EXTRACT COUNCIL MINUTES: 31 MARCH 2026

UNANIMOUSLY RESOLVED **Item A69/31/03/2026**

1. that Council approve the Tabling of the Draft Budget for the 2026/2027 year for Public Participation.
2. that the Tabled Budget be submitted to the National and Provincial Treasury.
3. that the public be invited to provide inputs to the Draft Budget.
4. that Council note the Budget-Related Policies for Public Participation and Input.
5. that the Tabled Budget, Budget-Related Policies and By-laws be placed on the Municipal Website.
6. that Council approve that the Draft Electricity tariffs per the cost of supply study be submitted to NERSA for consideration.
7. that Council note that the draft electricity tariffs were submitted for public participation and that a second round public participation be done during April 2026.
8. that Council note the intention to take up further borrowings to the amount of R6.1 million over a 7-year period.

Item number A69. 31.03.2026

BUDGET FOR 2026/2027 MTREF

Report of the Director: Financial Services: Miss E Wassermann

Department	Financial Services
Section	Budget and Expenditure
File number	5/1/1

Annexures

Annexure – Annual Budget report and budget schedules for Public Participation. The Budget schedules and report will be distributed separately.

PURPOSE OF REPORT

The purpose of the report is to present the Draft Budget for the 2026/2027 MTREF to be approved by Council.

FACTS AND BACKGROUND

The highlights from the Budget Circular, the impact of the ongoing conflict in Iran and key allocations are as follows:

a) Economic and Fiscal Context

Economic growth remains modest, with GDP projected to average 1.8 per cent over the medium term. Inflation is expected to stabilise at around 3.4 per cent in 2026, but risks from geopolitical tensions, exchange rate volatility, administered prices and animal disease outbreaks remain elevated.

The conflict in Iran has already influenced the South African economy by contributing to significantly higher global oil prices. These developments are expected to lead to increased transport and logistics expenses, rising food costs, and elevated production expenditures throughout various sectors.

Higher fuel prices quickly feed into headline inflation, reversing the recent trend toward reduced price pressures. Economists indicate that such increases serve as cost-push shocks, impacting both households and businesses.

Consequently, the South African Reserve Bank (SARB) may need to postpone or moderate planned interest rate reductions, even though inflation had previously moved toward the lower end of the target range. Delaying these measures could diminish household purchasing power, prolong higher borrowing costs, and suppress consumer demand.

Key growth-sensitive sectors affected include:

- Transport and logistics
- Agriculture (fuel-intensive planting and harvesting)
- Mining and manufacturing
- Tourism and aviation (due to jet fuel costs)

For government and municipalities, escalating fuel prices result in higher operating costs for vehicle fleets, waste collection, water services, capital projects (materials, transport, contractors), and impact the demands on service delivery.

Simultaneously, weaker economic growth restricts revenue collection, placing additional pressure on already strained municipal finances. Therefore, municipalities must adopt a cautious and pragmatic approach in planning revenue and expenditures.

b) Government Conditional and Unconditional Grants

Direct allocations to local government total R182.3 billion in 2026/27, made up of R110.1 billion in the local government equitable share; R54.7 billion in direct conditional grants and R17.5 billion in the General fuel levy sharing with metros.

These allocations alleviate some of the financial pressures, particularly in basic services, where the costs of providing services are rising.

National Treasury has introduced Targeted and Responsible Savings (TARS) to eliminate wasteful and low-priority spending. Reforms to the conditional grants system aim to streamline funding and protect infrastructure investment.

c) Swellendam Combined National and Provincial Allocations for 2026/2027

For the 2026/27 financial year, the Swellendam Municipality's direct allocation envelope is approximately R100.721 million, distributed as follows:

National allocations total R80.722 million:

- Equitable Share: R52.038 million
- Conditional Grants: R3.456 million

- Infrastructure Conditional Grants: R25.228 million

The equitable share continues to serve as the primary flexible funding source for the municipality. The balance consists of conditional grants earmarked for specific purposes.

