 907</b>	<b>(17 282)</b>	<b>(25 356)</b>	<b>1 695</b>	<b>(5 779)</b>	<b>68 786</b>	<b>20 251</b>	<b>21 396</b>	<b>69 129</b>	<b>23 164</b>	<b>23 174</b>	<b>(142 403)</b>	<b>147 681</b>	<b>100 739</b>	<b>159 229</b>
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>110 907</b>	<b>(17 282)</b>	<b>(25 356)</b>	<b>1 695</b>	<b>(5 779)</b>	<b>68 786</b>	<b>20 251</b>	<b>21 396</b>	<b>69 129</b>	<b>23 164</b>	<b>23 174</b>	<b>(142 403)</b>	<b>147 681</b>	<b>100 739</b>	<b>159 229</b>

## 2.9.2 Monthly projections of expenditure (operating and capital) and revenue for each function

Description	Budget Year 2025/26												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>															
<b>Revenue - Functional</b>															
<b>Governance and administration</b>	53 641	19 313	19 741	19 094	19 910	47 727	19 613	19 657	40 908	18 917	19 753	91 445	389 717	407 529	425 521
Executive and council	22	22	22	22	22	22	22	22	22	22	22	22	265	269	273
Finance and administration	53 619	19 291	19 719	19 072	19 888	47 704	19 590	19 634	40 886	18 895	19 731	91 423	389 452	407 260	425 248
<b>Community and public safety</b>	10 944	15 470	16 726	16 183	16 735	20 760	22 061	20 921	21 905	21 017	21 712	57 794	262 229	278 100	298 837
Community and social services	1 074	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	13 027	12 688	13 395
Sport and recreation	281	307	563	1 020	572	347	648	508	492	604	299	299	5 939	5 402	5 726
Public safety	887	938	938	937	938	938	938	938	938	938	938	38 970	49 236	49 310	50 170
Housing	8 701	13 139	14 139	13 139	14 139	18 389	19 389	18 389	19 389	18 389	19 389	17 439	194 028	210 700	229 546
<b>Economic and environmental services</b>	2 639	3 445	3 486	3 678	3 415	3 467	3 271	3 414	3 234	3 231	3 278	3 029	39 587	36 089	21 811
Planning and development	465	514	524	696	460	533	354	492	392	392	391	380	5 592	5 925	6 278
Road transport	2 174	2 932	2 962	2 982	2 956	2 934	2 916	2 922	2 842	2 839	2 887	2 649	33 995	30 163	15 533
<b>Trading services</b>	96 292	65 128	67 171	67 672	71 390	98 198	72 010	74 121	94 553	72 735	71 610	64 052	914 931	955 223	1 031 108
Energy sources	49 457	44 877	47 301	48 512	48 893	51 529	48 330	49 272	52 577	50 129	50 785	44 600	586 262	626 301	667 935
Water management	14 405	8 526	8 168	7 461	10 769	16 786	11 956	13 150	16 525	10 899	9 114	7 835	135 595	147 186	166 977
Waste water management	19 637	6 109	6 085	6 081	6 112	17 259	6 108	6 082	14 525	6 091	6 094	6 004	106 188	104 704	110 896
Waste management	12 793	5 617	5 616	5 617	5 616	12 624	5 616	5 617	10 926	5 617	5 616	5 612	86 886	77 032	85 301
<b>Other</b>	2	2	2	2	2	2	2	2	2	2	2	2	26	28	29
<b>Total Revenue - Functional</b>	163 518	103 358	107 127	106 629	111 453	170 153	116 957	118 114	160 603	115 903	116 354	216 321	1 606 491	1 676 968	1 777 306



Description	Budget Year 2025/26												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Expenditure - Functional</b>															
<b>Governance and administration</b>	13 636	14 074	15 658	18 753	19 474	14 831	14 586	14 919	14 585	15 889	14 581	27 579	198 566	209 675	221 654
Executive and council	1 964	2 331	2 963	6 059	2 530	1 983	1 890	2 224	1 889	2 092	1 889	2 716	30 531	31 967	33 513
Finance and administration	11 460	11 531	12 483	12 481	16 620	12 636	12 485	12 482	12 483	13 584	12 480	24 520	165 245	174 990	185 347
Internal audit	212	212	212	212	324	212	212	212	212	212	212	342	2 789	2 718	2 794
<b>Community and public safety</b>	21 346	21 994	23 684	23 677	29 209	23 712	23 692	23 681	23 684	23 692	23 671	60 230	322 271	370 908	337 069
Community and social services	2 143	2 175	2 321	2 320	3 596	2 321	2 321	2 320	2 321	2 321	2 320	4 326	30 804	32 411	34 593
Sport and recreation	2 621	2 732	3 312	3 310	4 663	3 336	3 315	3 312	3 312	3 315	3 309	5 894	42 431	44 805	48 127
Public safety	5 036	5 541	6 271	6 266	9 039	6 275	6 277	6 269	6 271	6 277	6 262	38 019	107 805	113 755	119 739
Housing	11 546	11 546	11 780	11 780	11 912	11 780	11 780	11 780	11 780	11 780	11 780	11 989	141 231	179 937	134 611
Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>	3 268	6 517	12 705	10 057	9 924	8 197	7 597	6 134	6 223	6 201	6 249	25 160	108 231	103 928	102 642
Planning and development	1 368	1 368	1 369	1 369	2 150	1 369	1 369	1 369	1 369	1 369	1 369	2 118	17 956	18 461	20 456
Road transport	1 900	5 149	11 336	8 688	7 774	6 828	6 228	4 765	4 854	4 832	4 880	23 042	90 275	85 467	82 187
Environmental protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Trading services</b>	14 293	77 989	79 681	52 381	58 517	53 872	50 764	51 917	46 915	46 860	48 612	245 610	827 409	889 255	954 106
Energy sources	3 630	66 849	60 376	37 352	39 092	37 528	35 633	36 929	31 837	31 782	33 540	141 839	556 387	597 082	642 237
Water management	2 443	2 638	5 971	4 138	5 291	4 172	4 166	4 116	4 152	4 143	4 163	72 268	117 662	126 963	137 931
Waste water management	4 040	4 227	8 577	6 147	8 043	7 409	6 193	6 121	6 170	6 163	6 176	16 642	85 910	91 190	95 128
Waste management	4 180	4 275	4 756	4 744	6 091	4 762	4 771	4 751	4 757	4 772	4 732	14 860	67 452	74 020	78 810
<b>Other</b>	67	67	755	67	107	755	67	67	67	97	67	146	2 332	2 463	2 605
<b>Total Expenditure - Functional</b>	52 611	120 640	132 483	104 935	117 231	101 367	96 706	96 719	91 474	92 739	93 180	358 724	1 458 809	1 576 229	1 618 077
<b>Surplus/(Deficit) before assoc.</b>	110 907	(17 282)	(25 356)	1 695	(5 779)	68 786	20 251	21 396	69 129	23 164	23 174	(142 403)	147 681	100 739	159 229
Income Tax	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit)</b>	110 907	(17 282)	(25 356)	1 695	(5 779)	68 786	20 251	21 396	69 129	23 164	23 174	(142 403)	147 681	100 739	159 229

Description R thousand	Budget Year 2025/26												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Capital Expenditure - Functional</b>															
<b>Governance and administration</b>	–	61	148	134	477	219	799	808	1 079	38	108	400	4 267	3 234	3 473
Executive and council	–	4	6	6	4	4	–	–	–	–	–	–	24	24	24
Finance and administration	–	57	142	128	473	215	799	808	1 079	38	108	400	4 243	3 210	3 449
<b>Community and public safety</b>	–	1 060	1 165	1 175	2 182	1 426	965	1 349	1 109	1 551	1 360	1 045	14 390	3 495	2 708
Community and social services	–	845	905	845	885	855	865	845	859	1 045	1 345	1 045	10 343	143	143
Sport and recreation	–	200	210	280	270	571	100	210	200	206	–	–	2 247	2 215	1 953
Public safety	–	15	50	50	1 027	–	–	293	50	300	15	–	1 800	1 136	612
<b>Economic and environmental services</b>	3 312	4 284	10 904	11 954	12 024	11 605	8 004	10 132	10 554	6 214	4 692	3 505	97 186	94 868	102 312
Planning and development	338	1 310	930	980	950	1 328	930	959	1 280	940	1 280	1 531	12 760	11 664	23 610
Road transport	2 974	2 974	9 974	10 974	11 074	10 277	7 074	9 174	9 274	5 274	3 412	1 974	84 426	83 203	78 702
<b>Trading services</b>	5 228	8 286	15 865	20 635	25 625	21 855	15 635	17 009	15 918	15 172	10 517	6 212	177 955	123 349	201 678
Energy sources	1 165	2 023	6 402	9 507	11 306	8 987	9 447	9 181	8 166	7 644	7 106	5 149	86 083	59 505	57 635
Water management	486	1 786	4 086	4 106	5 886	1 801	1 086	1 586	3 855	4 091	2 334	486	31 588	47 562	92 661
Waste water management	577	1 177	1 077	2 122	3 018	1 851	632	3 177	2 797	3 257	1 077	577	21 338	10 752	33 998
Waste management	3 000	3 300	4 300	4 900	5 415	9 216	4 470	3 066	1 100	180	–	–	38 946	5 529	17 385
<b>Total Capital Expenditure - Functional</b>	<b>8 540</b>	<b>13 691</b>	<b>28 082</b>	<b>33 898</b>	<b>40 308</b>	<b>35 105</b>	<b>25 403</b>	<b>29 298</b>	<b>28 660</b>	<b>22 975</b>	<b>16 677</b>	<b>11 162</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>
<b>Funded by:</b>															
National Government	2 400	3 321	10 300	10 400	11 400	10 289	3 000	3 666	3 194	2 300	–	–	60 270	48 161	50 199
Provincial Government	3 375	5 182	4 812	4 832	5 172	5 353	4 822	5 059	5 176	5 312	5 706	5 213	60 016	38 700	103 154
<b>Transfers recognised - capital</b>	<b>5 775</b>	<b>8 504</b>	<b>15 112</b>	<b>15 232</b>	<b>16 572</b>	<b>15 643</b>	<b>7 822</b>	<b>8 725</b>	<b>8 370</b>	<b>7 612</b>	<b>5 706</b>	<b>5 213</b>	<b>120 287</b>	<b>86 861</b>	<b>153 353</b>
<b>Borrowing</b>	<b>–</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>5 460</b>	<b>5 030</b>	<b>5 030</b>	<b>5 030</b>	<b>5 030</b>	<b>4 270</b>	<b>30 000</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>	<b>2 765</b>	<b>5 158</b>	<b>12 940</b>	<b>18 636</b>	<b>23 706</b>	<b>19 432</b>	<b>12 121</b>	<b>15 544</b>	<b>15 260</b>	<b>10 333</b>	<b>5 942</b>	<b>1 679</b>	<b>143 512</b>	<b>138 084</b>	<b>156 818</b>
<b>Total Capital Funding</b>	<b>8 540</b>	<b>13 691</b>	<b>28 082</b>	<b>33 898</b>	<b>40 308</b>	<b>35 105</b>	<b>25 403</b>	<b>29 298</b>	<b>28 660</b>	<b>22 975</b>	<b>16 677</b>	<b>11 162</b>	<b>293 799</b>	<b>224 945</b>	<b>310 171</b>

## 2.10 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets and finally the depreciation per asset class with overlapping due to the nature of some transactions.

## 2.10.1 Capital expenditure on new assets by asset class

Description R thousand	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>					
<b>Infrastructure</b>	<b>275 466</b>	<b>223 254</b>	<b>196 140</b>	<b>137 706</b>	<b>161 180</b>
Roads Infrastructure	117 253	101 419	63 812	66 213	62 145
<i>Roads</i>	117 253	101 419	63 812	66 213	62 145
Storm water Infrastructure	1 509	4 281	–	–	–
<i>Storm water Conveyance</i>	1 509	4 281	–	–	–
Electrical Infrastructure	61 979	34 380	76 703	46 852	33 470
<i>MV Substations</i>	31 611	1 690	52 320	14 302	220
<i>MV Switching Stations</i>	5 350	5 263	–	–	–
<i>MV Networks</i>	22 818	23 922	10 315	23 300	28 800
<i>LV Networks</i>	2 200	3 504	14 068	9 250	4 450
Water Supply Infrastructure	38 951	33 864	8 165	19 446	35 873
<i>Distribution</i>	38 951	33 864	8 165	19 446	35 873
Sanitation Infrastructure	26 154	25 273	13 843	5 194	14 692
<i>Reticulation</i>	26 154	25 273	13 843	5 194	14 692
<i>Waste Water Treatment Works</i>	–	–	–	–	–
Solid Waste Infrastructure	29 621	24 038	33 616	–	15 000
<i>Landfill Sites</i>	29 621	24 038	33 036	–	–
<i>Waste Drop-off Points</i>	–	–	580	–	15 000
<b>Community Assets</b>	<b>14 141</b>	<b>14 536</b>	<b>12 028</b>	<b>1 100</b>	<b>1 100</b>
Community Facilities	1 800	1 230	2 050	1 100	1 100
<i>Parks</i>	1 100	1 180	1 100	1 100	1 100
<i>Public Ablution Facilities</i>	700	50	650	–	–
Sport and Recreation Facilities	12 341	13 306	9 978	–	–
<i>Indoor Facilities</i>	980	745	9 900	–	–
<i>Outdoor Facilities</i>	11 361	12 561	78	–	–
<b>Other assets</b>	<b>16 977</b>	<b>17 509</b>	<b>12 954</b>	<b>11 552</b>	<b>23 494</b>
Operational Buildings	650	380	380	–	–
<i>Municipal Offices</i>	300	30	380	–	–
<i>Stores</i>	350	350	–	–	–
Housing	16 327	17 129	12 574	11 552	23 494
<i>Social Housing</i>	16 327	17 129	12 574	11 552	23 494
<b>Intangible Assets</b>	<b>400</b>	<b>400</b>	<b>–</b>	<b>–</b>	<b>–</b>
Licences and Rights	400	400	–	–	–
<i>Computer Software and Applications</i>	400	400	–	–	–
<b>Computer Equipment</b>	<b>1 790</b>	<b>1 790</b>	<b>2 583</b>	<b>3 168</b>	<b>2 757</b>
Computer Equipment	1 790	1 790	2 583	3 168	2 757
<b>Furniture and Office Equipment</b>	<b>920</b>	<b>935</b>	<b>665</b>	<b>477</b>	<b>724</b>
Furniture and Office Equipment	920	935	665	477	724
<b>Machinery and Equipment</b>	<b>2 187</b>	<b>2 610</b>	<b>3 258</b>	<b>1 858</b>	<b>1 497</b>
Machinery and Equipment	2 187	2 610	3 258	1 858	1 497
<b>Transport Assets</b>	<b>15 638</b>	<b>13 658</b>	<b>6 113</b>	<b>9 905</b>	<b>9 472</b>
Transport Assets	15 638	13 658	6 113	9 905	9 472
<b>Land</b>	<b>8 700</b>	<b>8 300</b>	<b>400</b>	<b>400</b>	<b>400</b>
Land	8 700	8 300	400	400	400
<b>Total Capital Expenditure on new assets</b>	<b>336 219</b>	<b>282 991</b>	<b>234 140</b>	<b>166 166</b>	<b>200 624</b>

## 2.10.2 Capital expenditure on the renewal of existing assets by asset class

Description R thousand	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>					
<b>Infrastructure</b>	3 000	5 268	25 441	15 500	19 000
Roads Infrastructure	–	2 268	20 500	15 500	15 000
<i>Roads</i>	–	2 268	20 500	15 500	15 000
Sanitation Infrastructure	3 000	3 000	4 461	–	4 000
<i>Pump Station</i>	–	–	–	–	–
<i>Reticulation</i>	3 000	3 000	4 461	–	–
<b>Community Assets</b>	250	250	–	–	–
Sport and Recreation Facilities	250	250	–	–	–
<i>Outdoor Facilities</i>	250	250	–	–	–
<b>Machinery and Equipment</b>	160	193	700	700	190
Machinery and Equipment	160	193	700	700	190
<b>Total Capital Expenditure on renewal of existing</b>	<b>3 410</b>	<b>5 711</b>	<b>26 141</b>	<b>16 200</b>	<b>19 190</b>

## 2.10.3 Capital expenditure on the upgrading of existing assets by asset class

Description R thousand	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>					
<b>Infrastructure</b>	30 744	31 302	33 517	42 579	90 357
Roads Infrastructure	9 749	9 749	–	–	–
<i>Roads</i>	9 749	9 749	–	–	–
Storm water Infrastructure	250	250	550	550	1 050
<i>Storm water Conveyance</i>	250	250	550	550	1 050
Electrical Infrastructure	4 483	4 533	8 080	9 580	21 080
<i>MV Networks</i>	2 633	2 720	1 300	1 800	11 300
<i>LV Networks</i>	1 850	1 813	1 900	1 900	1 900
Water Supply Infrastructure	10 434	11 205	22 887	27 549	56 727
<i>Reservoirs</i>	–	–	500	4 500	–
<i>Bulk Mains</i>	500	500	6 043	12 949	2 219
<i>Distribution</i>	9 734	10 705	15 544	9 300	54 009
<i>PRV Stations</i>	200	–	800	800	500
Sanitation Infrastructure	5 827	5 565	2 000	4 900	11 500
<i>Reticulation</i>	–	–	1 500	4 400	9 500
<i>Waste Water Treatment Works</i>	5 827	5 565	500	500	2 000
<b>Community Assets</b>	6 105	5 805	–	–	–
Sport and Recreation Facilities	6 105	5 805	–	–	–
<i>Outdoor Facilities</i>	6 105	5 805	–	–	–
<b>Total Capital Expenditure on upgrading of existing a</b>	<b>36 848</b>	<b>37 107</b>	<b>33 517</b>	<b>42 579</b>	<b>90 357</b>

## 2.10.4 Repairs and maintenance expenditure by asset class

Description R thousand	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>					
<b>Infrastructure</b>	<b>49 5</b>	<b>52 9</b>	<b>69 4</b>	<b>64 0</b>	<b>61 3</b>
Roads Infrastructure	6 026	6 269	20 921	12 454	6 902
Roads	5 953	6 096	20 801	12 330	6 775
Road Furniture	73	173	120	124	127
Storm water Infrastructure	22 254	23 788	24 311	26 414	28 140
Storm water Conveyance	22 254	23 788	24 311	26 414	28 140
Electrical Infrastructure	5 322	5 332	5 794	6 166	6 572
MV Substations	191	191	206	222	239
MV Networks	1 900	1 900	2 014	2 135	2 263
LV Networks	3 231	3 241	3 574	3 809	4 070
Water Supply Infrastructure	1 707	1 849	2 011	2 018	2 089
Reservoirs	1 256	1 397	1 475	1 520	1 565
Pump Stations	161	161	168	176	185
Distribution	290	290	368	322	339
Sanitation Infrastructure	5 464	5 961	6 151	6 365	6 588
Pump Station	1 031	1 031	1 061	1 093	1 126
Waste Water Treatment Works	4 413	4 909	5 090	5 272	5 462
Solid Waste Infrastructure	8 741	9 742	10 272	10 584	11 076
Landfill Sites	8 741	9 742	10 272	10 584	11 076
<b>Community Assets</b>	<b>3 585</b>	<b>3 780</b>	<b>3 605</b>	<b>3 912</b>	<b>4 066</b>
Community Facilities	2 543	2 542	2 533	2 808	2 930
Halls	442	442	452	474	496
Centres	1 832	1 832	1 787	1 876	1 970
Libraries	50	50	50	50	50
Cemeteries/Crematoria	118	118	123	278	283
Parks	100	99	120	131	131
Sport and Recreation Facilities	1 042	1 238	1 072	1 103	1 136
Indoor Facilities	100	100	100	100	100
Outdoor Facilities	942	1 138	972	1 003	1 036
<b>Other assets</b>	<b>1 923</b>	<b>1 923</b>	<b>2 884</b>	<b>2 517</b>	<b>2 224</b>
Operational Buildings	1 148	1 148	1 260	1 319	1 380
Housing	775	775	1 624	1 199	845
<b>Intangible Assets</b>	<b>6 669</b>	<b>6 659</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Computer Equipment</b>	<b>402</b>	<b>372</b>	<b>402</b>	<b>420</b>	<b>420</b>
<b>Furniture and Office Equipment</b>	<b>58</b>	<b>58</b>	<b>72</b>	<b>73</b>	<b>74</b>
<b>Machinery and Equipment</b>	<b>1 392</b>	<b>1 468</b>	<b>1 532</b>	<b>1 615</b>	<b>1 609</b>
<b>Transport Assets</b>	<b>8 083</b>	<b>9 529</b>	<b>10 201</b>	<b>11 682</b>	<b>12 504</b>
<b>Total Repairs and Maintenance Expenditure</b>	<b>71 627</b>	<b>76 730</b>	<b>88 157</b>	<b>84 220</b>	<b>82 264</b>