Provincial direct allocations amount to R19.999 million, detailed below:

- Library Service (Replacement funding for vulnerable B3 municipalities): R6.791 million
- Human Settlements Development Grant (Beneficiaries): R2.451 million
- Informal Settlements Upgrading Partnership Grant: R2.905 million
- Financial Assistance for Maintenance and Construction of Transport Infrastructure: R2.796 million
- Municipal Water Resilience Grant: R2.400 million
- Regional Socio-Economic Projects (RSEP) – Municipal Projects: R1.000 million
- Development of Sport and Recreation Facilities: R0.656 million

Smaller outer-year provincial allocations are anticipated for:

- Title Deeds Restoration Grant: R300,000
- Thusong Service Centres Grant: R300,000

The Human Settlements Development Grant is expected to increase to R43.9 million in subsequent years, signifying an enhanced housing pipeline.

Despite these increased allocations, the equitable share remains the principal source of flexible funding. Most additional funds are limited in scope, intended for designated uses only, and not available for discretionary local expenditure.

d) Service Delivery Impact

Libraries: The allocation of R6.791 million towards libraries represents a substantial investment, enabling the provision of services that smaller municipalities might otherwise be unable to support through their own income. This funding alleviates financial pressure and safeguards an essential community resource.

Housing and Informal Settlements: The Human Settlements Development Grant and the Informal Settlements Upgrading Partnership Grant demonstrate continued activity within the housing sector. Increased allocations for future years signify ongoing provincial commitment to effective housing delivery.

Roads and Transport Infrastructure: An allocation of R2.796 million for transport infrastructure facilitates maintenance and construction projects. Although this funding is supportive, it may not fully resolve existing infrastructure backlogs.

Water Resilience: The R2.400 million Municipal Water Resilience Grant is strategically significant. In light of recent drought conditions and water restrictions, this allocation contributes to enhanced resilience, supply security, and long-term risk management.

Sport and Community Infrastructure: Allocations of R656,000 for sport and recreation facilities and R1 million through the RSEP program, although modest, offer opportunities for tangible community improvements and deliver both social and political benefits.

Overall, Swellendam's funding outlook remains stable and optimistic, with robust support for infrastructure, water resilience, libraries, housing, and community amenities. These targeted investments create pathways for impactful advancements within the municipality.

e) Infrastructure and Service Delivery

The circular highlights severe deterioration of municipal infrastructure, particularly in water, sanitation, electricity and transport services. Municipalities must prioritise repairs and maintenance, reduce non-revenue water, implement cost-reflective tariffs and reinvest service revenues into infrastructure.

f) Governance, Risk and Compliance

Municipalities are cautioned against transition risks ahead of local government elections. From 2026/27, National Treasury will enforce stricter compliance with funded budget requirements. Non-compliance with equitable share, conditional grants and mSCOA requirements may result in withholding of funds.

g) Transparency and Accountability

Municipalities are required to submit procurement spend data, employee information and audit management reports via the GoMuni platform to strengthen transparency and accountability.

h) Conclusion

The 2026/27 MTREF guidance requires credible, funded and outcome-focused municipal budgets. Councils must exercise strong oversight to ensure financial sustainability and protect infrastructure investment.

DISCUSSIONS

1. Capital Budget

The proposed inputs received which impact projects on the capital budget for 2026/2027 are as follows:

a) Municipal Infrastructure Grant and Counter Funding (MIG)

		Total		**R 13 285 396**	**R 42 234 871**	**R 57 773 370**
Section	**Project Description Filter**	**Region**	**Fund Abb**	**Draft Budget 2026/27**	**Draft Budget 2027/28**	**Draft Budget 2028/29**
Roads & Stormwater	Upgrading of Buffeljags Bulk Stormwater	Buffeljags	MIG	-	-	5 073 506
Roads & Stormwater	Upgrading of Buffeljags Bulk Stormwater	Buffeljags	CRR CF	-	-	1 014 701
Waste Water Services	Barrydale (Smitsville) Upgrade WWTW (CF)	Barrydale	CRR CF	3 202 759	4 725 883	-
Waste Water Services	Barrydale (Smitsville) Upgrade WWTW	Barrydale	MIG	7 077 806	10 443 771	-

Water Services	Swellendam (Railton): Bulk Water Reticulation and Distribution	Swellendam	CRR CF	573 913	-	-
Water Services	Swellendam (Railton): Bulk Water Reticulation and Distribution	Swellendam	MIG	438 933	-	-
Water Services	Upgrading of Buffeljags WTW	Buffeljags	MIG	-	-	5 073 506
Water Services	Upgrading of Buffeljags WTW	Buffeljags	CRR CF	-	-	1 014 701
Sport & Recreational Facilities	Upgrading Suurbraak Sport Facility	Suurbraak	MIG	1 653 348	-	-
Sport & Recreational Facilities	Upgrading Suurbraak Sport Facility (CF)	Suurbraak	CRR CF	338 637	-	-

b) Water Services Infrastructure Grant (WSIG)

		Total		**R 6 086 957**	**-**	**R 3 107 826**
Section	**Project Description Filter**	**Region**	**Fund Abb**	**Draft Budget 2026/27**	**Draft Budget 2027/28**	**Draft Budget 2028/29**
Water Services	Swellendam (Railton): Upgrade of Bakenskop and Railton Pumpstation, completion rising main to Railton reservoir	Swellendam	WSIG	6 086 957	-	3 107 826

c) Integrated National Electricity Programme

		Total		**R 3 913 043**	**R 6 205 217**	**R 5 459 130**
Section	**Project Description Filter**	**Region**	**Fund Abb**	**Draft Budget 2026/27**	**Draft Budget 2027/28**	**Draft Budget 2028/29**
Electro-Technical Services	Swellendam Railton 950 erven - Elec Infrastructure	Swellendam	INEP	3 913 043	-	-
Electro-Technical Services	Supply of Bulk infrastructure and electrification of informal settlements in Railton	Swellendam	INEP	-	6 205 217	5 459 130

d) *Capital Replacement Programme (CRR)*

Section	Project Description Filter	Region	Fund Abb	Draft Budget 2026/27	Draft Budget 2027/28	Draft Budget 2028/29
		Total		R 13 451 000	R 5 050 000	R 4 940 000
Roads & Stormwater	Access Road Gravel erf 8241 - Industrial Erven	Swellendam	CRR LD	-	1 000 000	-
Roads & Stormwater	Glen Barry Road reconstruction	Swellendam	CRR	-	3 250 000	-
Roads & Stormwater	Russel link reconstruction	Swellendam	CRR	1 600 000	-	-
Roads & Stormwater	Kerstraat heavy rehab phase 1	Swellendam	CRR	-	-	2 000 000
Waste Water Services	Upgrading N2 Sewer Pumpstation	Swellendam	CRR IND	1 000 000	-	-
Water Services	Upgrade of Irrigation pump station Suurbraak	Swellendam	CRR	-	-	300 000
Water Services	Suurbraak WTW Phase 2 Professional Fees	Suurbraak	CRR	-	-	1 000 000
Water Services	Steps and channel grids with railings for Swellendam WTW	Swellendam	CRR	150 000	-	-
Water Services	Upgrading of Suurbraak water pipeline from Weir to Water pumpstation	Suurbraak	CRR	-	-	250 000
Water Services	Upgrade pumpstation and rising main to Bakenskop reservoir	Swellendam	CRR	-	-	400 000
Water Services	Telemetry and Scada development	WoM	CRR	250 000	-	-
Water Services	Installation of new PH monitors	Swellendam	CRR	140 000	-	140 000
Electro-Technical Services	Shand/Gelderblom Street lights	Swellendam	CRR	180 000	-	-
Electro-Technical Services	Overhead and Underground Cables	Swellendam	CRR	350 000	-	-
Electro-Technical Services	Electricity provision for ICT tower Barrydale	Barrydale	CRR	250 000	-	-
Electro-Technical Services	Scada monitoring system	WoM	CRR	400 000	-	-
Municipal Manager	Rebuild Thusong Centre Railton	Swellendam	CRR Build	7 671 000	-	-