## 2.10.5 Detailed capital budget per municipal function and directorate

	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FIN SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2025-2026	BUDGET 2026-2027	BUDGET 2027-2028
1	Equipment : Corporate	Vote 1 - Corporate Services	Finance and Administration	CRR	Furniture and Office Equipment	Furniture and Office Equipment	30 000	32 000	34 000
2	Equipment: Libraries	Vote 1 - Corporate Services	Community and Social Services	Dept. CA and Spo	Furniture and Office Equipment	Furniture and Office Equipment	43 478	43 478	43 478
3	Equipment Corporate: Buildings & Swartland Halls	Vote 1 - Corporate Services	Community and Social Services	CRR	Furniture and Office Equipment	Furniture and Office Equipment	100 000	100 000	100 000
4	Expropriation of splays	Vote 1 - Corporate Services	Finance and Administration	CRR	Land	Land	400 000	400 000	400 000
5	New Cemetery: Chatsworth	Vote 2 - Civil Services	Community and Social Services	CRR	Community Assets	Cemeteries/Crematoria	300 000	-	-
6	Equipment : Buildings & Maintenance	Vote 2 - Civil Services	Finance and Administration	CRR	Machinery and Equipment	Machinery and Equipment	32 000	34 000	36 000
7	Riebeek Kasteel Stores: Ablution Facilities	Vote 2 - Civil Services	Finance and Administration	CRR	Operational Buildings	Municipal Offices	280 000	-	-
8	Monitoring Office/Building: YZF	Vote 2 - Civil Services	Finance and Administration	CRR	Operational Buildings	Municipal Offices	100 000	-	-
9	Painting Machine: Mechanical drive	Vote 2 - Civil Services	Finance and Administration	CRR	Machinery and Equipment	Machinery and Equipment	350 000	-	-
10	New Cherry Picker	Vote 2 - Civil Services	Finance and Administration	CRR	Transport Assets	Transport Assets	800 000	-	-
11	Equipment : Civil	Vote 2 - Civil Services	Planning and Development	CRR	Machinery and Equipment	Machinery and Equipment	58 000	60 000	62 000
12	Roads Swartland: Construction of New Roads	Vote 2 - Civil Services	Road Transport	CRR	Roads Infrastructure	Roads	31 438 000	32 015 314	10 000 000
13	Roads Swartland: Construction of New Roads (MIG)	Vote 2 - Civil Services	Road Transport	MIG	Roads Infrastructure	Roads	7 589 405	10 479 940	-
14	Ward Committee Projects: Roads (Acquisitions:Outsourced)	Vote 2 - Civil Services	Road Transport	CRR	Roads Infrastructure	Roads	1 000 000	1 000 000	1 000 000
15	Ward Committee Projects: Roads (Materials and Supplies)	Vote 2 - Civil Services	Road Transport	CRR	Roads Infrastructure	Roads	100 000	100 000	100 000
16	Roads Swartland: Resealing of Roads (CRR)	Vote 2 - Civil Services	Road Transport	CRR	Roads Infrastructure	Roads	20 000 000	15 000 000	15 000 000
17	Roads: CK43174 Trailer	Vote 2 - Civil Services	Road Transport	CRR	Machinery and Equipment	Machinery and Equipment	56 947	-	-
18	Roads: CK14865 Nissan UD85	Vote 2 - Civil Services	Road Transport	CRR	Transport Assets	Transport Assets	-	1 489 950	-
19	Roads: CK43175 Betonmenger	Vote 2 - Civil Services	Road Transport	CRR	Machinery and Equipment	Machinery and Equipment	56 947	-	-
20	Roads Swartland: Resealing of Roads (MIG)	Vote 2 - Civil Services	Road Transport	MIG	Roads Infrastructure	Roads	500 000	500 000	-
21	Roads: CK13286 Nissan UD85	Vote 2 - Civil Services	Road Transport	CRR	Transport Assets	Transport Assets	-	-	1 557 675
22	Koringberg Sport Field: Ablution Facilities	Vote 2 - Civil Services	Sport and Recreation	CRR	Community Assets	Public Ablution Facilities	650 000	-	-
23	Ward Committee Projects: Parks (Acquisitions:Outsourced)	Vote 2 - Civil Services	Sport and Recreation	CRR	Community Assets	Parks	1 000 000	1 000 000	1 000 000
24	Ward Committee Projects: Parks (Materials and Supplies)	Vote 2 - Civil Services	Sport and Recreation	CRR	Community Assets	Parks	100 000	100 000	100 000
25	Equipment: Parks	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	152 000	170 000	175 000
26	Parks: CK28370 John Deere Tractor	Vote 2 - Civil Services	Sport and Recreation	CRR	Transport Assets	Transport Assets	-	609 950	-
27	Sportgrounds: Blower Mower: sn 19346-7845 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	-	93 735	-
28	Sportgrounds: Blower Mower: sn 43409-1653 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	-	93 735	-
29	Sportgrounds: Water Canon: sn 9955 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	-	55 000	-
30	Sportgrounds: Water Canon: sn 17941 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	-	55 000	-
31	Sportgrounds: Blower Mower: sn 15678 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	85 215	-	-
32	Sportgrounds: Blower Mower: sn 12803 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	85 215	-	-
33	Sportgrounds: Blower Mower: sn 34299-13011 (replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	85 215	-	-
34	Sportgrounds: Water Canon: sn 17945(replace)	Vote 2 - Civil Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	53 000	-	-



	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FIN SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2025-2026	BUDGET 2026-2027	BUDGET 2027-2028
35	Parks: CK26025 John Deere Tractor	Vote 2 - Civil Services	Sport and Recreation	CRR	Transport Assets	Transport Assets	-	-	637 675
36	Highlands: Development of new cell (MIG)	Vote 2 - Civil Services	Waste Management	MIG	Solid Waste Infrastructure	Landfill Sites	14 165 595	-	-
37	Highlands: Development of new cell (CRR)	Vote 2 - Civil Services	Waste Management	CRR	Solid Waste Infrastructure	Landfill Sites	9 269 986	-	-
38	Equipment : Refuse bins, traps, skips (Swartland)	Vote 2 - Civil Services	Waste Management	CRR	Machinery and Equipment	Machinery and Equipme	700 000	700 000	190 000
39	Equipment : Refuse Removal	Vote 2 - Civil Services	Waste Management	CRR	Machinery and Equipment	Machinery and Equipme	30 000	32 000	42 000
40	Koringberg: New Transfer Station	Vote 2 - Civil Services	Waste Management	CRR	Solid Waste Infrastructure	Waste Drop-off Points	580 000	-	-
41	Refuse: CK29021 Nissan UD35	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	-	1 029 600	-
42	Refuse: CK37359 Nissan UD330	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	3 613 400	-	-
43	Refuse: CK43134 Nissan UD35A	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	987 480	-	-
44	Refuse: New compactor to extend capacity	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	-	3 767 526	-
45	Refuse: CK33676 Nissan UD35	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	-	-	1 076 400
46	Refuse: CK49955 Nissan UD36	Vote 2 - Civil Services	Waste Management	CRR	Transport Assets	Transport Assets	-	-	1 076 400
47	Organic Waste Diversion: Dirty Material Recycling Facility	Vote 2 - Civil Services	Waste Management	CRR	Solid Waste Infrastructure	Waste Drop-off Points	-	-	15 000 000
48	Highlands: Security Wall (CRR)	Vote 2 - Civil Services	Waste Management	CRR	Solid Waste Infrastructure	Landfill Sites	6 450 000	-	-
49	Highlands: Security Wall (MIG)	Vote 2 - Civil Services	Waste Management	MIG	Solid Waste Infrastructure	Landfill Sites	3 150 000	-	-
50	Malmesbury WWTW: Replace Clarifier Mechanical Equipment	Vote 2 - Civil Services	Waste Water Management	CRR	Sanitation Infrastructure	Reticulation	2 800 000	-	-
51	Malmesbury WWTW: Replace Clarifier Mechanical Equipment	Vote 2 - Civil Services	Waste Water Management	CRR	Sanitation Infrastructure	Reticulation	260 870	-	-
52	Schoonspruit: Pipe Replacement	Vote 2 - Civil Services	Waste Water Management	WRG	Sanitation Infrastructure	Reticulation	1 400 000	-	-
53	Sewerage Works: Darling (CRR)	Vote 2 - Civil Services	Waste Water Management	CRR	Sanitation Infrastructure	Waste Water Treatment V	500 000	500 000	2 000 000
54	Pipe Replacement: Obsolete Infrastructure	Vote 2 - Civil Services	Waste Water Management	CRR	Sanitation Infrastructure	Reticulation	1 500 000	3 000 000	3 000 000
55	Abbotsdale: Rising Main	Vote 2 - Civil Services	Waste Water Management	CRR	Sanitation Infrastructure	Reticulation	-	800 000	3 000 000
56	Equipment : Sewerage Telemetry	Vote 2 - Civil Services	Waste Water Management	CRR	Sanitation Infrastructure	Reticulation	220 000	44 000	46 000
57	Equipment : Sewerage	Vote 2 - Civil Services	Waste Water Management	CRR	Machinery and Equipment	Machinery and Equipme	36 000	38 000	40 000
58	Stormwater Network (Acquisitions: Outsourced)	Vote 2 - Civil Services	Waste Water Management	CRR	Storm water Infrastructure	Storm water Conveyance	500 000	500 000	500 000
59	Stormwater Network (Materials and Supplies)	Vote 2 - Civil Services	Waste Water Management	CRR	Storm water Infrastructure	Storm water Conveyance	20 000	20 000	20 000
60	Stormwater Network (Compensation of Employees)	Vote 2 - Civil Services	Waste Water Management	CRR	Storm water Infrastructure	Storm water Conveyance	30 000	30 000	30 000
61	Equipment: Streets and Stormwater	Vote 2 - Civil Services	Waste Water Management	CRR	Machinery and Equipment	Machinery and Equipme	68 000	70 000	72 000
62	Replace: Mobile Generator	Vote 2 - Civil Services	Waste Water Management	CRR	Machinery and Equipment	Machinery and Equipme	380 000	-	-
63	Riebeeck Kasteel network upgrade, Master Plan SRkS1.2 & 1.3	Vote 2 - Civil Services	Waste Water Management	CRR	Sanitation Infrastructure	Reticulation	-	600 000	3 500 000
64	Voortrekker Street: Canal upgrading	Vote 2 - Civil Services	Waste Water Management	CRR	Storm water Infrastructure	Storm water Conveyance	-	-	500 000
65	Malmesbury WWTW: Replace Membranes	Vote 2 - Civil Services	Waste Water Management	CRR	Sanitation Infrastructure	Waste Water Treatment V	-	-	4 000 000
66	Sewerage: CK14612 Nissan UD290	Vote 2 - Civil Services	Waste Water Management	CRR	Transport Assets	Transport Assets	-	-	2 644 109
67	Darling WWTW: SCADA Systems	Vote 2 - Civil Services	Waste Water Management	WSIG	Sanitation Infrastructure	Reticulation	3 350 000	-	-
68	Moorreesburg WWTW: SCADA Systems	Vote 2 - Civil Services	Waste Water Management	WSIG	Sanitation Infrastructure	Reticulation	3 350 000	-	-
69	Water networks: Upgrades and Replacement	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	4 000 000	4 000 000	5 000 000

	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FIN SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2025-2026	BUDGET 2026-2027	BUDGET 2027-2028
70	Darling SDW2.4 & SDW2.5, SDW1.2 & SDW2.1 water network	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	-	1 500 000	2 500 000
71	Water: Upgrading water reticulation network: PRV's, flow contr	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	PRV Stations	800 000	800 000	500 000
72	Bulk water infrastructure (emergency spending)	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	700 000	800 000	900 000
73	Connections: Water Meters (New/Replacements) (Acquisition	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	10 000	10 000	10 000
74	Connections: Water Meters (New/Replacements) (Materials &	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	1 025 092	1 128 602	1 242 462
75	Equipment : Water	Vote 2 - Civil Services	Water Management	CRR	Machinery and Equipment	Machinery and Equipme	55 000	57 000	60 000
76	Malmesbury SMW1.3 Wesbank Reservoir to Malm/Abb pipelin	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	800 000	4 346 127	-
77	Chatsworth/Riverlands upgrade bulk water supply	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Bulk Mains	5 000 000	4 760 661	-
78	Chatsworth/Riverlands upgrade bulk water supply	Vote 2 - Civil Services	Water Management	WRG	Water Supply Infrastructure	Bulk Mains	1 043 478	-	-
79	Upgrading: Ongegend Water Supply System (Reservior and F	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Reservoirs	500 000	4 500 000	-
80	Water: CK10564 Toyota Hilux 3.0 D4D 4x4	Vote 2 - Civil Services	Water Management	CRR	Transport Assets	Transport Assets	-	433 400	-
81	Water: CK43172 Trailer	Vote 2 - Civil Services	Water Management	CRR	Machinery and Equipment	Machinery and Equipme	-	76 481	-
82	Malmesbury SMW1.3 Wesbank Reservoir to Malm/Abb pipelin	Vote 2 - Civil Services	Water Management	MIG	Water Supply Infrastructure	Distribution	-	8 125 000	2 628 982
83	Swartland System S12.2 CoCT WTP to Swartland WTP pipe o	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	500 000	1 500 000	21 000 000
84	Swartland System S2.1 Kasteelberg to Riebeeck (D-line) Phase	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	-	1 500 000	7 265 417
85	Riebeeck Kasteel: New Reservior	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	500 000	500 000	5 086 371
86	Chatsworth/Riverlands upgrade bulk water supply - MIG	Vote 2 - Civil Services	Water Management	MIG	Water Supply Infrastructure	Bulk Mains	-	8 188 060	2 218 614
87	Kalbaskraal Booster: Replace pumpsets	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Pump Stations	480 000	-	-
88	Swartland System S2.1 Kasteelberg to Riebeeck (D-line) Phase	Vote 2 - Civil Services	Water Management	MIG	Water Supply Infrastructure	Distribution	-	-	8 421 675
89	Swartland System S2.2 Kasteelberg to Riebeeck (D-line) Phase	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	-	-	5 000 000
90	Swartland System S2.2 Kasteelberg to Riebeeck (D-line) Phase	Vote 2 - Civil Services	Water Management	MIG	Water Supply Infrastructure	Distribution	-	-	2 500 000
91	Darling New Reservior - CRR	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	-	-	1 000 000
92	Riebeeck Kasteel: New Reservior (SRKWB3) - MIG	Vote 2 - Civil Services	Water Management	MIG	Water Supply Infrastructure	Distribution	-	-	11 978 994
93	Riebeeck Kasteel: Reservoir Supply (SRKW2.1) - CRR	Vote 2 - Civil Services	Water Management	CRR	Water Supply Infrastructure	Distribution	-	-	781 899
94	Riebeeck Kasteel: Reservoir Supply (SRKW2.1) - MIG	Vote 2 - Civil Services	Water Management	MIG	Water Supply Infrastructure	Distribution	-	-	639 735
95	Water networks: Upgrades and Replacement	Vote 2 - Civil Services	Water Management	WSIG	Water Supply Infrastructure	Distribution	6 700 000	-	-
96	Safeguarding Water Infrastructure	Vote 2 - Civil Services	Water Management	WSIG	Water Supply Infrastructure	Distribution	3 644 000	-	-
97	Equipment : Council	Vote 3 - Council	Executive and Council	CRR	Furniture and Office Equipment	Furniture and Office Equi	12 000	12 000	12 000
98	Malmesbury De Hoop 132/11kV Substation, 132kV transmissio	Vote 4 - Electricity Service	Energy Sources	INEP	Electrical Infrastructure	MV Networks	17 821 124	14 082 000	-
99	Malmesbury De Hoop 132/11kV Substation, 132kV transmissio	Vote 4 - Electricity Service	Energy Sources	CRR	Electrical Infrastructure	MV Substations	4 278 876	-	-
100	Malmesbury De Hoop 132/11kV Substation, 132kV transmissio	Vote 4 - Electricity Service	Energy Sources	External Loan	Electrical Infrastructure	MV Substations	30 000 000	-	-



	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FIN SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2025-2026	BUDGET 2026-2027	BUDGET 2027-2028
101	Replace oil insulated switchgear and equipment	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Switching Stations	4 000 000	5 000 000	6 980 000
102	Replace oil insulated switchgear and equipment	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Switching Stations	500 000	500 000	500 000
103	LV Upgrading: Swartland (Acquisitions: Outsourced)	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	100 000	100 000	100 000
104	LV Upgrading: Swartland (Materials and Supplies)	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	1 150 000	1 150 000	1 150 000
105	MV Upgrading: Swartland (Acquisitions: Outsourced)	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	100 000	100 000	100 000
106	MV Upgrading: Swartland (Materials and Supplies)	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	1 200 000	1 200 000	1 200 000
107	Streetlight, kiosk and polebox replacement: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	650 000	650 000	650 000
108	Protection and Scada Upgrading: Swartland	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Switching Stations	380 000	380 000	400 000
109	Substation Fencing: Swartland (Acquisitions: Outsourced)	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Substations	200 000	200 000	200 000
110	Substation Fencing: Swartland (Materials and Supplies)	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Substations	20 000	20 000	20 000
111	Malmesbury Security Operational Centre: Communication, Monitoring and Control	Vote 4 - Electricity Services	Energy Sources	CRR	Computer Equipment	Computer Equipment	200 000	200 000	200 000
112	Moorreesburg Development 600 IRDP erven. Electrical infrastructure	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	7 550 000	7 850 000	-
113	Darling 184 IRDP erven. Electrical bulk supply, infrastructure	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	5 168 000	-	3 000 000
114	Malmesbury De Hoop Serviced Sites (2000)	Vote 4 - Electricity Services	Energy Sources	INEP	Electrical Infrastructure	MV Networks	-	6 786 000	21 811 000
115	Yzerfontein upgrading of Eskom supply capacity	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	-	500 000	3 000 000
116	Elec: CK24542 Isuzu FRR500 & Hyskraan MRB	Vote 4 - Electricity Services	Energy Sources	CRR	Transport Assets	Transport Assets	-	1 803 450	-
117	De Hoop to Industrial Area: 11 kV Cable	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	-	2 000 000	2 000 000
118	Malmesbury De Hoop Serviced Sites (2000)	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	10 315 000	14 514 000	489 000
119	Elec: CK43210 Case Bachoe Loader	Vote 4 - Electricity Services	Energy Sources	CRR	Transport Assets	Transport Assets	-	-	1 684 808
120	Malmesbury MV Lines from Eskom Main sub	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	-	-	3 500 000
121	Yzerfontein 6 industrial erven at Fishmarket. Electrical bulk supply	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	-	-	4 500 000
122	Moorreesburg Bulk Infrastructure	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	MV Networks	-	-	3 500 000
123	Replacement of obsolete air conditioners	Vote 4 - Electricity Services	Energy Sources	CRR	Furniture and Office Equipment	Furniture and Office Equipment	250 000	150 000	250 000
124	Connections: Electricity Meters (New/Replacements) (Acquisitions: Outsourced)	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	20 000	20 000	20 000
125	Connections: Electricity Meters (New/Replacements) (Materials and Supplies)	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	930 000	980 000	1 030 000
126	Emergency Power Supply	Vote 4 - Electricity Services	Energy Sources	CRR	Computer Equipment	Computer Equipment	300 000	300 000	250 000
127	Equipment: Electric	Vote 4 - Electricity Services	Energy Sources	CRR	Machinery and Equipment	Machinery and Equipment	400 000	420 000	500 000
128	Streetlights Eskom AOS	Vote 4 - Electricity Services	Energy Sources	CRR	Electrical Infrastructure	LV Networks	400 000	400 000	400 000
129	Traffic Light Controlling Equipment	Vote 4 - Electricity Services	Energy Sources	CRR	Machinery and Equipment	Machinery and Equipment	150 000	200 000	200 000
130	Terminals	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	40 000	-	-
131	Monitor Replacements	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	45 000	-	-
132	Communications and equipment: Time and Attendance	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	1 071 030	-	-
133	Storage Area Network (SAN)	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	-	900 000	-
134	Equipment: Information Technology	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	75 000	75 000	115 000

	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FIN SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2025-2026	BUDGET 2026-2027	BUDGET 2027-2028
135	Printers	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	60 000	65 000	65 000
136	DeskTops	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	306 000	306 000	321 300
137	Notebooks	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	485 500	1 322 050	505 500
138	New Server SM virtual environment	Vote 4 - Electricity Services	Finance and Administration	CRR	Computer Equipment	Computer Equipment	-	-	1 300 000
139	Equipment : Financial	Vote 5 - Financial Services	Finance and Administration	CRR	Furniture and Office Equipment	Furniture and Office Equipment	63 000	36 000	38 000
140	Meter Installation Handheld Devices	Vote 5 - Financial Services	Finance and Administration	CRR	Furniture and Office Equipment	Furniture and Office Equipment	-	39 600	43 200
141	Meterreading Handhelds	Vote 5 - Financial Services	Finance and Administration	CRR	Furniture and Office Equipment	Furniture and Office Equipment	80 000	-	80 000
142	Asset Recording Handhelds	Vote 5 - Financial Services	Finance and Administration	CRR	Furniture and Office Equipment	Furniture and Office Equipment	-	-	57 600
143	Finance: CK40664 Ford Bantam 13	Vote 5 - Financial Services	Finance and Administration	CRR	Transport Assets	Transport Assets	-	-	453 100
144	Indigent Screening Solution	Vote 5 - Financial Services	Finance and Administration	CRR	Furniture and Office Equipment	Furniture and Office Equipment	25 000	-	-
145	Equipment: YZF Caravan Park	Vote 6 - Development Services	Sport and Recreation	CRR	Machinery and Equipment	Machinery and Equipment	36 000	38 000	40 000
146	Equipment : Development Services	Vote 6 - Development Services	Planning and Development	CRR	Furniture and Office Equipment	Furniture and Office Equipment	50 000	52 000	54 000
147	Darling Intercultural Space: Stage Roofstructure Design	Vote 6 - Development Services	Planning and Development	RSEP	Sport and Recreation Facilities	Outdoor Facilities	78 261	-	-
148	Kalbaskraal SEF (Prof Fees/ Construction)	Vote 6 - Development Services	Community and Social Services	DHS	Community Assets	Indoor Facilities	9 300 000	-	-
149	Riverlands Social Economic Facility (Prof. Fees)	Vote 6 - Development Services	Community and Social Services	CRR	Community Assets	Indoor Facilities	600 000	-	-
150	Malmesbury De Hoop Serviced Sites (Prof Fees)	Vote 6 - Development Services	Planning and Development	DHS	Housing	Social Housing	4 061 518	2 895 200	2 471 761
151	Malmesbury De Hoop Serviced Sites Phase 1 (Sewerage)	Vote 6 - Development Services	Waste Water Management	DHS	Sanitation Infrastructure	Reticulation	6 923 312	5 149 912	10 032 824
152	Malmesbury De Hoop Serviced Sites Phase 1 (Water)	Vote 6 - Development Services	Water Management	DHS	Water Supply Infrastructure	Distribution	5 830 157	4 336 768	8 448 694
153	Malmesbury De Hoop Serviced Sites Phase 1 (Streets & Stormwater)	Vote 6 - Development Services	Road transport	DHS	Roads Infrastructure	Roads	23 685 013	17 618 120	34 322 818
154	Silvertown: Profesional Fees	Vote 6 - Development Services	Planning and Development	DHS	Housing	Social Housing	2 107 132	2 118 000	6 664 000
155	Silver Town: Bulk Services (Prof Fees/ Constrction)	Vote 6 - Development Services	Planning and Development	DHS	Housing	Social Housing	1 400 000	1 200 000	6 336 000
156	Darling Serviced Sites (394) Prof Fees Phase 2	Vote 6 - Development Services	Planning and Development	DHS	Housing	Social Housing	-	-	2 682 886
157	Darling Serviced Sites (394) Water	Vote 6 - Development Services	Water Management	DHS	Water Supply Infrastructure	Distribution	-	-	5 477 861
158	Darling Serviced Sites (394) Sewerage	Vote 6 - Development Services	Waste Water Management	DHS	Sanitation Infrastructure	Reticulation	-	-	4 612 936
159	Darling Serviced Sites (394) Roads and Stormwater	Vote 6 - Development Services	Road transport	DHS	Roads Infrastructure	Roads	-	-	16 721 892
160	Dalsig: Internal Services (Prof Fees)	Vote 6 - Development Services	Planning and Development	DHS	Housing	Social Housing	2 353 000	2 887 000	2 887 000
161	Dalsig: Bulk (Prof Fees)	Vote 6 - Development Services	Planning and Development	DHS	Housing	Social Housing	2 452 000	2 452 000	2 452 000
162	De Hoop Bulk: Water - Wesbank (Phase 3)	Vote 6 - Development Services	Water Management	CRR	Water Supply Infrastructure	Distribution	-	1 000 000	-
163	De Hoop Bulk: Prof Fees (Phase 4)	Vote 6 - Development Services	Planning and Development	CRR	Housing	Social Housing	200 000	-	-
164	De Hoop Bulk: Streets - Darling Link (Phase 4)	Vote 6 - Development Services	Road transport	CRR	Roads Infrastructure	Roads	-	5 000 000	-
165	Equipment : MM	Vote 7 - Municipal Management	Executive and Council	CRR	Furniture and Office Equipment	Furniture and Office Equipment	12 000	12 000	12 000

	PROJECT DESCRIPTION	DIRECTORATE	FUNCTION	FIN SOURCE	ASSETS CLASS	ASSETS SUB CLAS	BUDGET 2025-2026	BUDGET 2026-2027	BUDGET 2027-2028
166	Equipment : Fire Fighting	Vote 8 - Protection Servic	Public Safety	CRR	Machinery and Equipment	Machinery and Equipme	300 000	300 000	200 000
167	Fire Fighting: Hazmat Equipment	Vote 8 - Protection Servic	Public Safety	FSCSG	Machinery and Equipment	Machinery and Equipme	478 261	-	-
168	Equipment: Protection	Vote 8 - Protection Servic	Public Safety	CRR	Machinery and Equipment	Machinery and Equipme	60 000	65 000	70 000
169	New Fire Arms & Replacements	Vote 8 - Protection Servic	Public Safety	CRR	Machinery and Equipment	Machinery and Equipme	250 000	-	-
170	Traffic and Law: : CK41293 Toyota Hilux DC 2.5D SRX	Vote 8 - Protection Servic	Public Safety	CRR	Transport Assets	Transport Assets	712 020	-	-
171	Traffic and Law: : CK32531 Quantam	Vote 8 - Protection Servic	Public Safety	CRR	Transport Assets	Transport Assets	-	771 430	-
172	Traffic and Law: CK18530 Polo Vivo 1.6	Vote 8 - Protection Servic	Public Safety	CRR	Transport Assets	Transport Assets	-	-	342 125
							293 798 527	224 945 089	310 171 191

## **2.11 Legislation compliance status**

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

### **1. In year reporting**

Full compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial Government and National Treasury.

### **2. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **3. Audit Committee**

An Audit Committee has been established and is fully functional.

### **4. Budget Steering Committee**

A Budget Steering Committee has been established and is fully functional.

### **5. Service Delivery and Implementation Plan**

The draft SDBIP document was tabled with the approval of the draft 2025/26 MTREF budget. The final SDBIP document will be tabled after the approval of the final 2025/26 MTREF budget. The SDBIP was aligned and informed by the 2025/26 MTREF budget.

### **6. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

### **7. Policies**

Refer to section 2.3.

## **2.12 Other supporting documents**

All other supporting schedules are available on request and will also be placed on the website.





## 2.13 Manager's quality certificate

I J.J. Scholtz, Municipal Manager of Swartland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: J.J. Scholtz

Municipal Manager of Swartland Municipality

Signature: 

Date: 26.05.2025

**Capital Projects with a total project cost in excess of R50 million (to give effect to Sec 19 (1) (b) of the MFMA)**

**"ANNEXURE C"**

Project Description	Actuals	Budget Year	Nature	Location	Budget Year	Budget Year	Budget Year	Total Project Value	Funding Sources	Future Operational Cost	Operating Impact absorbed by:	Sec 33 Triggered Y / N
	2023/24	2024/25			2025/26	2026/27	2027/28	Estimate				
<b>Roads Swartland: Construction of New Roads</b>	R 10 950 000	R 5 246 686	Construction of New Roads in the Swartland area	Swartland area	R 31 438 000	R 32 015 314	R 10 000 000	R 89 650 000	CRR	Future operational cost (e.g. Interest, repairs & maintenance, depreciation, etc) will be covered by the Roads cost centre	MTREF CRR and beyond	N
	R 14 178 506	R 2 426 024			R 7 589 405	R 10 479 940	R -	R 34 673 875	MIG			
<b>Highlands: Development of new cell</b>	R 2 097 879	R 8 538 370	Development of new cell	Swartland area	R 9 269 986	R -	R -	R 19 906 235	CRR	Future operational cost (e.g. Interest, repairs & maintenance, depreciation, etc) will be covered by the Refuse cost centre	MTREF CRR and beyond	N
	R -	R 15 500 000			R 14 165 595	R -	R -	R 29 665 595	MIG			
<b>Malmesbury De Hoop Serviced Sites</b>	R 16 936 391	R 18 085 000	Sewerage	Malmesbury De Hoop	R 10 984 830	R 8 045 112	R 12 504 585	R 66 555 918	Human Settlements	Future operating costs covered by the Water, Sewerage and Roads cost centres	Existing Water, Sewerage Revenue and Rates Regime	N
	R 4 600 628	R 11 440 000	Water		R 5 830 157	R 4 336 768	R 8 448 694	R 34 656 247	Human Settlements			
	R 23 973 312	R 46 475 000	Roads		R 23 685 013	R 17 618 120	R 34 322 818	R 146 074 263	Human Settlements			
<b>Malmesbury De Hoop 132/11kV Substation, 132kV transmission line and servitudes</b>	R 10 918 152	R 1 489 684	Upgrading of bulk electricity supply	Malmesbury	R 4 278 876	R -	R -	R 16 686 712	CRR	Future operating costs will be covered by the Electricity maintenance budget	Existing Electricity Revenue Regime	Y
	R -	R -			R 30 000 000	R -	R -	R 30 000 000	Ext Loan			
<b>Malmesbury De Hoop Development: Electrical Bulk supply upgrading (INEP)</b>			Upgrading of bulk electricity supply									
	R 23 657 999	R 22 401 642			R 17 821 124	R 14 082 000	R -	R 77 962 765	INEP			

The 2025/26 MTREF Grant allocations listed below that is included in the budget, reconcile with the PT Gazette of 26 March 2025 and the NT DORA that was re-issued late on 21 May 2025.

	Current Year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Yr 2025/26	Budget Yr 2026/27	Budget Yr 2027/28
<b>Operating Transfers and Grants</b>					
<b>National Government:</b>	<b>157 307 000</b>	<b>157 723 358</b>	<b>172 479 876</b>	<b>177 360 000</b>	<b>185 399 000</b>
Local Government Equitable Share	153 764 000	153 764 000	165 310 000	175 560 000	183 499 000
Finance Management	1 600 000	1 600 000	1 700 000	1 800 000	1 900 000
EPWP Incentive	1 593 000	1 593 000	1 969 000	-	-
Integrated National Electrification Programme	-	416 358	3 500 876	-	-
Municipal Disaster Response Grant	350 000	350 000	-	-	-
<b>Provincial Government:</b>	<b>31 427 834</b>	<b>30 686 103</b>	<b>170 793 868</b>	<b>199 634 000</b>	<b>150 668 328</b>
Community Development: Workers	38 000	38 000	59 000	59 000	59 000
Human Settlements	9 344 834	8 103 103	136 181 868	171 804 000	126 182 328
Municipal Accreditation and Capacity Building Grant	249 000	249 000	-	-	-
Title Deeds Restoration	30 000	30 000	81 000	-	-
Libraries	12 002 000	12 002 000	12 384 000	12 665 000	13 381 000
Maintenance and Construction of Transport Infrastructure	170 000	170 000	11 900 000	4 689 000	169 000
WC Financial Management Capability Grant: Student Bursaries	-	100 000	-	-	-
Thusong Grant	150 000	150 000	-	-	-
Establishment of a K9 Unit	3 732 000	4 132 000	4 350 000	4 473 000	4 666 000
Establishment of a Reaction/Rural Safety Unit	5 712 000	5 712 000	5 838 000	5 944 000	6 211 000
<b>Total Operating Transfers and Grants</b>	<b>188 734 834</b>	<b>188 409 461</b>	<b>343 273 744</b>	<b>376 994 000</b>	<b>336 067 328</b>
<b>Capital Transfers and Grants</b>					
<b>National Government:</b>	<b>52 150 000</b>	<b>60 944 642</b>	<b>60 270 124</b>	<b>48 161 000</b>	<b>50 199 000</b>
Municipal Infrastructure Grant (MIG)	29 332 000	29 302 000	25 405 000	27 293 000	28 388 000
Integrated National Electrification Programme	22 818 000	22 401 642	17 821 124	20 868 000	21 811 000
Water Services Infrastructure Grant	-	-	17 044 000	-	-
Municipal Disaster Response Grant	-	9 241 000	-	-	-
<b>Provincial Government:</b>	<b>174 879 166</b>	<b>163 911 897</b>	<b>60 302 132</b>	<b>38 707 000</b>	<b>103 160 672</b>
Human Settlements	174 289 166	163 321 897	58 112 132	38 657 000	103 110 672
Libraries	50 000	50 000	50 000	50 000	50 000
Establishment of a K9 Unit	40 000	40 000	-	-	-
Sport Development	500 000	500 000	-	-	-
Municipal Fire Service Capacity Support Grant	-	-	550 000	-	-
Regional Socio-Economic Projects (RSEP)	-	-	90 000	-	-
Municipal Water Resilience Grant	-	-	1 500 000	-	-
<b>Total Capital Transfers and Grants</b>	<b>227 029 166</b>	<b>224 856 539</b>	<b>120 572 256</b>	<b>86 868 000</b>	<b>153 359 672</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>415 764 000</b>	<b>413 266 000</b>	<b>463 846 000</b>	<b>463 862 000</b>	<b>489 427 000</b>



Chief Financial Officer: MAC Bolton

24/05/2025

Date:



Western Cape  
Government  
**FOR YOU**



Strategic Integrated Municipal Engagement (SIME 2) 2025

West Coast District

**Swartland Municipality**



Western Cape  
Government



## **SWARTLAND MUNICIPALITY**

### **INTEGRATED PLANNING AND BUDGETING ASSESSMENT: ANALYSIS OF MUNICIPAL IDP, SDF AND BUDGET**

Western Cape Government

**MAY 2025**

## SWARTLAND MUNICIPALITY DIAGNOSTIC AND SUMMARY OF KEY RECOMMENDATIONS

Integrated Development & Spatial Planning	<ul style="list-style-type: none"> <li>Set a few stretch targets to drive further performance improvement along its current performance trajectory.</li> <li>Develop a top-layer SDBIP aligned with its strategic goals to enable effective quarterly monitoring and oversight at the strategic goal level.</li> </ul>
Economic Sustainability	<ul style="list-style-type: none"> <li>Ageing infrastructure is a challenge within the Municipal area.</li> <li>Maintenance and upgrading of infrastructure are key to unlock development potential.</li> <li>Alternative funding sources could be explored to support long-term financial goals.</li> </ul>
Revenue and Expenditure	<ul style="list-style-type: none"> <li>The Municipality has tabled a <b>funded</b> budget for the entire MTREF period.</li> <li>Swartland Municipality ("the Municipality") revenue base is strong and growing, driven mainly by service charges and government grants. However, the municipality should continue to enhance its revenue collection efforts, particularly regarding outstanding debt, and actively explores new income streams to further reduce its reliance on grant funding.</li> <li>Operational expenditure is generally well-managed, with employee-related costs and bulk purchases representing the largest expenditure components. Achieving greater efficiencies in contracted services and the procurement of materials could create additional fiscal space to accommodate strategic priorities, while maintaining the quality of service delivery.</li> <li>The Municipality should maintain its commitment to stringent cost containment measures to support long-term financial stability.</li> </ul>
Capital Budget & Infrastructure	<ul style="list-style-type: none"> <li>The Municipality should continue to leverage from past performances on the capital budget by ensuring that project allocations are aligned with project readiness, available funding, and the capacity to deliver.</li> <li>While capital expenditure reflects a steady upward trend, it remains heavily dependent on the Capital Replacement Reserve. To promote long-term financial sustainability, the Municipality is encouraged to pursue a more balanced funding mix and approach to infrastructure financing by optimally leveraging grants, borrowing, and internal funding sources.</li> <li>Repairs and maintenance funding should be prioritised to preserve asset integrity and reduce reliance on reactive or short-term financial recovery interventions.</li> </ul>
Strategic Procurement	<ul style="list-style-type: none"> <li>Framework for Infrastructure Delivery Management (FIDPM) Policy not submitted for analysis as Council has not adopted this policy.</li> <li>Non-compliance from SCM Regulations and other empowering provisions incorporated into the municipality's SCM Policy and/or delegations to be urgently addressed.</li> <li>Procurement Plan omits operating expenditure-related contracts. Contract register omits low-value contracts.</li> </ul>
mSCOA Compliance	<ul style="list-style-type: none"> <li>The Municipality has made notable progress in improving its overall compliance with the Municipal Standard Chart of Accounts (mSCOA), with roadmaps being regularly updated and reported on a quarterly basis.</li> <li>However, minor inconsistencies persist in balance sheet budgeting, and cash flow alignment continues to be an area of concern.</li> </ul>



**TABLE OF CONTENTS**

SECTION 1: INTRODUCTION ..... 6

SECTION 2: INTEGRATED PLANNING ..... 8

SECTION 3: ECONOMIC and FINANCIAL SUSTAINABILITY ..... 16

SECTION 4: REVIEW OF THE HISTORICAL FINANCIAL INFORMATION ..... 40

SECTION 5: CONCLUSION ..... 45

## LIST OF ACRONYMS

AQMP	Air Quality Management Plan
BESP	Built Environment Support Programme
CAPEX	Capital Expenditure
CBA	Critical Biodiversity Areas
CBD	Central Business District
CMP	Coastal Management Programme
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
CSIR	Council for Scientific and Industrial Research
DCAS	Department of Cultural Affairs and Sport
DEA&DP	Department of Environmental Affairs and Development Planning
Dol	Department of Infrastructure
DLG	Department of Local Government
DM	District Municipality
DWA	Department of Water Affairs
EI	Ecological Infrastructure
EPWP	Expanded Public Works Programme
FBE	Free Basic Electricity
FIDM	Framework for Infrastructure Delivery Management
HSP	Human Settlements Plan
IDP	Integrated Development Plan
IGP	Infrastructure Growth Plan
IIAMP	Integrated Infrastructure Asset Management Plan
IIF	Infrastructure Investment Framework
ISDF	Integrated Strategic Development Framework
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
IYM	In-year Monitoring
JOC	Joint Operations Centre
Kl	kilolitre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour (1 000 watt hours)
LED	Local Economic Development
LTFP	Long Term Financial Plan
LUPA	Land Use Planning Act

MBRR	Municipal Budget and Reporting Regulations
MDG	Millennium Development Goal
MER	Municipal Energy Resilience
MFMA	Municipal Finance Management Act
MI	Municipal Infrastructure
MIG	Municipal Infrastructure Grant
MIP	Municipal Infrastructure Plan
MISA	Municipal Infrastructure Support Agency
MMP	Maintenance Management Plan
MTREF	Medium Term Revenue and Expenditure Framework
MVA	Megavolt Amperes (1 Million volt amperes)
MWh	Megawatt hour (1 Million watt hours)
NDHS	National Department of Human Settlements
NRW	Non-revenue Water
NT	National Treasury
O&M	Operations and Maintenance
OPEX	Operating Expenditure
PMS	Performance Management Systems
RMP	Road Management Plan
SCM	Supply Chain Management
SDBIP	Service Delivery Budget Implementation Plan
SDF	Spatial Development Framework
SG	Strategic Goal
SOP	Standard Operating Procedure
SWMP	Stormwater Management Plan
WDM	Water Demand Management
WSDP	Water Service Development Plan
WTW	Water Treatment Works
WWTW	Wastewater Treatment Works

## **SECTION 1: INTRODUCTION**

The 2025 SIME assessment summarises comments by the Western Cape Government (WCG) on the draft 2025/26 MTREF Budget, 2025/26 Integrated Development Plan (IDP), Spatial Development Framework (SDF) and other relevant policies and documents.

The assessment covers the following key areas; conformance with the MFMA, MSA & Municipal Budget and Reporting Regulations (MBRR); an integrated, spatial and environmental planning analysis of the IDP and SDF and the responsiveness, credibility and sustainability of the tabled budget.

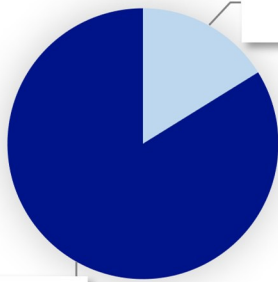
The WCG intends meeting the executives of your Municipality in May 2025, where the key findings and recommendations of this report will be presented and deliberated upon. The planned engagement will contextualise the Municipality's challenges and responses as presented in the draft budget, IDP, LED, SDF and as well as other strategic matters for discussion between the two spheres of government. All the information related to the assessment and analysis of the draft annual budget, IDP and SDF are found in the report below.

The budget snapshot below provides a high-level overview of key socio-economic and financial indicators of the **Swarthland Municipality** in relation to the regional economy.

## BUDGET SNAPSHOT



### 2025/26 Municipal Expenditure



Capital Expenditure  
Operating Expenditure

Source: Draft 2025/26 A1 Schedule



### GDP

MERO 2024

GDP
2021 Constant Prices
<b>2023</b>
R7.8 billion

### GDP Growth

2024f	2025f	2026f
1.3%	1.7%	1.9%



### Inflation

NT MFMA Budget Circular 130

2024e	2025f	2026f	2027f
4.4%	4.3%	4.6%	4.4%



### Total Population

Census 2022  
\*148 331

### Population Growth %

Est average annual 2024-2029  
\*1.9%

### No. of Households

Census 2022  
\*44 856

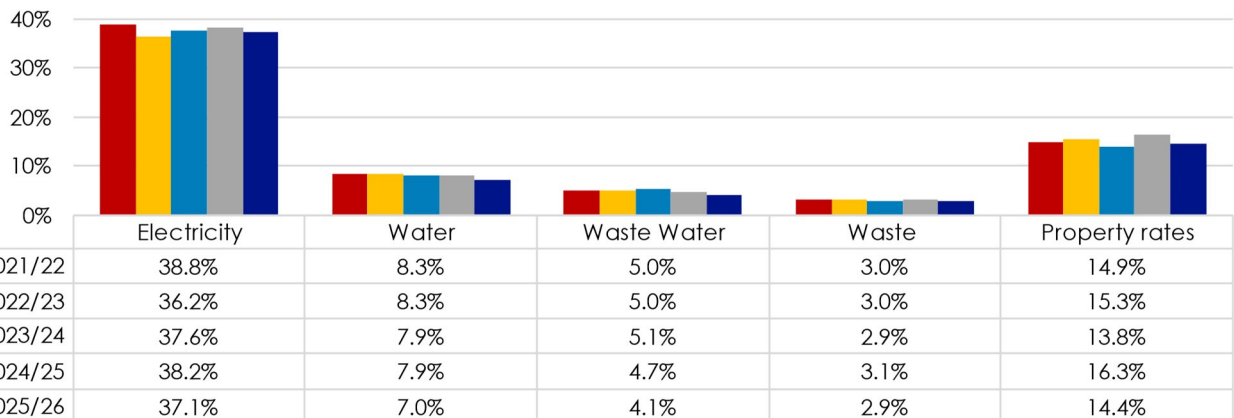
### No. of Indigent Households

AR 2022/23  
9 223

\* Stats SA Mid-year population estimates (MYPE) 2024 data was used in the 2024 MERO and SEP-LG. MYPE population data deviates from that in Census 2022.



### Service charges and Property Rates Revenue as a % of Total Revenue (2021/22 to 2025/26)



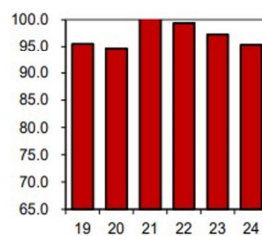
Source: Draft 2025/26 A1 Schedule

### Ratings Afrika MFSI®

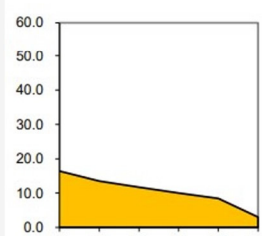
#### Financial Sustainability Index Score

	2022	2023	2024
<b>Swarthland</b>	70	71	74
<b>WC Average</b>	53	53	55

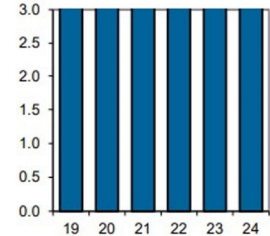
### Debtors' collection rate



### Interest-bearing debt : total income



### Adjusted current ratio



Source: Ratings Afrika Financial Sustainability Analysis Service January 2025.

The graphs reflect the percentage or ratio (Y-axis) for the period 2019 to 2024 (X-axis)

## **SECTION 2: INTEGRATED PLANNING**

### **2.1 INTEGRATED DEVELOPMENT PLANNING**

The Municipal Systems Act 32 of 2000 (MSA) requires that every municipal council must review its IDP annually in accordance with an assessment of its performance measurements and to the extent that changing circumstances demand. Further provision is made for every municipal council to amend such IDP following a prescribed process outlined in Regulation 3 of the Local Government: Municipal Planning and Performance Management Regulations of 2001 (MSA Regulations). During the 2024/25 financial year, the Swartland Municipality (the Municipality) has conducted the annual review of its IDP which is the third review of the 2022 - 2027 IDP and resolved to adopt an amended IDP in May 2025.

#### **2.1.1 IDP Compliance**

The core components of an IDP are outlined in Section 26 of the MSA and Regulation 2 of the MSA Regulations. Sections 28 and 29 of the MSA require municipalities to adhere to an established process when reviewing or amending their IDPs. The compliance of the amended IDP with legislative requirements and the process followed were assessed using a compliance checklist. The assessment was shared and discussed with the Municipality.