Section	Project Description Filter	Region	Fund Abb	Draft Budget 2026/27	Draft Budget 2027/28	Draft Budget 2028/29
		Total		R 13 451 000	R 5 050 000	R 4 940 000
Environmental & Waste Minimization	Installation and repositioning of fence by Bontebok Landfill	WoM	CRR	900 000	-	-
Environmental & Waste Minimization	Cage Truck	WoM	CRR	-	800 000	-
Environmental & Waste Minimization	Suurbraak Landfill Facilities	Suurbraak	CRR	560 000	-	-
Solid Waste Management	Container Vehicle (for drop off facilities)	WoM	CRR	-	-	850 000

e) Borrowing Leases – Vehicles

It is proposed that the municipality invest in the vehicle replacement program. The repair and maintenance costs for vehicles have increased in the last two years significantly. This increase is attributed to significant fleet repairs on refuse compactors, sewage trucks, bulldozers, and other vehicles. The following vehicles are proposed to be financed through a lease at an estimated annual cost of R1,485 050.

Section	Project Description Filter	Region	Fund Abb	Draft Budget 2026/27	Draft Budget 2027/28	Draft Budget 2028/29
		Total		R 6 100 000	-	-
Roads & Stormwater	Grader Gravel Roads	WoM	BORL	2 500 000	-	-
Environmental & Waste Minimization	21m2 Refuse compactor including lifter	WoM	BORL	3 600 000	-	-

f) Informal Settlements Upgrading Partnership Grant

Section	Project Description Filter	Region	Fund Abb	Draft Budget 2026/27	Draft Budget 2027/28	Draft Budget 2028/29
		Total		R2 905 000	-	-
Integrated Human Settlement	Security Fence at Swellendam Informal Settlement	Swellendam	ISUP	1 641 509	-	-
Integrated Human Settlement	Provision of Precast Toilets	Swellendam	ISUP	1 263 491	-	-

g) Regional Socio Economic Project programme / Sport

Total	R 1 440 001	-	-

Section	Project Description Filter	Region	Fund Abb	Draft Budget 2026/27	Draft Budget 2027/28	Draft Budget 2028/29
Town Planning	Railton Walkway Project	WoM	RSEP	869 566	-	-
Sport & Recreational Facilities	New Grandstand Seats for Buffeljagsrivier Sport Facility	Buffeljags	Sport	570 435	-	-

h) Housing Service Delivery Programme

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		Total		R 1 000 000	R 13 500 000	R 29 300 000
Section	**Project Description Filter**	**Region**	**Fund Abb**	**Draft Budget 2026/27**	**Draft Budget 2027/28**	**Draft Budget 2028/29**
Roads & Stormwater	Raiton CBD - Roads	Swellendam	HSDG	293 341	-	-
Roads & Stormwater	Suurbraak 550 - Roads	Suurbraak	HSDG	-	4 500 000	9 766 667
Waste Water Services	Raiton CBD - Sewer	Swellendam	HSDG	525 375	-	-
Waste Water Services	Suurbraak 550 - Sewer	Suurbraak	HSDG	-	4 500 000	9 766 667
Water Services	Railton CBD - Water	Swellendam	HSDG	178 113	-	-
Water Services	Suurbraak 550 - Water	Suurbraak	HSDG	-	4 500 000	9 766 666
Electro-Technical Services	Raiton CBD - Electricity	Swellendam	HSDG	3 171	-	-

i) Capital from Revenue

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		Total		R 2 754 000	R 2 310 000	R 2 790 000
Section	**Project Description Filter**	**Region**	**Fund Abb**	**Draft Budget 2026/27**	**Draft Budget 2027/28**	**Draft Budget 2028/29**
Various Departments	Airconditioners and Building related projects	WoM	CRR REV	420 000	410 000	430 000
Various Departments	Furniture amd Office Equipment	WoM	CRR REV	267 000	110 000	130 000
Various Departments	ICT Equipment	WoM	CRR REV	480 000	550 000	550 000
Various Departments	Machinery and Equipment	WoM	CRR REV	622 000	480 000	500 000