#### **2.1.2 IDP Alignment**

Section 32(2) of the MSA provides for the MEC for local government to decide whether to make proposals to a municipal council to adjust an IDP if such plan or amendment conflicts or is not aligned or negates any of the development strategies of other affected municipalities or organs of state. Section 26 of the MSA further requires that IDPs must be aligned with and not negate the national and provincial development plans and planning requirements binding on the municipality in terms of legislation.

The proposed amendments to the IDP reflect alignment with the United Nations Sustainable Development Goals 2023, the National Development Plan, the Medium-Term Development Plan Outcomes, the Provincial Strategic Plan 2025–2030 and the West Coast One Plan.

### **Economic Development**

The Municipality has a well-developed Local Economic Development (LED) Strategy with clear goals that guide the delivery of economic development services. The strategy is based on a thorough regional needs analysis and includes credible plans to address them. In addition, the Municipality conducted an LED maturity assessment to identify areas for improvement. The LED strategy identifies key focus areas that include education, skills development, and support for entrepreneurship, which contribute to the Municipality's broader goal of economic transformation. The strategy and its implementation plans are realistic and sustainable, supported by strong municipal resources and strategic partnerships. The Municipality has also developed a clear framework for action, built around three key themes: stimulating markets, strengthening industries, and addressing constraints through reform. The plans are responsive and well-structured, with clear resource allocation and execution strategies.

The proposed amendments to the IDP reflect the critical role of the agricultural sector in the local economy. The draft IDP mentions crime, theft, and vandalism, which significantly negatively impact agricultural activities. Additionally, managing stray animals has become an increasing challenge across Western Cape municipalities. The proposed amendments to the IDP include initiatives such as land leased for agricultural purposes, particularly along the N7 and provincial roads, which must be properly fenced. This measure is strongly supported as it also helps protect animal health and reduces the risk of road accidents caused by stray animals.



## **Municipal Infrastructure, Human Settlements and Transport**

The Department of Infrastructure recommends that the Municipality reflect the Western Cape Government Infrastructure Framework (WCIF 2050), which the Cabinet endorsed on 16 October 2024. Building on the principles of the WCIF 2050, the Western Cape Infrastructure Strategy 2050 outlines specific infrastructure development priorities for the short, medium, and long term. To support the implementation of the strategy, the Western Cape Infrastructure Implementation Plan 2050 outlines a five-year implementation approach. These plans aim to enhance infrastructure interventions and investment in the Western Cape.

The proposed amendments to the IDP effectively address key issues related to spatial integration, human settlements, and local governance, identifying housing backlogs and infrastructure delivery as significant challenges. In addition, the proposed amendments to the IDP reflect a shift towards higher-density, mixed-use developments in line with the Provincial Strategic Plan and clearly outline land needs for subsidised, affordable, and private housing across all towns. Bulk infrastructure upgrades are emphasised as essential for enabling catalytic housing projects, with guidance on project prioritisation. The proposed amendments to the IDP highlight key achievements, such as the De Hoop Phase 1 project in Malmesbury, and provide valuable infrastructure overviews. Additionally, housing data should reflect the most recent figures from the Western Cape Housing Demand Database. The impact of national budget cuts on delivery targets should also be addressed to ensure realistic and aligned planning.

The proposed amendments to the IDP reflect that the Municipality has an Integrated Transport Plan (ITP) in place, identifying the road and public transport infrastructure needs across the municipal area. The ITP highlights the importance of enhancing non-motorised transport (NMT) infrastructure, specifically the need to extend the NMT network beyond the N7 to improve connectivity between the township community located west of the town and the central area. It is recommended that the Municipality consider incorporating these projects into the IDP's budget allocations.

## **Safe and Cohesive Communities**

The proposed amendments to the IDP reflect on the Safety Plan with a strong focus on issues such as drug and alcohol abuse, gangsterism, gender-based violence, infrastructure theft, and stock theft. Both the Mayor and Municipal Manager highlight safety as a key concern in their forewords. The IDP links safety, technology (including Automated Number Plate Recognition cameras), data collection, intelligence gathering, and spatial planning. Including a dedicated Safety and Security section in the IDP, which references key crime statistics for 2023/24, reflects a proactive approach. The proposed amendments to the IDP further demonstrate a commitment to community safety through the establishment of the Swartland Community Safety Forum and the identification of floodlights as a safety priority in various wards. However, it is recommended that the IDP be updated with the most recent crime data to enhance its relevance and responsiveness.

The Municipality has a Disaster Management Plan, which was reviewed in March 2025. The Municipality uses the West Coast Disaster Management Centre and has an established Disaster Management Advisory Forum that meets twice a year or as needed. While the proposed amendments to the IDP identify significant disaster risks, it is not clear whether specific plans have been developed to address these risks. In addition, the proposed amendments to the IDP do not provide details on contingency plans that may be in place. Therefore, it is recommended that the Municipality include detailed contingency plans to ensure clarity on how identified risks will be managed and should also consider strengthening the link between the identified risks and actionable response strategies supported by clear timelines and responsible departments.

### 2.1.3 IDP Implementation

Section 41 of the MSA provides for a municipality in accordance with its performance management system, to set performance measures with regard to its development priorities and objectives set out in the IDP. In addition, section 41 provides for the monitoring of the performance, measure and review performance at least once per year, implement steps to improve the performance, and set a regular reporting system. This section thus reflects on whether the Municipality might be at risk of not achieving its strategic objectives, noting that this is the third review cycle of the 2022 – 2027 IDP.

The following Municipal documents were utilised to inform this section:

- The 2022 – 2027 IDP, including the subsequent amendments thereto;
- The 2022/23 Annual Report and the draft 2023/24 Annual Report;
- The 2022/2023, 2023/24 and 2024/25 Service Delivery and Budget Implementation Plans (SDBIPs); and
- The 2024/25 Technical Integrated Municipal Engagement (Time) Report, compiled by the Provincial Treasury (PT).

The Municipality adopted the 2022 - 2027 IDP in May 2022, which included five Strategic Goals (SGs) linked to several key performance indicators (KPIs). In the 2023/24 financial year, the Municipality amended the IDP. The previous Strategic Goals (SGs) were consolidated into six Strategic Focus Areas (SFAs), with each SFA linked to one or more SG. After this amendment to the IDP in 2023/24, no further changes were made to the SFAs or SGs.

This change in strategic direction emphasises the importance of reviewing and updating the SGs during the IDP amendment process. It allows the Municipality to adjust to evolving community needs, shifts in resource availability, and updated development goals, ensuring that planned projects remain relevant and aligned with current priorities.

The five SGs in the 2022 - 2027 IDP are depicted below.



The five new SGs in the 2023/24 amended IDP are depicted below.

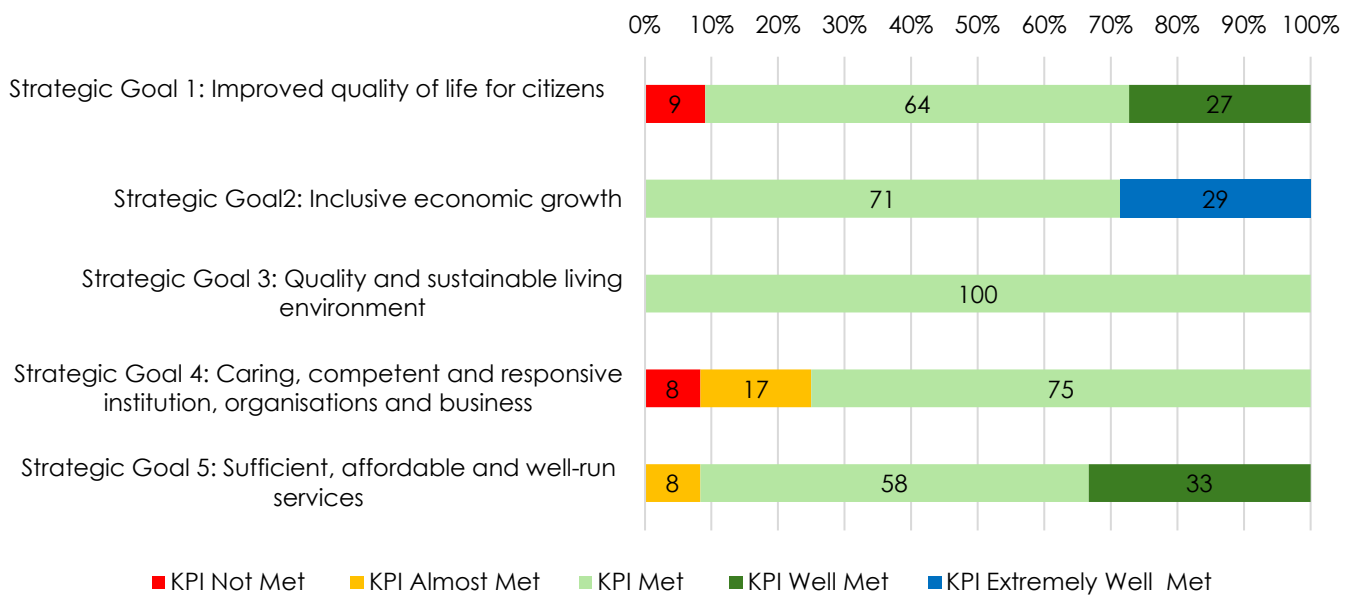


The SDBIP included 41 KPIs during the 2022/2023 financial year. In January 2023, the Municipality adjusted the SDBIP, but the number of KPIs remained unchanged. However, the performance targets were revised to ensure that the Municipality could realistically achieve its objectives by the end of the financial year.

For the 2023/2024 financial year, KPIs increased to 57 following an amendment to the IDP. This amendment involved revising strategic goals and incorporating additional projects and programs to be implemented during the financial year. The amendment to the IDP for the 2024/2025 financial year did not result in any further increase in the number of KPIs. The Municipality's scorecard, or top-layer SDBIP, developed for the 2023/2024 financial year, includes the Municipality's five-year plan with targets set for each year.

The performance-related information for the 41 KPIs and targets in the 2022/23 Annual Report and the 57 KPIs and targets in the 2023/24 Annual Report was analysed to determine the municipality's performance trajectory. Overall, the municipality achieved 80 per cent of the targets in 2022/23 and 90 per cent in 2023/24. The reasons for targets that were not met, along with the corrective actions that will be taken, were provided.

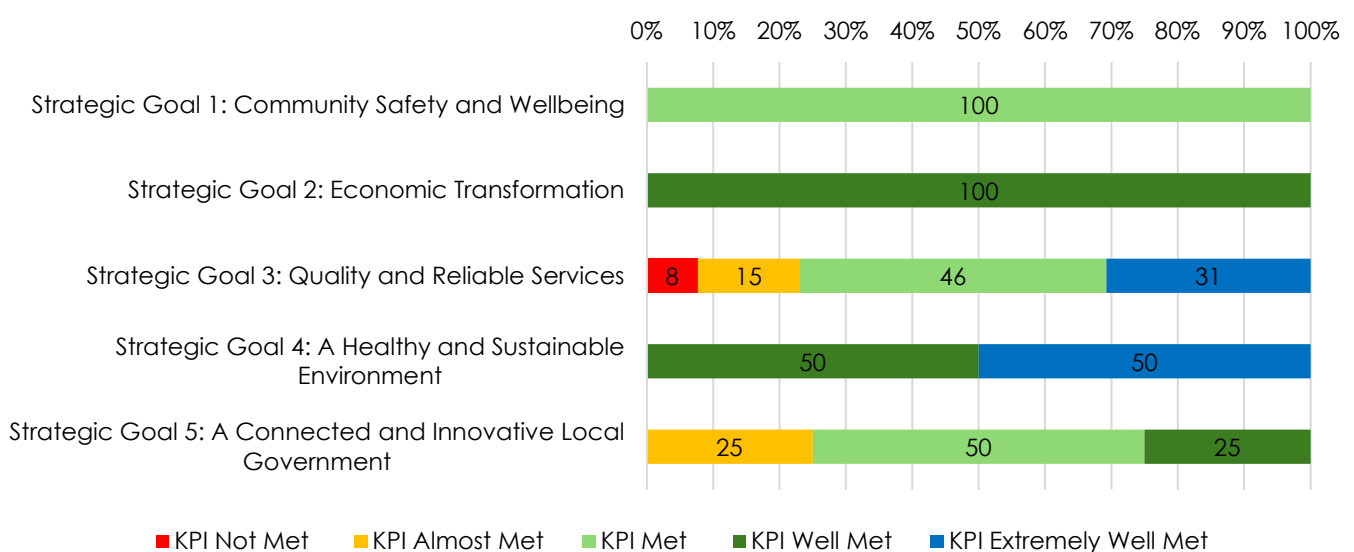
### 2022/23 Annual Performance per SG



The chart above illustrates the Municipality's performance regarding its KPIs and targets for 2022/23 at the SG level. Note that the performance report from the Annual Report is structured by service, not IDP strategic goals. Three areas faced minor challenges, although the municipality excelled on all five SGs by meeting most of its targets.

- SG 1: Improved quality of life for citizens; 9 per cent of KPIs were not met;
- SG 4: Caring, competent and responsive institution, organisations and business; 17 per cent of KPIs were almost met, and 8 per cent were unmet; and
- SG 5: Sufficient, affordable and well-run services; 8 per cent of KPIs were almost met.

### 2023/24 Annual Performance per SG



The Municipality deserves commendation for its excellent performance during the 2023/24 financial year, achieving 100 per cent of its KPIs in crucial areas such as Community Safety and Well-being, Economic

Transformation, and A Healthy and Sustainable Environment. This accomplishment reflects strong leadership, effective planning, and a clear commitment to enhancing the lives of its residents.

However, some areas did face minor challenges, as outlined below:

- SG 3: Quality and Reliable services, where 15 per cent of KPIs were almost met, and 8 per cent were not met, and
- SG 5: A Connected and Innovative Local Government, where 25 per cent of KPIs were almost met.

The 2024/25 TIME Report provides an assessment of the Municipality's performance at the mid-financial year. The SDBIP reflects a strong and comprehensive commitment to service delivery and governance, with 88 departmental KPIs being tracked. This inclusive approach enables focused performance monitoring across all municipal departments. While the current SDBIP demonstrates detailed tracking at the departmental level, the Municipality is encouraged also to develop a top-layer SDBIP aligned with its strategic goals, to enable effective quarterly monitoring and oversight.

Performance during the first two quarters of the 2024/25 financial year has been exceptional, with all 88 KPIs achieved, reflecting a 100 per cent success rate. This outcome demonstrates effective strategic planning, sound operational execution, and strong governance. The excellent results across departments, ranging from financial and corporate services to infrastructure and protection services, indicate a stable and capable Municipality, which bodes well for continued economic growth, investment attraction, and service delivery excellence.

PT, in the 2024/25 TIME Report, recommended that:

- The Municipality should ensure that targets are set at appropriate levels that push the Municipality to improve its service delivery on an annual basis.
- Targets should also be aligned to strategic goals and spread across quarters to ensure that performance against strategic goals can be tracked quarterly. The current structure of the SDBIP only allows for the tracking of departmental performance.

## **2.2 ENVIRONMENTAL AND PLANNING ANALYSIS**

### **2.2.1 Spatial Planning**

- **MSDF Performance Review**

With the adoption of the Amended MSDF in this evaluation round, it is important to note that there will be a need to review the actual implementation of the MSDF on an annual basis, which is a legislative requirement in terms of section 34(a)(i) of the Municipal Systems Act (Act 32 of 2000), in order to determine the extent to which the Municipality is working towards achieving the spatial objectives and principles set out in the MSDF and monitoring progress. This monitoring can be done through: assessing alignment between the budget and the SDF; spatialising the budget to determine the extent to which the budget is being targeted in priority areas; monitoring land use applications and approvals, assessing alignment between the SDF and the various sector plans – this is especially important for those sector plans which have been revised/drafted since the approval of the latest SDF; and lastly by documenting completed and planned amendments to the Municipality's Land Use Scheme in response to the SDF. (More information on Annual Performance Reviews of the Implementation of SDF's, can be found in the Practice Note which accompanied Provincial Circular 0005/2023).

It is anticipated that an annual performance review will be undertaken in future, in accordance with section 34(a)(1) and 41(1)(c) of the MSA.

## 2.2.2 The Municipality's Response to Strategic Pressures and Risks

### ■ Capital Expenditure Framework

Swartland Municipality has amended the 2023 MSDF to incorporate the key elements of the Capital Expenditure Framework (CEF) and make other essential changes to the urban edges of some settlements. The Municipality is reminded that the CEF (in concert with) the MSDF should be used as a budget decision-making tool in the preparation of the next capital budget, and this should be championed by the manager responsible for spatial planning in the Budget Steering Committee. It is encouraging to see how the Municipality is utilising the CEF in the consideration of the infrastructure needs of the municipality and how these needs are financed in relation to what their financial impact will be on municipal financial sustainability in the future.

### ■ Inclusionary Housing Policy

The MSDF recognises that a need has been identified within the GAP housing market, and these areas are also clearly identified in the MSDF and Area Plans, which is scarcely provided for by either the private or public sector.

It is, however, important for the Municipality to prepare an Inclusionary Housing Policy (IHP), to actively pursue spatial transformation and address historical spatial inequalities and the exclusionary property market. In terms of SPLUMA, it is important to implement policies that promote affordable housing and spatial justice as outlined in the MSDF. These local policies, informed by the recently concluded housing market study for Swartland, will guide the strategic direction to allow the municipality to tailor solutions to the local context and leverage the value of development rights to create more integrated and inclusive settlements without relying solely on public funding. Ultimately, an Inclusionary Housing Policy is a crucial tool for municipalities to meet their obligations towards spatial justice and the right to adequate housing. The policy should define target groups, outline delivery mechanisms (on-site, offsite, or in-lieu), and ensure long-term affordability through appropriate monitoring and enforcement. To support implementation, the municipality should incorporate the policy into its MSDF and Municipal Planning By-Law, establish a central register for transparency, and ensure regular monitoring, evaluation, and updates based on evolving data and circumstances.

### ■ Incremental Upgrading of Informal Settlements

In terms of informal settlements, the MSDF makes specific note of the locational provision for the spectrum of housing needs. There appears to be a clear alignment between the MSDF and the IDP in terms of the identification of infrastructural requirements for the upgrading and provision of services for high-density residential settlements. While it is noted that throughout the MSDF, the term "high density residential" is used as a synonym for residential areas which include informality, the strategic thrust of the municipality would benefit from a more explicit approach to the incremental upgrading of the pockets of informality (where appropriate) within the administrative area of the municipality. While the draft IDP does not explicitly refer to incremental upgrading, there is evidence of the progressive introduction of administration, management and engineering services in the informal settlement areas.

### **Waste Management**

The Municipality's 4<sup>th</sup> generation IWMP was endorsed in 2023, and a comprehensive review should take place in the 2026/27 financial year. Some waste issues are reflected in the SDBIP (2024/25). The Socioeconomic Profile 2023 indicates a refuse collection level of 82.8 per cent, which is below the National Waste Management Strategy's target of 95 per cent.



The Municipality has drop off sites and a Municipal Recycling Facility (MRF) that is situated at highlands landfill, this allows recovery of recyclable material which includes e-waste and public igloos are available for the separation of waste. Home composting bins have been provided to 50 households for food waste and is available on request; garden waste is collected in a separate bag for chipping.

Illegal dumping and littering are also some of the challenges faced by the Municipality. However, there are ongoing awareness campaigns in the form of signages and use of social media.

The Swartland Municipality have enough capacity at the Highland Waste disposal Facility (WDF) and will not be utilising the West Coast Regional WDF. The municipality is planning to develop a new cell which will extend the lifespan of the Highlands WDF. The current audit score for Highlands WDF is 96.18 per cent.

## ● Ecological Infrastructure

Ecological Infrastructure (EI) entails naturally functioning ecosystems that provide services to people and the economy and plays a vital role in municipal service delivery across the Western Cape. It supports reliable, good-quality raw water supply and contributes to disaster risk reduction, especially in terms of wildfires and flooding (inland and coastal).

To guide municipalities in investing in EI, the Western Cape Government developed the **Western Cape Ecological Infrastructure Investment Framework**. This framework highlights EI's potential to lower service delivery costs and enhance community well-being. Municipalities are encouraged to integrate EI into their service delivery planning, using one or more of the following approaches:

- **Collaboration & Participation:** Many municipalities support landscape initiatives aimed at reducing environmental risks (e.g., Boland Groot Winterhoek Collective, Outeniqua to Tsitsikamma Water Working Group) where important EI is identified and a “whole of society” approach to safeguarding or improving this EI is refined, often with real benefits to municipalities.
- **Identification & Planning:** Some municipalities have mapped key EI areas and developed investment plans, which can attract external funding and boost service delivery effectiveness.
- **Direct Investment:** Others are directly funding EI projects-for example, to secure water supply or reduce flood risks-often in partnership with the private sector for co-investment.

Guiding materials and examples are available from the Department of Environmental Affairs and Development Planning. Municipalities are urged to tailor EI investment to their local context as a complementary strategy to enhance service delivery and human wellbeing within their administrative domains.

## SECTION 3: ECONOMIC and FINANCIAL SUSTAINABILITY

### 3.1 INTRODUCTION

This section provides an assessment of key indicators related to the responsiveness, credibility, and sustainability of the tabled budget.

Key to assessing the above criteria is the alignment of the municipality's budget to its strategic objectives, where if there are gaps identified, recommendations will be provided considering the municipal areas current socio-economic challenges.

The revenue and expenditure analysis and risks section provide a gap analysis with regards to trading services, analysing the credibility, tariff structure and responsiveness of the municipality's budget.

As capital infrastructure development is a key catalyst for economic growth and sustainability, the municipality's capital funding mix, capital budget implementation, and procurement planning assessment are critical to understanding the municipal area's growth trajectory.

### 3.2 SUSTAINABLE ECONOMIC DEVELOPMENT

**Table 1 Strategic Objectives for the 2025/26 Medium Term Revenue & Expenditure Framework**

Strategic Objective	2025/26 Medium Term Revenue & Expenditure Framework OPEX				2025/26 Medium Term Revenue & Expenditure Framework CAPEX			
	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28	Average Annual Growth	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28	Average Annual Growth
R thousand								
SG1 Community safety and well being	133 662	140 934	148 756	5.5%	7 942	1 136	612	-72.2%
SG2 Economic Tmsformation	30	30	30	0.0%	-	-	-	#DIV/0!
SG3 A healthy and sustainable environment	167 151	199 613	39 268	-51.5%	44 560	39 826	52 571	8.6%
SG4 A connected and innovative local government	192 735	205 426	218 107	6.4%	2 848	3 343	3 537	11.4%
SG5 Quality and reliable services.	953 498	1 020 206	1 088 795	6.9%	223 669	175 717	202 775	-4.8%
<b>Total Expenditure</b>	<b>1 446 976</b>	<b>1 566 208</b>	<b>1 494 955</b>	<b>1.6%</b>	<b>279 020</b>	<b>220 024</b>	<b>259 494</b>	<b>-3.6%</b>

Source: Swartland Municipality, A-Schedules

- Swartland Municipality is aware of the socio-economic challenges within its jurisdiction, acknowledging the adverse effects of unemployment, poverty, the need for housing and basic services, and the pressing requirements for infrastructure development.
- The strategic goals outlined in support schedules SA5 and SA6 for the 2025/26 MTREF are aligned with the strategic objectives of the IDP and demonstrate financial commitments to all five strategic goals.
- A substantial portion of the 2025/26 MTREF operating budget has been allocated to Strategic Goal 5, which emphasizes the provision of "Quality and Reliable Services." This goal receives R953.498 million, representing 70.0 per cent of the total operating budget for the 2025/26 year. Similar budget allocations are expected over the following two fiscal years. Over the MTREF period, funding for this strategic objective will grow at an average annual rate of 6.9 per cent.

The strategic goal of 'Quality and Reliable Services' focuses on ensuring equitable access to essential services, alongside the planning, development, and upkeep of sustainable bulk infrastructure. This includes services (such as water, electricity, and sanitation) as well as transportation infrastructure like

roads. The Municipality's 2025/26 budget reflects a prioritization of financial resources toward fulfilling this core service delivery objective.

The capital budget of R279.020 million has declined by 26.5 per cent when compared to the 2024/25 adjustment budget. However, a significant portion of the capital expenditure budget, amounting to R223.669 million (80.1 per cent), is allocated to the strategic objective aimed at "Quality and Reliable Services". This suggests that the Municipality prioritises investment in basic services infrastructure, which has a direct impact on the economic sustainability of the municipal area. However, this allocation declines by 4.8 per cent on average annually over the MTREF.

- This suggests that the Municipality is aligning its budgeting and planning strategies with the specific socio-economic realities of the region. In a place like Swartland, characterised by a blend of urban and rural communities, significant income disparities, and unequal access to basic services, his approach is especially important.
- By grounding its planning in local socio-economic conditions, the Municipality demonstrates an understanding of spatial and income inequality. Swartland's mixed urban-rural character often results in uneven infrastructure development and service delivery. Tailoring budgets to these realities can help prioritize investment in underserved communities, improve equitable access to services like healthcare, housing, and education, and promote inclusive economic growth. It also shows responsiveness to localized needs, which is critical in addressing the structural drivers of poverty and inequality.

### 3.3 REVENUE AND EXPENDITURE ANALYSIS AND RISKS

#### 3.3.1 Budget Overview

**Table 2 Budget overview for the 2025/26 MTREF Budget: Swartland Municipality**

Swartland	CURRENT YEAR			MEDIUM TERM REVENUE					
	2024/25	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	2027/28
	Original Budget	Adjusted Budget	Treasury Calculation	Budget Year +0	Treasury Calculation	Budget Year +1	Treasury Calculation	Budget Year +2	Treasury Calculation
<b>R thousand</b>									
Total Operating Revenue (excluding capital transfers and contributions)	1 212 935	1 237 783	1 237 783	1 476 231	1 476 231	1 582 840	1 582 840	1 496 287	1 496 287
Total Operating Expenditure	1 189 046	1 210 971	1 209 864	1 446 976	1 464 017	1 566 208	1 583 785	1 494 955	1 513 078
Surplus/(Deficit)	23 889	26 812	27 919	29 255	12 214	16 632	(945)	1 333	(16 790)
<b>Non Cash Items</b>									
Depreciation & asset impairment	128 253	125 316	125 316	134 341	134 341	144 497	144 497	153 683	153 683
<b>A4: Total Operating Budget Restated Result</b>	<b>152 142</b>	<b>152 128</b>	<b>153 235</b>	<b>163 595</b>	<b>146 554</b>	<b>161 129</b>	<b>143 552</b>	<b>155 016</b>	<b>136 893</b>
<b>A5: Total Capital Expenditure</b>	<b>376 478</b>	<b>325 809</b>	<b>325 809</b>	<b>279 020</b>	<b>279 020</b>	<b>220 024</b>	<b>220 024</b>	<b>259 494</b>	<b>259 494</b>
<b>Funded by:</b>									
Transfers recognised - capital	245 992	246 248	246 248	110 608	110 608	81 940	81 940	102 676	102 676
Borrowing	36 951	-	-	40 000	40 000	-	-	-	-
Internally generated funds	93 535	79 562	79 562	128 412	128 412	138 084	138 084	156 818	156 818
<b>A7 - Cash/cash equivalents at the year end:</b>	<b>464 184</b>	<b>529 629</b>	<b>625 274</b>	<b>921 276</b>	<b>689 513</b>	<b>956 427</b>	<b>735 586</b>	<b>966 040</b>	<b>741 522</b>
<b>A8 - Surplus / (shortfall) after application of cash and investments</b>	<b>175 089</b>	<b>265 076</b>	<b>288 253</b>	<b>599 536</b>	<b>295 754</b>	<b>537 889</b>	<b>229 646</b>	<b>396 954</b>	<b>396 954</b>
<b>BUDGET FUNDING POSITION</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>

Source: A1 schedules, NT funding tool, TABB data strings.

Swartland Municipality tabled a **Funded** budget for the 2025/26 MTREF period, as per section 18 of the MFMA. Furthermore, the Municipality is projecting an operational surplus for the 2025/26 financial year.

However, a notable shift towards a deficit in the outer years, raises concern. This trend suggests growing operational pressures, potentially due to rising costs outpacing revenue growth, which may undermine long-term financial sustainability if not addressed through targeted expenditure controls or revenue enhancement measures.

- The deficit projected in the outer years arises from the National Treasury's recalculation of debt impairment, based on historical performance reflected in the audited annual financial statements. However, when capital grants are considered, the Municipality reflects adequate surpluses.
- The Municipality is exercising prudent cash flow management; however, it is increasingly challenged by capital expenditure requirements and broader economic constraints. While cash levels are expected to remain adequate throughout the MTREF, the substantial utilisation of reserves in the outer years must be carefully managed to preserve desired liquidity and ensure adherence to policy driven cash-backing requirements for provisions and commitments.
- The Municipality continues to maintain healthy cash reserves over the entire 2025/26 MTREF, with the surpluses after application of cash and investments projected at R613.18 million in 2025/26; R556.35 million in 2026/27 and R422.01 million in 2027/28. These significant increases are influenced by the anticipated decrease in non-current investments, specifically the maturity of a R300 million investment at the end of the 2025/26 financial year.
- The Municipality's capital funding mix is undergoing a significant shift-from 75.6 per cent grant funding and 24.4 per cent internally generated funds in 2024/25 to 37.2 per cent grants and 62.8 per cent internally generated funds by 2027/28. This transition places increasing pressure on the operating budget to consistently generate sufficient cash surpluses, particularly concerning given the projected operating deficit in the same year. If not carefully managed, this might limit the Municipality's capacity to fund critical capital projects.
- The Western Cape Public Library Services Bill is planned to be enacted in time for the library service function to be assigned to your municipality by agreement by 1 July 2025. Accepting the assignment of the function will allow the municipality to budget for payments from the province for library services as grant funds that are zero-rated for VAT. The Municipality should therefore clearly indicate its intention to agree to the assignment of the function in its adopted budget if it intends to budget for these payments as grant funds (and not budget to pay VAT on them).
- The Municipality reported a year-on-year positive cash and cash equivalents balance over the MTREF period of R921.27 million in 2025/26, R956.42 million in 2026/27, and R966.04 million in 2027/28, respectively.
- The analysis of Table A6 (Budgeted Financial Position) projects that the Municipality will realise a positive working capital over the MTREF period, indicating that the Municipality will have sufficient funds to meet its short-term liabilities, and will be able to sustain its financial health position.
- The Municipality is demonstrating that it has adequate cash resources to meet its monthly fixed operating commitments from available cash and investments. The Municipality has considered the required applications for the reported cash and investments in Table A8. The Municipality is cautioned that any omission or non-commitments would provide a distorted view of the net surplus cash position achieved. It is important to note that any omissions or uncommitted provisions would reflect a distorted view of the actual cash position.

The Municipality projected its liquidity ratio of 5.88:1 (2025/26), to 5.21:1 (2026/27), and to 4.68:1 (2027/28) over the MTREF period. Notwithstanding the decreasing ratio, the Municipality anticipates having adequate financial resources to settle its short-term debt when it is due for payment. The

Municipality shows no sign of liquidity risk based on the favourable liquidity ratios reported throughout the MTREF period, which is above the NT acceptable norm of 1:1.

The Municipality projects a cost coverage ratio of 9.42. times in 2025/26, 9.04 times in 2026/27 and 9.82 times in 2027/28 over the MTREF period, demonstrating that the Municipality has adequate cash resources to meet its monthly fixed operating commitments from available cash without collecting any additional revenue. The anticipated cash coverage ratio is above the NT acceptable norm of between 1-3 months.

- Property rates of R203.84 million are reported in the 2025/26 budgeted monthly cash flow statement (SA30), compared to R212 72 million in the Budgeted Financial Performance (A4), reflecting a 95.8 per cent collection rate which is realistic.
- Service charges of R741.33 million reported on the 2025/26 budgeted monthly cash flow statement (SA30) compared to R755.66 million in the Budgeted Financial Performance (A4), reflecting a 98.1 per cent collection rate which is realistic. While this may improve short-term cash flow, it is important to evaluate the sustainability of these collections to ensure it does not distort the Municipality's financial position.

### 3.4 TRADING SERVICES

#### 3.4.1 Outcomes of the Cost Reflective Tool

**Table 3 Outcome of the Cost Reflective Tool**

Operating Expenditure and Income Across Functions (Figures in Rand)									
						Energy sources	Water management	Waste water management	Waste management
Demarcation Description	Demarc Code	CAP	Period						
Swartland	WC015	M	2025/26 Tabled Budget	2900	Total Revenue (excluding capital transfers and	565,830,105	125,613,459	98,091,483	69,570,851
Swartland	WC015	M	2025/26 Tabled Budget	4400	Total Expenditure	555,343,818	117,763,848	85,861,529	66,982,376
Swartland	WC015	M	2025/26 Tabled Budget	4500	Surplus/(Deficit)	10,486,287	7,849,611	12,229,954	2,588,475

Source: Gomuni

- Swartland Municipality submitted the Cost Reflective Tool with 2024/25 as year 1, hence the WCPT opted to use the operating expenditure and income across functions, from GoMuni as depicted in Table 3 above.
- The Municipality's 2025/26 tariffs are fully cost-reflective across all trading services. While surpluses are moderate and suggest sound financial planning, strategic use of these margins, particularly in wastewater and water services, will be key to ensuring sustainability, affordability, and accountability.
- Operating expenditure and income across functions, from Gomuni as depicted above in table 3 shows that all four services electricity, water, wastewater, waste report healthy surpluses. Energy Sources (electricity) with a margin of 1.89 per cent shows a very tight surplus margin, suggesting close alignment with actual costs. This is consistent with regulatory constraints under NERSA, which encourage minimal over recovery. Water management recorded a margin of 6.67 per cent, this surplus indicates efficient cost recovery with a comfortable buffer to cover unforeseen costs or reinvest in infrastructure.
- Wastewater management generating a 14.24 per cent margin. Displaying the highest surplus margin, suggesting that current tariffs are more than adequate to cover operational expenses. While this enables long term infrastructure funding, it could raise affordability concerns if not well justified. Waste Management with a healthy but conservative surplus of 3.80 per cent, balancing cost recovery and affordability. These current tariffs ensure financial sustainability and resilience; however, a delicate approach is needed to balance surpluses with equity and ensure that services remain affordable and

efficient in the long term. Strategic reinvestment, targeted relief, and transparency will be essential to maintaining public confidence and service quality over the MTREF period.

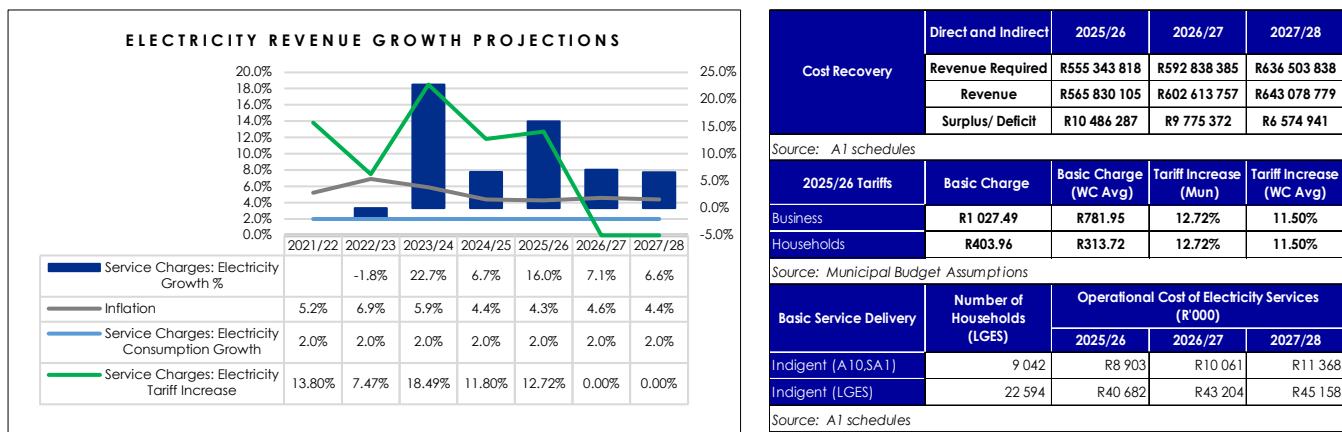
The Municipality proposed electricity tariff increase of 12.32 per cent , which is above the increase in electricity bulk purchases at 11.32 per cent for the 2025/26 financial year as approved by NERSA, and above the provincial average of 11.83 per cent. A 5.60 per cent increase for water tariff has been proposed by Swartland Municipality for the 2025 MTREF, above the recommended range as per the National Treasury MFMA Circular No. 129 and below the provincial average, which is 6.42 per cent for water.

- The Municipality decided to table a 5.90 per cent increase in their wastewater tariff for the 2025 MTREF, which is in line the provincial average of 5.95 per cent and for Waste removal, the Municipality tabled a 11.0 per cent, to prevent that the service does not operate at a deficit beyond the new 2025/2026 MTREF as a result of the Landfill sites cost, the Municipality mentioned in their tabled budget. both these tariffs are above the recommended range as per the National Treasury MFMA Circular No. 129.

### 3.4.2 Energy Services

#### 3.4.2.1 Energy Services Credibility and Sustainability

Figure 1 Energy trading service trends



Source: NT GoMuni 2024/25 Draft Budget

- Electricity revenue remains the most significant contributor to the Municipality’s operating income, accounting for 37.1 per cent of total operating revenue over the 2025/26 financial year. This underscores the critical role electricity revenue plays in supporting the Municipality’s financial sustainability.
- The Municipality projected electricity revenue growth of 16.0 per cent in the 2025/26 financial year, with declining growth rates of 7.1 per cent and 6.6 per cent, in respective outer years. This growth is primarily attributed to a proposed tariff increase of 12.72 per cent and an increase in consumption volumes. It is noted that tariffs are preliminary and subject to revision upon receipt of the tariff benchmark guidelines from NERSA. This trend indicates a stabilisation in electricity demand, largely driven by improved energy efficiency measures and the cost of supply study (COS) conducted in 2023/24.
- The projected revenue budget for electricity in the 2025/26 financial year is R565.83 million (inclusive of availability charges and indirect revenue), with estimated expenditure amounting to R555.34 million, resulting in a surplus of R10.49 million. However, a notable decline in surpluses is anticipated, decreasing to R9.78 million in 2026/27 and further to R6.58 million in 2027/28. Achieving full cost recovery for tariffbased services remains a critical strategy for maintaining financial stability, as it ensures adequate



and sustainable funding for the service while serving as a key indicator of both financial health and service delivery performance.

The Municipality's 2025/26 MTREF reflects a forward-looking approach to energy service delivery. It emphasises financial sustainability, infrastructure resilience, and alignment with broader provincial energy objectives. The budget allocates significant resources to electricity services, underlining the Municipality's commitment to maintaining and enhancing energy provision. Furthermore, the uptake of borrowings to fund capacity expansion represents a positive and proactive step toward ensuring long-term energy security and meeting future demand.

- The Municipality may have incurred increased losses due to inherent resistance of electrical equipment or unauthorised connections, as evidenced by the slight rise in energy distribution losses from 5.3 per cent in 2023 to 5.6 per cent in 2024. Despite this increase, the Municipality is commended for maintaining distribution losses below the national benchmark of 7 to 10 per cent. It is encouraged to continue its efforts in identifying and addressing inefficiencies within the energy distribution network to further minimise losses
- To ensure long-term sustainability, capital investments must be aligned with realistic revenue forecasts and supported by multi-year asset management plans that include technical losses, maintenance backlogs, and changing consumption patterns. Allocations are weakened by limited evidence of procurement readiness and implementation planning, as required by MFMA Circular 130.
- According to the IDP, it is noted that the Municipality is actively participating in and investing in various renewable energy initiatives aimed at reducing reliance on traditional energy sources, enhancing energy security, and promoting environmental sustainability. These efforts are commendable and should be sustained to support the long-term financial sustainability of this trading service.

3.4.2.2 Responsiveness to Energy Demand and Provision

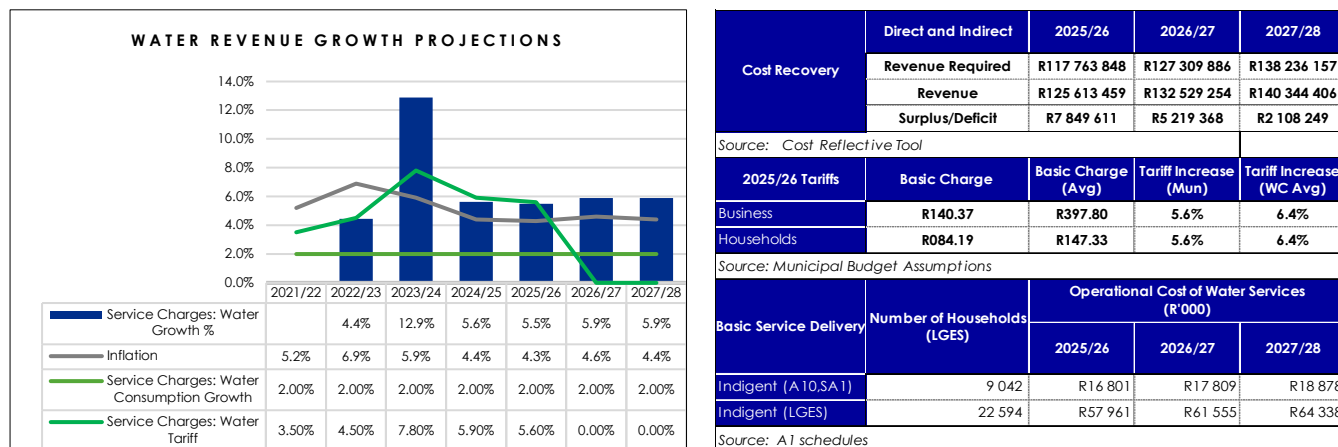
<b>Municipal challenges</b>	<ul style="list-style-type: none"><li>■ Street lighting inadequate. especially in rural towns</li><li>■ Old and obsolete mini-substations and oil-filled switchgear.</li><li>■ Replacement of obsolete substations and networks.</li><li>■ Upgrading of supply capacity subject to Eskom network expansion.</li><li>■ Supply capacity inadequate for major developments.</li><li>■ Upgrading of supply capacity subject to Eskom network expansion.</li><li>■ Replacement of obsolete substations and networks.</li><li>■ No supply capacity available for any developments west of the N7 not yet implemented.</li><li>■ New 132/11kV substation and 132kV transmission line to be committed to allow services approval of further developments west of the N7.</li></ul>
-----------------------------	--

<b>Electricity Expenditure Analysis</b>	<ul style="list-style-type: none"> <li>Swartland is second most populous municipality in the West Coast District. It is essential for the Municipality to ensure that all households have access to electricity. The 2024 Socio Economic Profile by the Provincial Government indicates that 97.8% of households in the Municipal area has access to electricity.</li> <li>The Municipality has increased its operating budget for energy provision by R70.567 million (a 37.7% rise) for the 2025/26 financial year, exceeding the inflation projections over the MTREF period. Amid ongoing energy-related challenges, the additional allocation demonstrates the Municipality's financial responsiveness to tackling the electricity crisis at it aligns with the concerns/challenges outlined in both the Annual Report and the IDP.</li> <li>Given that ageing infrastructure has been identified as a key challenge by Swartland, the Municipality has allocated a capital expenditure budget of R 86.083 million towards energy infrastructure, representing 30.9% of the total capital budget for trading services.</li> <li>Swartland has made significant capital investments in its energy sector, including R30.430 million, R17.821 million, and R3.546 million towards various energy projects. Notably, R10.315 million has been allocated for the Malmesbury De Hope Service Sites, R7.550 million for electricity provision, and R5.168 million for broader electricity infrastructure projects. Additionally, R4.0 million has been set aside specifically for replacing oil-insulated equipment.</li> <li>Swartland has made substantial capital investments in the energy sector, including R30.430 million R17.821 million, and R3.546 million for Malmesbury De hope substation R10.315 million earmarked for Malmesbury De Hope Service Sites, R7.550 million allocated for electricity and R5.168 infrastructure project, R5.168 million allocated for electricity infrastructure and a further R4.0 million set aside specifically to replace oil insulated equipment.</li> <li>The Municipality's planned capital allocations in the outer years of the MTREF reflect a strategic response to the energy crisis, which has far-reaching socio-economic implications for the Swartland area. By investing over R40 million in service site development in De Hope and upgrading electricity and bulk infrastructure, the Municipality is not only addressing immediate energy supply challenges but also laying the groundwork for long-term economic resilience and inclusive growth.</li> <li>Swartland, like many mixed urban-rural regions, faces unequal access to infrastructure and basic services. Persistent energy insecurity disproportionately affects lower-income households, small businesses, and service delivery in historically underserved areas. These investments have the potential to reduce inequality by expanding access to reliable energy, improving the viability of local economic activities, and attracting further private and public sector investment.</li> <li>Moreover, improving bulk infrastructure and replacing outdated systems ensures greater operational efficiency and reduces maintenance costs in the long run, allowing the Municipality to allocate future budgets toward other developmental priorities like housing, health, and education.</li> <li>This targeted spending helps mitigate the social risks associated with energy poverty—such as unemployment, reduced productivity, and poor living conditions—while enhancing economic opportunity.</li> </ul>
---	--

### 3.4.3 Water Services

#### 3.4.3.1 Water Services Credibility and Sustainability

**Figure 2 Water trading service trends**



Source: NT GoMuni 2025/26 Draft Budget

- Revenue generated from water services (excl. indirect revenue) is projected to be R103.61 million, R109.71 million and R116.16 million over the 2025/26 MTREF period. This reflects an aggregate increase of 5.5 per cent from the 2024/25 adjusted budget. Water service charges show a steady annual growth of around 6 per cent, due to expected tariff increases and modest consumption growth.
- The projected revenue budget for water services in the 2025/26 financial year is R125.61 million (inclusive of availability charges and indirect revenue), with estimated expenditure amounting to R117.76 million, resulting in a surplus of R7.85 million. However, a significant decline in surpluses is projected, decreasing to R5.22 million in 2026/27 and R2.11 million in 2027/28.
- The Municipality is encouraged to continue refining its approach to tariff setting by maintaining a balance between consumer affordability and long-term financial planning. Structuring tariff increases in a way that protects vulnerable households, while still supporting the reliable delivery of services and ongoing infrastructure investment, remains important. The current approach to water revenue, which reflects stable and realistic inflation-linked growth, demonstrates sound financial planning and provides a strong foundation for continued improvement.
- The Municipality is encouraged to maintain a careful balance between consumer affordability and long-term financial sustainability. Tariff increases should be thoughtfully structured to minimise the financial impact on vulnerable households while ensuring sufficient revenue generation to support the continued provision of reliable services and necessary infrastructure investments. Water revenue remains stable and credible with gradual inflation-linked increases rather than over-ambitious projections.
- Reported water losses increased from 13.2 per cent in 2023 to 18.8 per cent in 2024. This increase level is within the lower limits of the National Treasury's acceptable norm of 15 to 30 per cent, however it is imperative that the Municipality implement effective interventions to reduce water losses. These initiatives should form a core component of the revenue enhancement strategy to safeguard and maximise revenue, enabling reinvestment into infrastructure upgrades and the improvement of service delivery.
- The Municipality's 2025/26 MTREF reflects a balanced and strategic approach to water service delivery, with a moderate yet consistent increase in budget allocations. The budget aims to support both service expansion and infrastructure maintenance while ensuring financial sustainability. Water services are

treated as both revenue-generating and cost-incurring, highlighting the need for careful financial planning. Tariff increases are necessary for long-term viability but should be structured to minimise the impact on vulnerable households. Striking this balance is essential to maintain equitable access and reliable service provision.

- MFMA Circular 129 highlights the importance of aligning project planning with long-term infrastructure needs. In support of this, fully scoping projects, ensuring accurate cost estimates, and assessing readiness contribute to credible water budgeting while also promoting operational efficiency and long-term resilience. The Municipality is actively adopting these principles as part of its ongoing efforts to strengthen infrastructure planning and budget alignment.

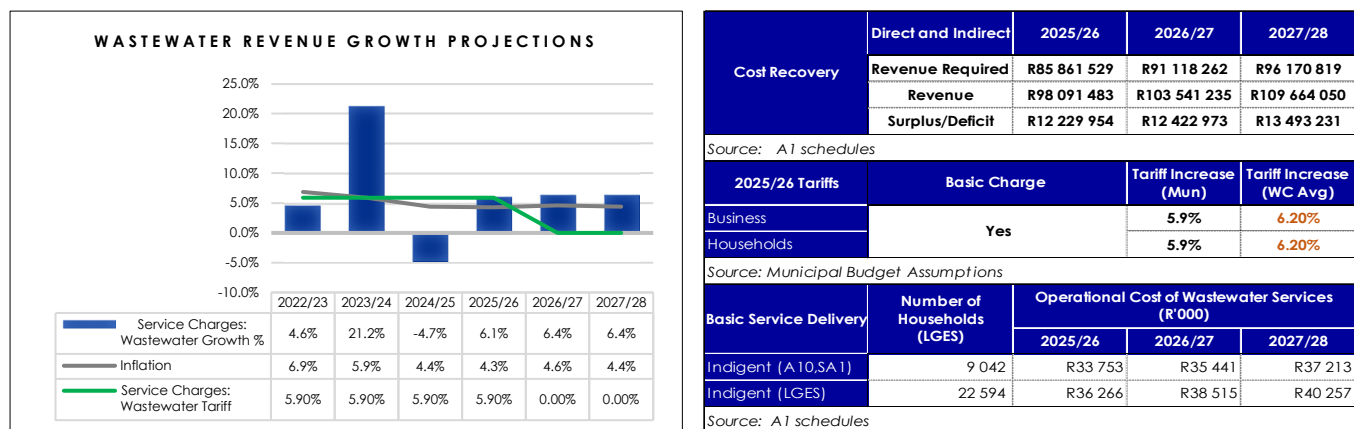
### 3.4.3.2 Responsiveness to Water Services Demand and Provision

<b>Municipal challenges</b>	<ul style="list-style-type: none"> <li>Bulk supply system cannot meet the demand during peak months.</li> <li>Water supply is under pressure due to illegal connections and wastage.</li> <li>Sections of the water reticulation network are obsolete and must be upgraded.</li> <li>Portions of the water network are outdated and needs to be upgraded.</li> <li>Ageing infrastructure.</li> <li>Insufficient access to water resources.</li> <li>In-migration, population growth and land invasion – pressure on service delivery.</li> <li>Growing population of non-paying consumers.</li> <li>Inadequate funding to address infrastructure needs.</li> </ul>
<b>Water Expenditure Analysis</b>	<ul style="list-style-type: none"> <li>The maintenance of existing water provision infrastructure as well as water infrastructure investment needs to remain a priority to prepare sufficiently demand for growth and for any potential water shortages in the future which could negatively impact consumers, businesses as well as municipal revenue.</li> <li>A total operating budget of R117.764 million has been earmarked for water management in the 2025/26 financial year. This funding is projected to rise to R127.310 million in 2026/27 and R138.236 million in 2027/28. These planned allocations are aimed at addressing key challenges highlighted in the Municipality's Annual Report and IDP.</li> <li>Water infrastructure receives the third-largest share of the trading services infrastructure budget for 2025/26. The Municipality's allocations to water infrastructure amounts to R30.544 million (or 10.9 of the capital budget) for the 2025/26 financial year. Significant municipal capital expenditure allocations for water include R6.7 million for water networks, R5.0 million for upgrade of water supply, R4.0 million for water network upgrades, as well as R3.644 million for safeguarding water infrastructure.</li> <li>Other project in the outer years of the MTREF years include R21.0 million for water supply infrastructure, R11.978 million for new reservoir, R8.125 million for Westbank reservoir, R8.125 million for bulk water supply, R7.265 million for water supply, R5.086 million for upgrade of bulk water supply and R5.0 million for water supply infrastructure.</li> </ul>

### 3.4.4 Wastewater Services

#### 3.4.4.1 WASTEWATER SERVICES CREDIBILITY AND SUSTAINABILITY

**Figure 3 Wastewater trading service trends**



Source: NT GoMuni 2025/26 Draft Budget

- The Municipality projected Wastewater revenue (excl. availability charges and indirect revenue) over the MTREF period at R61.13 million, R65.05 million and R69.22 million, respectively. Indicating a slightly higher than tariff increase, the average growth rate for wastewater services at 6.3 per cent over the 2025/26 MTREF
- The Municipality budgeted for a 5.9 per cent tariff increase in wastewater management, which is slightly above the CPI index of 4.3 per cent however, essential to sustain effective service delivery and avoid operational deficits beyond the 2025/26 MTREF. The proposed increase for 2025/26 MTREF is backed by increased operational expenditure in water distribution and wastewater treatment, with funding for wastewater capital projects commencing in 2025/26 financial year.
- The Service Charges – Wastewater management revenue budget reflects stable revenue growth sufficient operational funding for continuity and reactive maintenance together with possible grantfunded infrastructure projects under capital budget.

#### 3.4.4.2 Responsiveness to Wastewater Services Demand and Provision

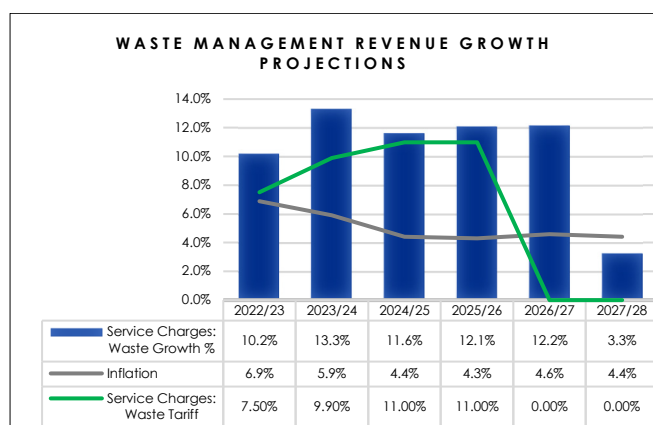
<b>Municipal challenges</b>	<ul style="list-style-type: none"> <li>● Wastewater treatment works is overloaded.</li> <li>● Ageing infrastructure.</li> <li>● Growing population of non-paying consumers.</li> <li>● Inadequate funding to address infrastructure needs.</li> <li>● Localised frequent blockages in sewer collection systems.</li> <li>● Illegal discharge of stormwater in sewer collection system results in overloading a failure during storm events.</li> <li>● Sewerage system in Kalbaskraal is limited.</li> </ul>
<b>Wastewater Expenditure Analysis</b>	<ul style="list-style-type: none"> <li>● Maintaining and investing in wastewater infrastructure is a key priority to meet the growing demands of an increasing population and expanding households.</li> <li>● Swartland's sanitation infrastructure is advanced in some areas but requiring continued attention. A total of 96.7% of Swartland households have access to flush toilets. This service is critical for public health but also (together with other basic services) for the attractiveness of the region to businesses and potential investors.</li> <li>● The Municipality has set aside R85.862 million from its operating budget for wastewater management in the 2025/26 financial year. This allocation is projected to grow to R91.118 million in 2026/27 and further to R96.171 million in 2027/28, indicating a sustained investment in addressing persistent challenges in wastewater services.</li> </ul>

- During the 2025/26 MTREF, wastewater management has been allocated the smallest portion of the capital budget for trading services, just R21.077 million, or 7.5%. This funding is not sufficient to meet the sanitation challenges currently faced by the Municipality.
- The Municipality has made notable capital investments in wastewater management, including R3.350 million for sanitation infrastructure, R2.80 million for reticulation, R1.50 million for sewer service sites, and an additional R1.40 million for sanitation infrastructure. In the outer years of the MTREF, planned allocations include R4.0 million for upgrades to Wastewater Treatment Works, R3.5 million for sanitation reticulation, and R2.644 million for transport-related assets.
- While these investments primarily address sanitation and related mobility infrastructure/assets, they are essential components of broader efforts to strengthen municipal service delivery and indirectly support energy infrastructure resilience by improving operational efficiency and service integration.

### 3.4.5 Waste Removal Services

#### 3.4.5.1 Waste Removal Services Credibility and Sustainability

**Figure 4 Waste removal service trends**



Source: NT GoMuni 2025/26 Draft Budget

Cost Recovery	Direct and Indirect	2025/26	2026/27	2027/28
	Revenue Required	R66 982 376	R74 934 387	R79 549 805
	Revenue	R69 570 851	R77 031 911	R85 300 506
	Surplus/Deficit	R2 588 475	R2 097 524	R5 750 701

Source: A1 schedules

2025/26 Tariffs	Basic Charge	Tariff Increase (Mun)	Tariff Increase (WC Avg)
Business	Yes	11.0%	8.4%
Households		11.0%	8.4%

Source: Municipal Budget Assumptions

Basic Service Delivery	Number of Households (LGES)	Operational Cost of Waste Services (R'000)		
		2025/26	2026/27	2027/28
Indigent (A10.SA1)	9 042	R21 236	R22 935	R24 769
Indigent (LGES)	22 594	R30 401	R32 286	R33 746

Source: A1 schedules

- The Municipality projected revenue from waste services at R42.71 million, R47.97 million and R53.82 million, respectively over the 2025/26 MTREF period with an average revenue growth rate 12.2 per cent.
- The above-mentioned projections are influenced by the projected draft tariff increase of 11 per cent for waste removal services for 2025/26. It has been noted that the waste management service is running at a shortfall in the 2024/25 budget, and the Municipality's projected tariff increases are aimed at producing surpluses for the service.
- The Municipality's indigent policy allows for the free waste removal of up to four times per month, despite historically running the services at deficits. The Municipality is commended for its balanced approach to service delivery. By maintaining free waste removal for indigent households while addressing past deficits through a reasonable tariff increase, the Municipality shows both social responsibility and sound financial management. The Municipality should continue to closely monitor the financial performance of the waste removal service to ensure its long-term sustainability without compromising service quality.
- The main driver to the Waste Removal services costs is the Landfill sites cost of compliance and Rehabilitation amounting to R54 million from 2023/24 to 2025/26 which will require the taking up of an



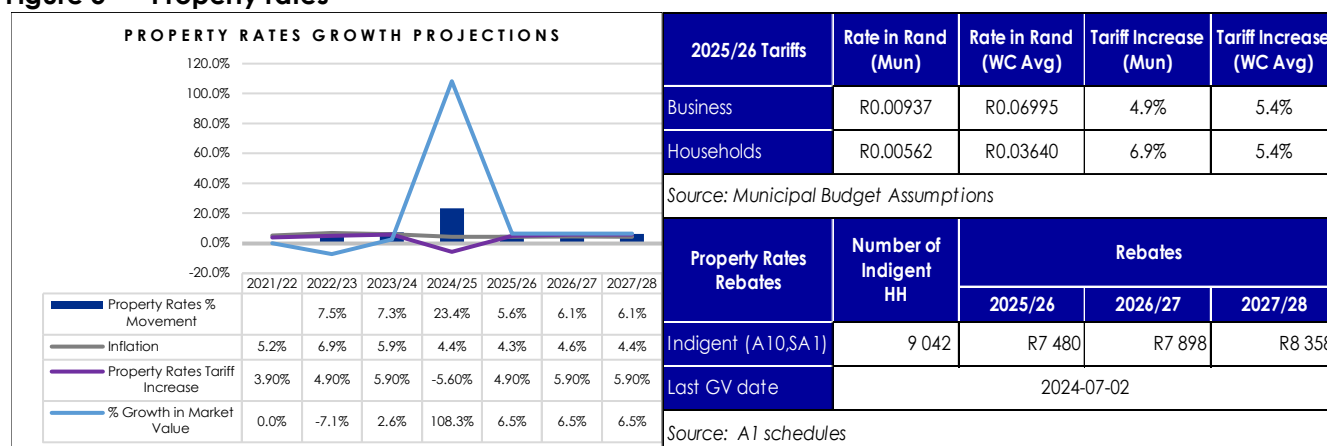
external loan of around R9.3 million. The provision for the rehabilitation of landfill sites according to the 2023/24 AFS was R57.31 million and projected to increase to R86.13 million in 2027/28.

- The Municipality is commended for urging the public to report illegal dumping as the costs associated with cleaning public open spaces place a huge financial burden on the Municipality. The Municipality is encouraged to continue identifying measures to address avoidable cost and continue to educate and promote public collaboration in reducing its baseline on waste expenditures.

### 3.5 REVENUE

#### 3.5.1 Property Rates

**Figure 5 Property rates**



Source: NT GoMuni 2025/26 Draft Budget

- The Municipality proposed property rates increases for the 2025/26 financial year is 4.9 per cent for residential properties and 6.9 per cent for business and state-owned properties. The revenue growth for Property rates is projected at a 6.0 per cent average increase over the MTREF, with 2025/26 year projecting the lowest growth at 5.6 per cent.
- Property Rates revenue is influenced by the growth in property rates value of 6.5 per cent over the MTREF period. Suggesting a stable and realistic projection of revenues.

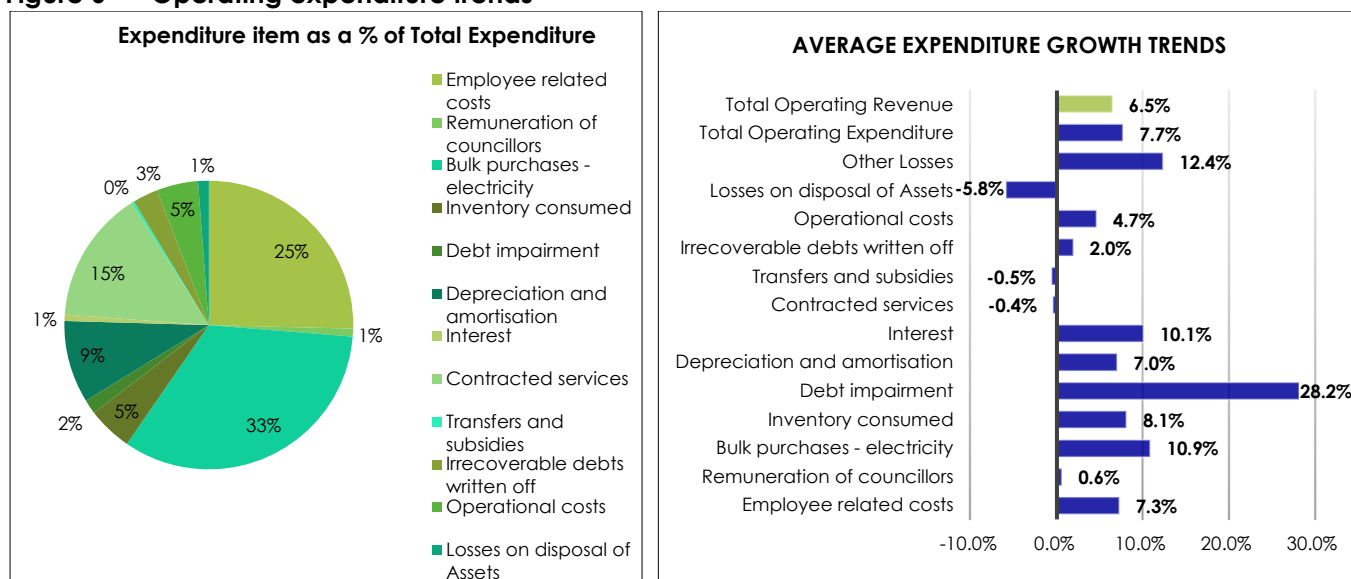
#### Other Revenue Risks

- The Municipality has projected revenue from fines, penalties, and forfeits at R38.36 million, R38.76 million, and R39.15 million respectively, over the MTREF. This revenue stream constitutes 2.6 per cent of the total budgeted revenue for the 2025/26 financial year, making it a noteworthy contributor to the Municipality's overall revenue base. The aforementioned is linked to a significant 22.9 per cent projected growth from the 2024/25 adjustment budget.
- However, despite the high projected revenue, historical data reveal a consistently low average collection rate of 21.5 per cent per annum over the past three audited financial years. This indicates that a significant portion of fines issued remains uncollected, posing a risk to the reliability of this revenue source.
- The Provincial Treasury noted that the Municipality is fully aware of the financial burden the current trajectory has had on the rate payers with unsustainable increase in impairment provision. The Municipality should consider measures such as enhancing enforcement mechanisms, introducing incentives for early payment, partnering with external collection agencies, leveraging digital platforms for fine notifications and payments, and implementing stricter follow-up procedures.

- Addressing this long-standing trend, which has persisted over the past five years, is critical to protecting the Municipality's cash flow position and minimising the financial burden on ratepayers arising from the growing impairment provision. Regular monitoring, reporting, and adjustment of strategies based on collection performance should form part of this intervention.
- The implementation of the Administrative Adjudication of Road Traffic Offences (AARTO) legislation continues to face delays. Despite a 2023 Constitutional Court ruling dismissing any further appeals against the legality of the legislation, there has been no recent update from the Department of Transport regarding the anticipated roll-out for the 2025/26 municipal financial year. While it is understandable that most tabled municipal budgets would not yet make specific allocations for AARTO-related requirements, the proclamation of the AARTO Amendment Act remains imminent, and municipalities must plan accordingly. As such, the Municipality is advised to acknowledge AARTO as a strategic and operational risk in both the IDP and budget documentation. Provincial Treasury will use the upcoming SIME process to engage the Municipality on its readiness to implement the legislation and to mitigate the associated risks relating to potential revenue losses and additional operational requirements.

### 3.6 OPERATING EXPENDITURE

**Figure 6 Operating expenditure trends**



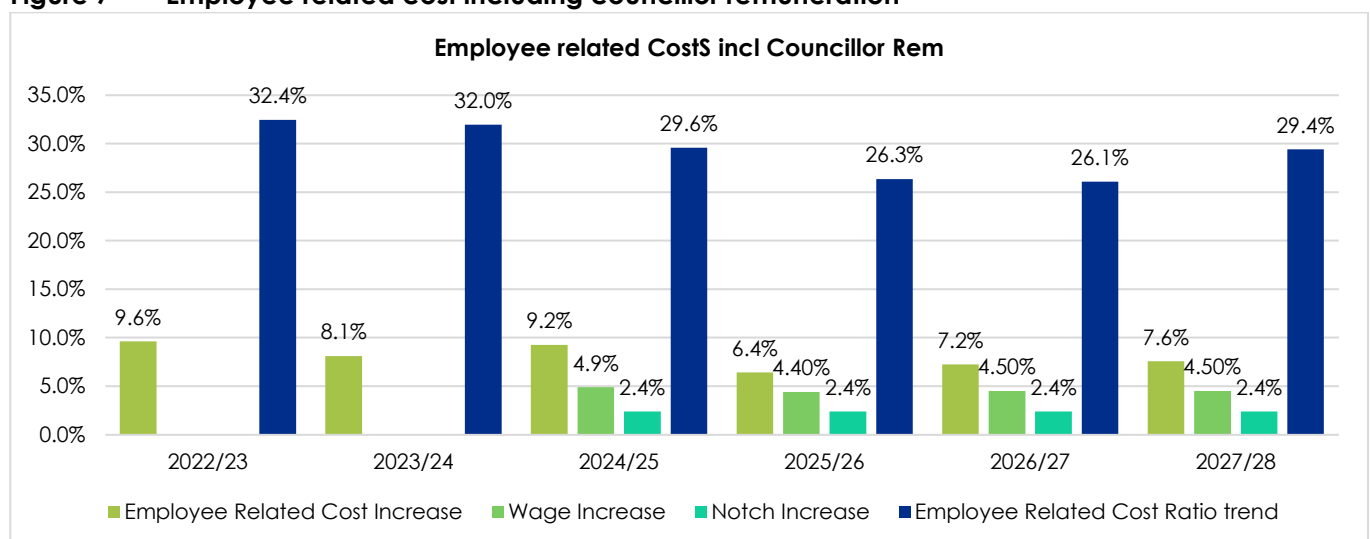
Source: NT GoMuni 2025/26 Draft Budget

- The Municipality is projecting declining operating surpluses for the entire 2025/26 MTREF. These operating surpluses are largely influenced by revenue growth assumptions, with average growth budgeted at 7.7 per cent, slightly down from 7.9 per cent in the previous MTREF, indicating cautious fiscal planning. However, when restated debt impairment is considered, National Treasury's calculation reflects a deficit budget in both 2026/27 and 2027/28 financial years.
- Notwithstanding the Municipality's strong historical record of generating operational surpluses, the current budget reflects a marked shift, with increased deficits projected across the entire 2025/26 MTREF. This deviation from prior financial performance raises concerns regarding the credibility and sustainability of the budget. To uphold the principles of budget credibility and fundability, the underlying assumptions should be critically reviewed, clearly substantiated, or appropriately adjusted to align with the Municipality's established financial trajectory and historical performance trends.

- Employee related cost and remunerations of councillors remains the second-highest expenditure item with a projected budget at R380.99 million for 2025/26, representing 26.3 per cent of total operating expenditure and within NT norms.
- For the 2025/26 financial year, the Municipality has projected bulk electricity purchases of R483.50 million, reflecting a 19.1 per cent increase from the 2024/25 adjusted budget. This escalation outpaces the NERSA-approved bulk tariff increase of 11.32 per cent, suggesting that the Municipality has factored in anticipated growth in consumption, potential increases and system losses. Additionally, the Municipality has implemented a consumer tariff increase of 12.72 per cent, which, while slightly above the NERSA guideline, remains within acceptable variance and is supported by a recent COS study.
- The Provincial Treasury notes the need to ensure that this tariff trajectory remains affordable, and that revenue recovery is closely aligned with bulk purchase projections. It is further recommended that the Municipality monitor consumption trends and system losses to avoid over-expenditure or underrecovery risks, particularly in the context of rising operating costs and economic pressures on households.
- Contracted Services are projected to increase by a substantial 159.4 per cent to R216.11 million in 2025/26. The Municipality attributed the high projected increase to the Housing Top structure function that is resorting under Contracted services expenditure. Contracted services accounts for 14.9 per of the total operating expenditure for the 2025/26 financial year, which exceed the National Treasury norm of between 2 and 5 per cent. It is noted that the norm does not consider the impact of grantrelated expenditures inflating the contracted services line item and pushes it outside the NT norm.
- The Municipality is encouraged to continue implementing cost containment measures as stipulated in their cost containment policy and should further identify efficiencies to achieve the operational surpluses projected from 2025/26 in the LTFP.
- Overall, the operating budget demonstrates credible alignment with service delivery priorities, though improvements in the disclosure of assumptions-particularly for non-cash items-would enhance transparency and audit readiness.

### 3.6.1 Employee Related Cost

**Figure 7 Employee related cost including councillor remuneration**



Source: NT GoMuni 2025/26 Draft Budget

- The primary cost for 2025/26 is Employee-related costs (incl. councillors), which make up 26.3 per cent of the total 2025/26 MTREF. The Municipality has budgeted R368.37 million for employee-related costs

in 2025/26, growing to R425.98 million by 2027/28 and reflecting an average growth of 7.3 per cent over the MTREF.

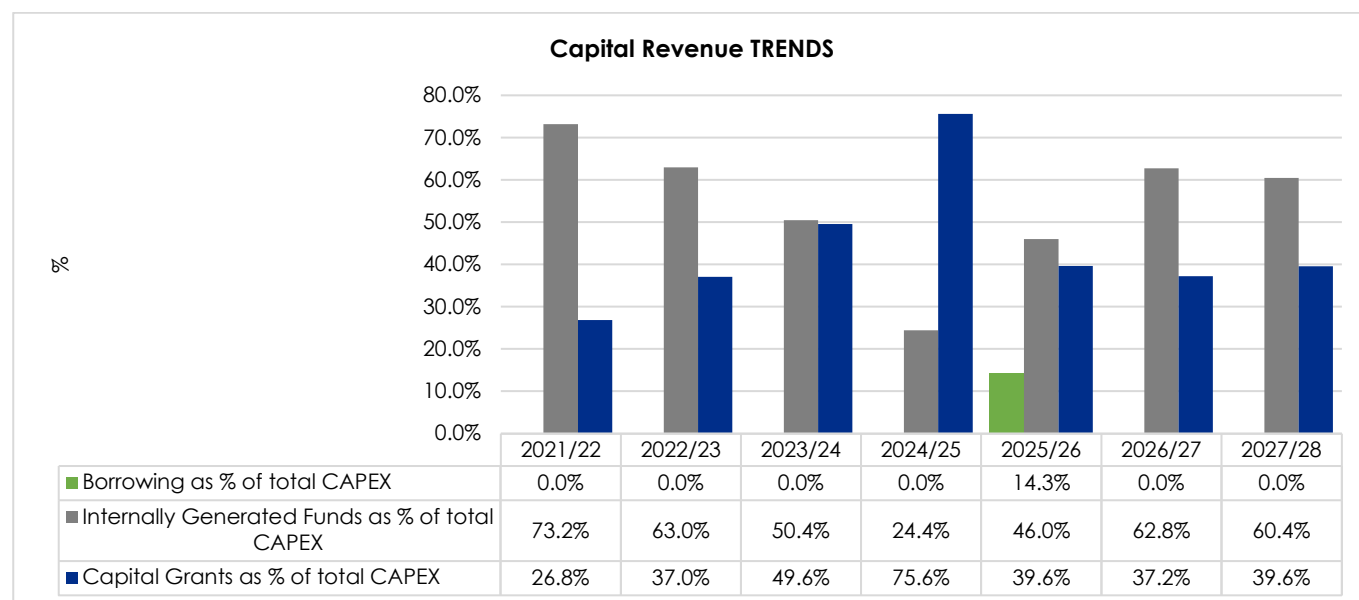
- Notably, the Municipality has reduced its overtime budget by R2.57 million or 13.3 per cent for 2025/26, reflecting positive implementation of cost containment measures. However, it is not clear what specific measures have been put in place to ensure the realisation of this reduction. It is noted that in the three (3) most recent audited financial years, the Municipality overspent its adjusted overtime budget by an average of 22.8 per cent. To support prudent financial management and strengthen future budgeting practices, it is recommended that overtime projections be aligned more closely with historical trends. It has been noted that a shift system has been implemented to bring about efficiencies, which is commendable.

### 3.6.2 Other Expenditure Risks: Municipal Dependent

- Depreciation and amortisation are projected at R134.34 million, R144.50 million and R153.68 million over the 2025/26 MTREF period. The Municipality is to ensure that the provision for depreciation is correctly aligned to the asset register and historical trends.
- In terms of debt impairment, the amount reported for the 2023/24 financial year was R10.37 million, despite R700 353 provision being made in the adjusted budget for that year. Similarly, a very low R5.96 million provision has been made for debt impairment over the 2025/26 period. This does not reflect a realistic estimate of this expenditure item, especially given historical trends. To promote prudent financial management and improve the credibility of future budgets, it is recommended that debt impairment projections be aligned more closely with historical trends, alternatively, the Municipality is urged to implement stringent measures in the enforcement of its credit control and debt collection policies to improve revenue recovery.

## 3.7 THE CAPITAL FUNDING MIX

**Figure 1 Capital funding mix**



Source: NT GoMuni 2025/26 Draft Budget

- The total capital budget over the MTREF amounts to R758.54 million, of which 36.8 per cent is projected to be spent in the 2025/26 financial year.
- The funding for the 2025/26 budget is heavily reliant on government grants, with R110.61 million (39.6 per cent) from the transfers and subsidies. Additionally, R128.41 million (46 per cent) will come from

internally generated funds, and R40 million will be financed through borrowing. This mix of funding sources highlights the importance of grants, a healthy internal revenue base, and strategic borrowing to support long-term investments.

- During the 2023/24 financial year, the Municipality utilised R124.6 million from its CRR, indicating increased reliance on internal funding. Currently, the Municipality has committed R128.41 million from the capital replacement reserve (CRR) to fund capital projects. Over the MTREF, CRR usage remains high, indicating pressure to self-fund major projects. Continued high use may strain reserves and reduce future financial flexibility. The Municipality should consider a more balanced funding mix by increasing grant reliance or moderate borrowing to reduce pressure on reserves.
- It has been noted that the R40 million borrowing in 2025/26 will finance the 132/11kV Eskom Schoonspruit Substation (R30.7 million) and the Highlands New Landfill Site Cell (R9.3 million), both of which have potential future revenue-generating prospects through expanded electricity distribution capacity and increased waste management service coverage.

### **3.7.1 Grants**

- The Municipality showed strong performance in managing grants received in the 2023/24 financial year. Actual receipts exceeded the final budget by over R22 million, and only R30.49 million remained unspent at year-end. This points to effective spending and compliance with grant conditions, supporting continued funding.
- For 2025/26, grant allocations are expected to grow to R436.09 million. This includes a significant rise in provincial operational grants linked housing top structures and other continued support for capital projects. While the increase is positive, it highlights the need for sustained compliance and efficient project delivery.

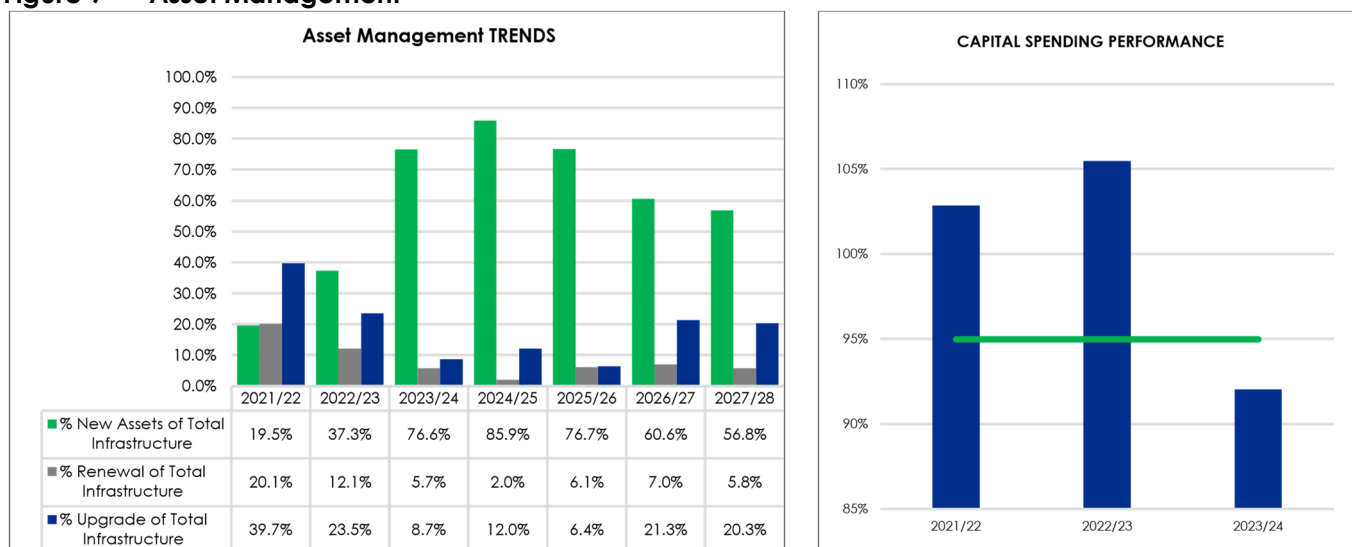
### **3.7.2 Borrowing**

- The Municipality plans to fund capital expenditures from borrowings, as indicated on the A5, up to R40.00 million in the 2025/26 financial year.
- The gearing/debt ratio is projected to be 4.0 per cent (2025/26), 3.1 per cent (2026/27) to 2.7 per cent (2027/28) over the MTREF period and reported that the Municipality has capacity to take on additional increase funding from borrowings. Also, it indicates that the Municipality still has the capacity to increase funding from borrowings. However, this should be considered within the cash flow requirements of the Municipality. The ratio is within the National Treasury norm of 45 per cent.
- The Municipality projected a positive closing cash and cash equivalents which includes repayment obligations as indicated on the A7 throughout the MTREF. The repayment on borrowings amounts as indicated for the financial years are R6.04 million, R8.87 million and R9.98 million for 2025/26, 2026/27 and 2027/28 respectively. A net decrease in cash held is projected over the MTREF period. A year-on-year decrease on the closing cash and cash equivalents is projected over the MTREF budget.
- Although the Municipality will generate revenue and cash from its operations to service the projected additional debt, it should be noted the Municipality must have considered all the concerning factors that will have an impact on the Municipality's cash flow pressure. The Municipality have sufficient cash to contribute toward the capital budget.
- It should be noted that the Municipality's tariff structure should be set to include the capital charges of the debt obligation so that sufficient funds can be generated to meet the repayment obligations.

- Disclaimer: it should be noted the bank overdraft and financial liabilities under current liabilities on A6 were not added to the gearing ratio. This could distort the true reflection of the ratio.

### 3.8 CAPITAL EXPENDITURE TRENDS

**Figure 9 Asset Management**



Source: NT GoMuni 2025/26 Draft Budget

- The Municipality's capital expenditure has shown a consistent upward trend, reflecting its focus on infrastructure investment to support growth and service delivery.
- Capital spending is projected to remain robust in 2025/26, supported by a combination of grant funding, internal reserves, and borrowings. Key projects like the Eskom Schoonspruit substation and the Highlands landfill expansion are planned, with borrowing of R40 million earmarked to help finance these. The sustained capital investment trend suggests the Municipality is prioritising long-term infrastructure resilience and economic development.
- MFMA Circular 71 National Treasury stipulates the norm/range of actual capital expenditure to budget capital expenditure of between 95 per cent and 100 per cent. In terms of the capital funding budget, the Municipality's revenue sources are from National Government funding of R60.27 million, Provincial Government funding of R50.34 million as well as R40 million from borrowings. An amount of R128.41 million will be funded from own revenue as per Table A5 which should be recovered with future revenue generating assets as a result of this capital investment in order to ensure sustainable service delivery.
- Repairs and maintenance (R&M) as a percentage of Property, Plant, and Equipment (PPE) and Investment Property is budgeted at 3.3 per cent in 2025/26, and stagnant at 3.4 per outer years—below the National Treasury's recommended norm of 8 per cent as outlined in MFMA Circular 71. To prevent asset deterioration and ensure infrastructure longevity, it is imperative that the Municipality prioritise sustaining or increasing R&M allocations, particularly for ageing infrastructure.
- Furthermore, the current allocation for the renewal and upgrading of existing assets does not align with the guidance of National Treasury MFMA Circular No.130, which recommends that at least 60 per cent of capital expenditure be directed towards the maintenance, renewal, and upgrading of existing assets. It is therefore advised that the Municipality should strive to budget for this in the adopted budget to ensure sustainable asset management and service delivery continuity.



### 3.9 OTHER CAPITAL INFRASTRUCTURE RESPONSIVENESS

<b>Municipal challenges</b>	<ul style="list-style-type: none"> <li>● Backlog in realising programs.</li> <li>● Many roads are not constructed with kerbstone and formal walks.</li> <li>● Gravel roads need to be upgraded.</li> <li>● Curbs and formal sidewalks lack in several streets.</li> <li>● Deterioration of road infrastructure</li> </ul>
<b>Capital Expenditure Analysis</b>	<ul style="list-style-type: none"> <li>● Linked to SG5, the Municipality has identified road congestion and increasing pressure on existing infrastructure as a strategic risk. The continuous monitoring of infrastructure capacity, the implementation of master planning and annual review of the master plan in respect to roads services, have been listed as some of the controls to manage these risks.</li> <li>● Swartland has allocated R84.426 million of its 2025/26 capital budget towards roads infrastructure. Significant municipal capital expenditure allocations for roads management include R36.438 million for road infrastructure, R15.0 million for development of roads, R7.589 million for construction of new roads, and R1.0 million for road infrastructure.</li> <li>● Other projects in the outer years of the MTREF include upgrading of roads, (R32.015 million and R15.0 million), R10.479 million for construction of new roads, R10.0 million for road infrastructure and R1.557 for transport assets. The road allocations directly address needs and responds well to the notion that government should create an enabling environment conducive to growth and development. Regular road maintenance and upkeep also has positive economic and social spin-offs i.e., enhancing the longevity of current assets will ensure sustainable access to economic opportunities which will significantly improve the economic and social standing of businesses and private residents</li> <li>● The demand for housing is a challenge for most municipalities. Swartland Municipality has noted the needs and challenges its communities face regarding housing.</li> </ul>

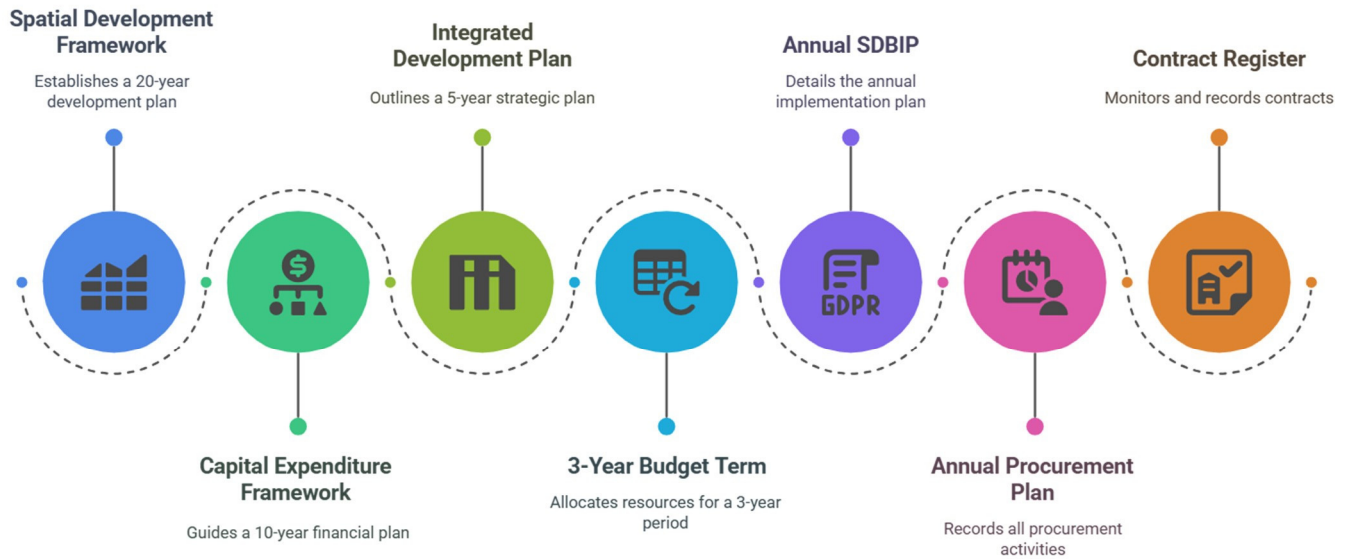
### 3.10 SUPPLY CHAIN MANAGEMENT AND ASSET MANAGEMENT

#### Introduction

This section includes a review of all SCM-related policies (including Asset Management) to assess the maturity of SCM governance in the Municipality. Focus areas include:

- The compliance of SCM and AM-related policies to regulatory requirements and highlighting areas which require amendment or review prior to council adoption in June.
- The completeness of procurement plans, considering both new and existing procurement contracts in place to give effect to procurement requirements in the financial year, i.e. the alignment of the procurement plan to the budget.
- The completeness, accuracy and reliability of Contract Registers and their interrelationship with procurement plans.
- Availability and completeness of asset registers and their ability to influence IDPs and the 3-year budget cycle for either asset maintenance or replacement/refurbishment.
- Commodity-specific opportunities for strategic procurement for improved efficiency, value-for-money and service delivery, whether at municipal, district, provincial or national level.

## Municipal Planning and Procurement Process Flow



## Swartland Municipality Assessment

**Table 4 Summary of inputs received from Swartland Municipality**

Item	Provided (Y/N)	Council Adopted? (Y/N)	Last Review Date	Comments
SCM Policy*	Y	Unknown	01/03/2025	For implementation 1 July 2025.
SOPs	Y	Unknown	Unknown	Aligned to Circ. 87.
SCM + AM Delegations	Y	Y	01/05/2024	Aligned to Circ. 73.
Preferential Procurement Policy*	Y	Y	Mar-25	For implementation 1 July 2025.
FIDPM Policy*	N	n/a	n/a	Council has not adopted FIDPM
Procurement Plan	Y	Unknown	01/03/2025	Only includes capex; no opex included.
Contract Register	Y	n/a	Unknown	It appears to be exported from the ERP System.
Asset Mgmt Policy	Y	Unknown	Mar 25	For implementation 1 July 2025.
Asset Disposal Policy	n/a	n/a	n/a	Part of Asset Management Policy.
Asset Register	N	Unknown	Unknown	No Asset Register provided for review; PT reviewed an AR emanating from a recent engagement.

\*if not incl. in SCM Policy

**Table 5 SCM Policy sufficiency & compliance**

Rating	Measure
1	No SCM policies, SOPs or Delegations provided
2	Some SCM policies, SOPs and/or Delegations provided, but not compliant or sufficient
3	Some SCM policies, SOPs and/or Delegations provided, with omissions &/or areas of improvement identified
4	All SCM policies, SOPs or Delegations provided, with areas of improvement identified
5	All SCM policies, SOPs and Delegations provided, and all are compliant & sufficient
<b>Municipal assessment &amp; comments</b>	
2	<p><b>SCM Policy</b></p> <ul style="list-style-type: none"> <li>- The procurement thresholds and terminology are consistent with the Amended Municipal SCM Regulations published in December 2023.</li> <li>- The SCM Policy demonstrates both formal recognition of MFMA Circular 90 and substantive alignment with its key provisions.</li> <li>- The PT notes with concern that the municipality has included, in par. 2(6)(d)-(m), 10 exceptions to the application of the SCM policy, e.g. servicing &amp; repair of vehicles and training, but all where those values are less than R30,000. The municipality does not have the regulatory mandate to exempt itself from the application of the NT SCM Regs, and the municipality is therefore urged to immediately remove these provisions and ensure that any transactions which do not comply to the provisions of the SCM Regs, are recorded as deviations.</li> <li>- The PT is developing a model Emergency Procurement Policy, which will be workshopped with WC municipalities and is intended to address some of the commodities incorporated in par. 2(d).</li> <li>- Par. 36 (4) of the SCM Policy appears to make provision for ex post facto approval of amendments to the TOR of an awarded contract, without following due process for the amendment of such contracts. Such action by an official would be unlawful in terms of PAJA, as amendments to the TOR without necessary prior approval are not based on an empowering provision in law. This also contravenes the provision of SCM Reg 36(1)(b) where ratification of minor breaches of the procurement process only relate to breaches which are of a purely technical nature, as well as other provisions of the MFMA. Similar applications of policy of this nature have resulted in irregular expenditure at other WC municipalities.</li> <li>- The municipality has incorporated several SCM delegations and sub-delegated into the body of its policy document, instead of into its set of Delegations. This creates scope for confusion and inconsistent application of administrative action, and should be rectified.</li> <li>- The Municipality is commended for the proper incorporation of the provisions for dispute mechanism in its policy as outlined by MFMA Regulation 50.</li> </ul>
	<p><b>The Preferential Procurement Policy</b> appears to align with the requirements of the Preferential Procurement Regulations 2022.</p>
	<p><b>SOPs</b></p> <ul style="list-style-type: none"> <li>- 'Logistics Management' relates to both asset and expenditure management, covering aspects like asset movement and associated logistics costs.</li> <li>- 'Check the Requisition for Completeness' supports expenditure management through internal control over procurement authorisation.</li> <li>- 'Direct Purchases' clearly aligns with expenditure management, outlining procedures for low-value procurement.</li> <li>- 'Issuing of Orders' is part of supply chain and expenditure management, documenting the formal purchasing process.</li> <li>- 'Procedural Guide – Manager: Supply Chain Management' addresses broader elements of expenditure and potentially asset management, aligning with Circular 87's emphasis on SCM modernisation.</li> <li>- 'Inventory Procedure Manual' supports asset management, focusing on stock control and inventory practices.</li> <li>- Although these SOPs do not correspond exactly to the provisions of MFMA Circular 87, they reflect an operational implementation of its principles, particularly in the areas of expenditure and asset management. They indicate efforts toward institutionalising standard procedures, improving internal control, and supporting sound financial governance.</li> </ul> <p><b>Delegations</b></p> <ul style="list-style-type: none"> <li>- The Municipality's system of delegations appears to be in line with the principles set out in MFMA Circular 73, which promotes effective service delivery, accountability, and the clear assignment of responsibilities through a structured system of delegation.</li> <li>- As noted for the SCM Policy review comments, delegations included in the policy should be incorporated into the municipality's set of delegations</li> </ul>

**Note:** while all SCM policies, delegations & SOPs were submitted for review, the extent of the SCM policy issues highlighted above necessitated a lower rating.

**Table 6 Infrastructure Procurement Policy sufficiency & compliance**

Rating	Measure
1	FIDPM Policy not provided
2	FIDPM Policy provided, but not compliant or sufficient
3	FIDPM Policy provided, with omissions &/or areas of improvement identified
4	FIDPM Policy provided, with areas of improvement identified
5	FIDPM Policy provided, and is compliant & sufficient
	<b>Municipal assessment &amp; comments</b>
1	No FIDPM Policy was provided for assessment as Council decided not to implement FIDPM. Infrastructure related projects are dealt with in accordance with the SCM Policy.
	The PT is concerned that adoption of MFMA Circular 106 is not discretionary and that this may result in adverse outcomes for the municipality in future. The PT will be focusing on infrastructure procurement, in alignment with the WCIF 2050, to support municipality's; further engagements will be conducted in this regard.

**Table 7 SCM Involvement in planning & budgeting cycle**

Rating	Measure
1	No evidence of SCM involvement in IDP
2	No explicit evidence of SCM involvement in IDP, but implied in documents provided
3	Some evidence of SCM involvement in IDP, with gaps to be addressed
4	Evidence of SCM involvement in IDP, but gaps identified
5	Clear evidence of SCM involvement in IDP
	<b>Municipal assessment &amp; comments</b>
4	The Municipality's procurement plan demonstrates clear alignment with the principles and guidelines set out in MFMA Circular 62. This reflects a sound approach to improving procurement oversight, compliance, and accountability within the municipality.
	The plan includes key information such as project descriptions, estimated values (with and without VAT), funding sources, and expected dates for advertisement, closing, and award, reflecting a structured, forward-planning approach in line with Circular 62.
	A comparison of the IDP 2025–2026 and the Procurement Plan 2025–2026 indicates several clear linkages between high-priority capital projects and corresponding procurement plan listed projects. Whilst values may differ slightly and some projects are broken into components or categorized by funding source, the alignment is evident in most cases.
	The Procurement Plan only includes capex projects. No renewable/Opex projects are listed in the plan.

The following specific matters were highlighted in the procurement plan:

- Procurement plan omits dates for the various bid committees;
- Similar commodities are split across various projects instead of aggregated to achieve value for money; while the separation appears to be based on funding sources, this unnecessarily limits opportunities for economies of scale through aggregation; ■ No OpEx/renewable contracts are listed in the procurement plan.

Swartland Municipality's influenceable spend amounts to approximately R635.4m for 2025/26, compared to approximately R831m for 2024/25, broken down as follows:

	2025/26	2024/25
<b>Inventory Consumed</b>	72 821 981	68 908 369
<b>Contracted Services</b>	216 106 647	83 092 086
<b>Operational Costs (incl Audit Fees*)</b>	67 508 558	65 587 126
<b>Procurable Opex</b>	<b>356 437 186</b>	<b>504 332 000</b>
<b>Capital Projects</b>	279 019 887	376 477 670
<b>TOTAL</b>	<b>635 457 073</b>	<b>831 185 000</b>
<b>Rep &amp; Maint (R-value in Budget)</b>	80 771 577	71 626 535

While there is a substantial overall reduction in procurable expenditure, Contracted Services is seeing a significant increase by 160 per cent, with Repairs & Maintenance seeing a 13 per cent increase overall.

### Contract Register: Sufficiency and Alignment to Procurement Plan

The contract register shows partial alignment with MFMA Circular 80 and mSCOA contract management principles, particularly around contract identification and responsibility allocation. MFMA Circular 80 focuses on the integrated system capabilities and business processes that should support contract management in a manner compliant with mSCOA.

Key information is omitted from the Register:

- contract value (not recorded at all);
- Contract commencement & termination dates (duration) - cells are blank.

The Contract Register appears to only list contracts which were awarded through competitive bidding/bid adjudication committee processes in the 2024/25 financial year, rather than comprise all contracts as is the purpose of a comprehensive contract register.

There is partial alignment between the contracts listed in the Contract Register and projects included in the Procurement Plan. Based on a comparison of the available descriptions, fewer than 50 per cent of the potentially renewable contracts can be directly linked to items explicitly listed in the procurement plan.

Key examples include:

- **Civil Engineering Services:** The term contract with Exeo Khokela (valid until June 2027) corresponds with civil infrastructure projects in the Procurement Plan, such as pipe replacements, roadworks, and water network upgrades. Given the complexity of framework agreements and the importance of civil engineering, it is recommended that the procurement process for this framework agreement makes provision for an earlier start.
- **Refuse Management:** The contract with Wastewant Plastics for the supply of refuse bags (valid until June 2025) aligns with ongoing waste management activities, supported by related equipment procurement in the 2025/26 Procurement Plan, but not reflected in a renewal of the supply for refuse bags.
- **Vehicle Supply:** The contract with Kusasa Commodities 151 for vehicle supply may support planned acquisitions, including a cherry picker and refuse trucks, as indicated in the Procurement Plan.
- **Skills Development:** The agreement with Siphakame Skills Development (active until December 2026) aligns with the Municipality's continued focus on training and capacity-building, as outlined in the IDP. This is also omitted from the Procurement Plan.

**Table 8 Sufficiency & compliance of Asset Management (incl. Disposal) Policy**

Rating	Measure
1	No AMP provided
2	AMP provided, but not compliant or sufficient
3	AMP provided, with omissions &/or areas of improvement identified
4	AMP provided, with areas of improvement identified
5	AMP provided, compliant and sufficient (incl. best practice)
	<b>Municipal assessment &amp; comments</b>
4	Disposal provisions included in the AMP
	The AMP contains best practice for asset accounting, but does not include best practice emanating from ISO 55001 is not incorporated into the AMP.
	The PT is aware that the municipality has invested in significant enhancements to its asset management discipline; however, these enhancements (with specific reference to ISO 55001) are not reflected in the policy.
	Provision is made for the periodic review of the policy, though the frequency of such review is not stipulated.



**Table 9      Completeness of Asset Register**

Rating	Measure
1	No Asset Register
2	Outdated GRAP-oriented asset register, not on ERP
3	Seperate GRAP-compliant register on ERP system, but outdated ISO55001-oriented registers outside ERP system
4	Seperate GRAP & ISO55001-compliant asset registers, regularly updated with only financial register housed on the ERP system
5	Integrated, GRAP & ISO55001-compliant asset register, regularly updated and housed on the ERP system
	<b>Municipal assessment &amp; comments</b>
	No Asset Register provided for assessment
	PT reviewed a version of the Asset Register that had been provided emanating from another engagement, dated 28 August 2024
4	The Asset Register analysed is GRAP-compliant but does not include ISO55001 best practice fields which should be used to inform budgeting & planning cycle. The PT is aware of substantially more information being available at municipal level, perhaps on different systems which were not shared at the time of the aforementioned engagement.
	There is an asset management system in place, which is capable of exporting Excelbased Asset Registers for further use

PT is undertaking extensive analysis of all Western Cape municipalities' asset management governance and organisational arrangements, to ensure alignment to the mSCOA refresh process and support municipalities in achieving an appropriate baseline in asset management practice before determining which municipalities would be most suitable for potential digital solutions to asset management challenges. This approach aligns to the National Treasury's IDMS Module 3 for Infrastructure Asset Management and various best practice guidelines.

## Conclusion

This assessment sought to determine the extent to which SCM and Asset Management-related policies are sufficient and compliant, and whether asset management, procurement planning and contract management effectively influence the IDP and budget cycle.

The extent to which the Municipality has deviated from the SCM regulatory framework is concerning and must be addressed urgently to avoid irregularities.

## SECTION 4: REVIEW OF THE HISTORICAL FINANCIAL INFORMATION

### 4.1 THE FINANCIAL PERFORMANCE AS PER THE AUDITED ANNUAL FINANCIAL STATEMENTS

The assessment of the financial health and performance is an integrated process involving a review of a Municipality's audited annual financial statements, audit report and ratio analysis. The results of the ratio analysis are used to support financial decisions and to identify factors which may influence the financial stability of the Municipality.

Adverse ratio outcomes show potential areas requiring action to ensure sustainability. The assessment trend analysis is based on the audited financial statements for 2022, 2023 and 2024; however, the table provides a five-year time frame (2020 to 2024) to provide a more comprehensive perspective for evaluating the 2025/26 budget.

The analysis is conducted as per National Treasury MFMA Circular No.71. Provincial Treasury has analysed these ratios, and the following items are highlighted.

### 4.2 SUMMARY AND FINDINGS FROM HISTORICAL TRENDS



#### NT Web-Based Portal Status

The Municipality **has completed** but not submitted the audited ratios for 2023/24. The Municipality **has not completed nor submitted** the restated ratios for 2022/23.

PT is in the process of validating the ratios with the Municipality. Note that in order for PT to engage, it is

essential that the ratio analysis submission occur on the NT web-enabled system for the FMCMM (MFMA Circular 114 issued February 2022). This report is based on the PT calculations.

#### ASSET MANAGEMENT



No.	Financial ratios & norms	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Audited	*CAGR	Projection	Overall Rating
1	Impairment of Property, Plant and Equipment, Investment Property and Intangible Assets (Carrying Value): <b>0%</b>	0.1%	0.3%	0.3%	0.0%	0.4%	N/A	N/A	
2	Repairs and Maintenance as a % of Property, Plant and Equipment, Investment Property (Carrying Value): <b>8%</b>	2.7%	2.4%	2.7%	2.9%	2.9%	1.6%	2.9%	

- Impairment of Property, Plant and Equipment, Investment Property and Intangible Assets (Carrying Value):** The Municipality has incurred an impairment in four of the last five years. The 2023/24 incurred the most significant impairment circa R8.62 million or 0.4 per cent (R0.08 million or 0.004 per cent in 2022/23) of the asset base which related to Property, Plant and Equipment. This is above the NT norm of 0.0 per cent.

- Although there has been an impairment of assets, there is no indication that service delivery to citizens has been affected.
- Repairs and Maintenance as a per cent of Property, Plant and Equipment, Investment Property (Carrying Value):** The cost of Repairs and maintenance has been maintained at 2.9 per cent of the asset base for the 2022/23 and 2023/24 financial years and has averaged between 2.4 per cent and 2.9 per cent over the 5-year period.
- The Municipality's cost to repair and maintain assets was R67.17 million in 2023/24 (R 65.34 million in 2022/23), which is 5.1 per cent below the NT norm of 8 per cent. The Municipality's new asset acquisitions of R238.11 million in 2023/24 making up 10.15 per cent (R172.62 million or 7.71 per cent in 2022/23) of the asset base, which requires no repairs and maintenance is not the only cause for the ratio's performance.
- Swartland Municipality should review its costs included in repairs and maintenance which may be understated. The mSCOA business processes provide guidance as to which costs are to be included in repairs and maintenance, of which the Municipality may consider, i.e. labour.

In summary, the risk of impairment due to lack of proper repairs and maintenance carried out may cause loss of service delivery as assets that are not well maintained may not reach the end of useful life. Thus, Swartland Municipality should review its indicators of impairment and consider alternative or additional indicators of impairment as well as review costs included in repairs and maintenance and consider additional costs that may be included.

#### 4.2.1 Working Capital

No.	Financial ratios & norms	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Audited	*CAGR	Projection	Overall Rating
7	Net debtors' days: <b>≤30 days</b>	53 days	56 days	53 days	56 days	55 days	1.0%	56 days	
8	Creditors Payment Period (Trade Creditors): <b>30 days</b>	60 days	53 days	55 days	46 days	32 days	-14.7%	27 days	

#### Net Debtors' Days:

- Net debtors' days for Swartland Municipality is based on service debtors (4 basic services) and property rates which has varied between 53 and 56 days over the past 5 years.
- The trend of net debtors' days indicates marginal fluctuation, the average of which is 55 days and there seems to be no improvement relative to the NT norm of 30 days. The Municipality's collection period is 25 days longer than the norm which has the effect of weakening its working capital and increasing dependency on cash reserves. Swartland Municipality should revise its collection strategy to improve overall collection in line with NT norm of 30 days.
- The fact that Swartland Municipality has written off circa R34.71 million of service debtors in 2023/24 (R43.10 million in 2022/23) is further confirmation of the probability by debtors to settle outstanding debt.
- The Municipality should focus its attention on the collection strategy to improve overall debtors' collection in order to improve its working capital management.




### Creditors Payment Period (Trade Creditors):

- Included in trade creditors are Trade payables, retentions, Other creditors and accruals at year-end.
- The ratio results indicate a significant improvement from 60 days in 2019/20 to 32 days in 2023/24. The Municipality's strategy regarding payment to creditors saw an improvement of 28 days in the 5-year period of review. It appears that the Municipality's strategy is aligned to legislative norms as it is within 2 days of the NT norm and MFMA requirements.
- Between 2019/20 and 2023/24 the Municipality's improvement in its payment of creditors from 60 days to 32 days is indicative of an improved creditors strategy and creditors policy for the period under review.
- The Municipality should continue with its improved strategy to reduce payment to creditors within 30 days as prescribed.

### Working Capital

- Overall, the Municipality is in a net deficit in terms of its working capital as it takes longer to receive cash from debtors than to pay creditors which in turn renders a cash shortage to pay creditors. The Municipality has to utilise cash reserves to pay its creditors.

#### 4.2.2 GOING CONCERN

No.	Financial ratios & norms	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Audited	*CAGR	Projection	Overall Rating
12	Total Liabilities to Total Assets: <50%	12.8%	12.3%	12.7%	12.1%	10.2%	-5.7%	9.6%	
13	Total Debt to Total Assets	4.3%	3.7%	3.3%	2.9%	1.2%	-27.9%	0.8%	
14	Current Ratio: 1.5 - 2:1	5.2	5.6	5.2	5.8	4.2	-5.5%	3.9	




The Municipality's cash on hand and bank balances of R138.26 million for 2023/24 and short term-deposits of R709.81 million amounts to R848.06 million in liquid assets, which exceeds the sum of R241.83 million in lieu of current liabilities, indicating that the Municipality can easily pay its short-term obligations.

The Municipality's total assets for 2023/24 of R4.09 billion exceed the municipalities total liabilities of R580.27 million. Albeit since the Municipality should not be selling assets, it is prudent to note that the Municipality's liquid assets of R848.06 million exceed total liabilities and exceeds total debt of R108.20 million. This indicator supports the Municipality's operation as a going concern.

- **The net asset position** of the Municipality is sound as it appears to be maintaining its solvency, indicating that the municipal assets are able cover liabilities. The Municipality has the ability to take on further financing through borrowings should the need arise. It is also supported by the Municipality's ability to cover short term obligations and its current ratio which is well above the NT norm.
- Swartland Municipality's gearing is very low. Thus, it is able to take on further financing without affecting its going concern. The Municipality has managed to repay R79.15 million debt over the 5-year period reducing its exposure to R38.81 million or 1.2 per cent of total assets in 2023/24.
- **Current Asset to Current liabilities** ratio results of 4.2 to 1 in 2023/24 (5.8 to 1 in 2022/23) are favourably more than the acceptable norm of 1:1. These results indicate that the Municipality is able to settle its short-term obligations as they become due. The Municipality is able to take on further financing should the need arise as it has sufficient available cash to service borrowings.

- Overall, the Municipality is able to continue as a going concern, given its healthy financial state and significant asset base.

\* CAGR = Compound annual growth rate is a business and investing specific term for the geometric progression ratio that provides a constant rate of return over the time period.  $CAGR = [(End\ Value/Beginning\ Value)^{1/number\ of\ years\ of\ growth}] - 1$

	Favourable
	Unfavourable
	Needs Improvement

### 4.3 mSCOA IMPLEMENTATION

#### 4.3.1 mSCOA Priorities

- Ensure governance of mSCOA implemented at municipalities, i.e., roadmaps in place and adequate, SteerComs in place and functional, champions appointed and active.
- Promote the use of the FAQ database for all queries and report updates via forums (i.e., MAF, AWC).
- Perform on-site inspection and assessment of municipalities' systems and implementation to determine compliance (circulars, legislation, regulation), vulnerability and progress of mSCOA implementation.

#### 4.3.2 Credibility of mSCOA Data Strings

MFMA Circular No.122 states that the credibility and accuracy of the data strings must be verified by municipalities before submission as the data strings submitted will be used as the single source for all analysis and publications in the 2023/24 municipal financial year. Municipalities have been given access to the GoMuni portal in April 2022 and should use the reports on GoMuni to verify the credibility of their submissions. It should be emphasized that errors in the data can only be corrected in the next open period.

e.g., errors in the tabled budget (TABB) data string can only be corrected in the adopted budget data string (ORGB). Municipalities are not allowed to open closed periods to make corrections.

**Table 10 mSCOA Segments Use Analysis**

mSCOA Segment Analysis			
No	Segment	Previous year Findings - ADJB 2023	Budgeted year findings - TABB 2024
<b>1</b>	<b>Project Segment</b>		
1.1	Use of the Project Segment	Limited use of the Project Segment.	Limited use of the Project Segment.
<b>2</b>	<b>Fund Segment</b>		
2.1	Use of Fund Segment	Limited use of the Fund Segment.	Limited use of the Fund Segment.
<b>3</b>	<b>Function Segment</b>		
3.1	Use of Function Segment	Limited use of the Fund Segment.	Limited use of the Fund Segment.
<b>4</b>	<b>Costing Segment</b>		
4.1	Use of Costing Segment	Used Correctly	Used Correctly
<b>5</b>	<b>Region Segment</b>		
5.1	Use of Region Segment	Limited use of the Fund Segment.	Limited use of the Fund Segment.
<b>6</b>	<b>Item Segment:</b>		
6.1	<p>The Municipality is still dealing with balance sheet and cash flow budgeting issues. Accounting movements are not automatically populating in the contra accounts, and those that do populate do not correspond to the amounts shown in the Income Statement.</p> <p>The Municipality has started the data cleansing process, and WCPT has offered assistance to help the Municipality swiftly identify the areas that need to be addressed.</p>		

Provincial Treasury has provided the TABB segment tools analysis with the Municipality, with the goal of assisting municipalities in examining their data and determining if the information is appropriately retrieved across all segments before finalising the ORGB data strings. TABB shall be rectified in the ORGB before the adopted budget is locked on the financial system and the ORGB data string is created. Furthermore, it is recommended that the Municipality make themselves available for a session (through MS Teams) on the TABB segment analysis to provide further clarification on the segment analysis tools.



## **SECTION 5: CONCLUSION**

The 2025 SIME 2 assessment highlights key issues for consideration and offers recommendations aimed at supporting more effective planning, budgeting and service delivery. It also underscores the importance of addressing identified risks, strengthening financial credibility and sustainability and promoting greater alignment and integration across key planning frameworks.

We look forward to engaging further during the upcoming meeting in May 2025, where these matters will be discussed in more detail. This engagement will provide an opportunity for open dialogue, shared understanding, and collaborative efforts to strengthen planning and service delivery within the Municipality.