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Section	Project Description Filter	Region	Fund Abb	Draft Budget 2026/27	Draft Budget 2027/28	Draft Budget 2028/29
		Total		R 2 754 000	R 2 310 000	R 2 790 000
Community Services	Fire skids	WoM	CRR REV	90 000	100 000	-
Fleet Management Services	New two-way radios	WoM	CRR REV	80 000	80 000	-
Property Management Administration	Security systems and cameras	WoM	CRR REV	350 000	400 000	400 000
Parks & Cemeteries	Ride on tractor	Barrydale	CRR REV	120 000	-	-
Parks & Cemeteries	New trailer	Suurbraak	CRR REV	50 000	-	-
PARKS & CEMETERIES	Canopy and Towbar (CCK 12957)	Swellendam	CRR REV	50 000	-	-
TRAFFIC CONTROL & LAW ENFORCEMENT	Double axle Cattle Trailer	WoM	CRR REV	70 000	-	-
ENVIRONMENTAL & WASTE MINIMIZATION	Recycling Drop off containers	WoM	CRR REV	80 000	100 000	100 000
ENVIRONMENTAL & WASTE MINIMIZATION	AHP Disposal Bins	WoM	CRR REV	75 000	80 000	80 000
SOLID WASTE MANAGEMENT	Dropoff Containers	WoM	CRR REV	-	-	600 000

Considering the above the funding sources for the total capital budget is as follows:

WC034 Swellendam - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Description	Ref	2022/23	2023/24	2024/25	Current year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
Rand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
<u>Capital Expenditure - Functional</u>									
Municipal governance and administration		**2 276 981**	**2 724 628**	**6 642 795**	**19 145 000**	**10 717 479**	**9 298 000**	**1 530 000**	**1 470 000**
Executive and council			6 605	11 355	-	-	127 000	70 000	70 000
Finance and administration		2 276 981	2 718 023	6 631 440	19 145 000	10 717 479	9 171 000	1 460 000	1 400 000
Internal audit					-	-	-	-	-
Community and public safety		**2 573 090**	**(3 297 717)**	**760 488**	**5 807 752**	**10 348 266**	**6 189 420**	**265 000**	**200 000**
Community and social services		648 770	401 879	161 848	230 000	210 219	190 000	190 000	140 000
Sport and recreation		1 495 487	185 955	477 670	4 627 752	5 194 461	2 907 420	35 000	-
Public safety		428 833	513 256	120 970	950 000	791 801	187 000	40 000	60 000
Housing			(4 398 807)		-	4 151 785	2 905 000	-	-
Health					-	-	-	-	-
Economic and environmental services		**27 301 200**	**8 010 605**	**19 994 916**	**18 869 061**	**16 867 653**	**5 312 907**	**8 800 000**	**11 816 667**
Planning and development		1 765 010	641 985	502 558	695 652	1 070 708	869 566	-	-
Road transport		25 536 190	7 368 620	19 492 358	18 173 409	15 796 945	4 443 341	8 800 000	11 816 667
Environmental protection					-	-	-	-	-
Trading services		**32 703 969**	**45 572 621**	**24 290 934**	**58 794 153**	**64 953 449**	**30 135 070**	**31 639 871**	**44 286 703**
Energy sources		2 605 907	11 791 993	12 051 515	14 995 095	19 357 257	5 096 214	6 205 217	5 459 130
Water management		18 449 214	25 737 363	2 792 470	34 650 355	35 387 233	7 917 916	4 620 000	21 177 699
Waste water management		10 377 918	4 169 345	6 150 405	8 788 703	9 534 336	11 905 940	19 769 654	15 954 874
Waste management		1 270 930	3 873 920	3 296 544	360 000	674 623	5 215 000	1 045 000	1 695 000
Other					-	-	-	-	-
Total Capital Expenditure - Functional	3	**64 855 240**	**53 010 137**	**51 689 133**	**102 615 966**	**102 886 847**	**50 935 397**	**42 234 871**	**57 773 370**
<u>**Funded by**</u>	-								
National Government		16 769 337	27 560 236	9 907 892	55 229 043	55 329 043	19 170 087	16 648 988	18 713 968
Provincial Government		30 834 921	17 837 835	7 885 916	9 627 652	12 749 802	5 345 001	13 500 000	29 300 000
District Municipality		497 730	457 383		-	40 000	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / F					200 000	60 000	-	-	-
Transfers recognised - capital	4	**48 101 988**	**45 855 454**	**17 793 808**	**65 056 695**	**68 178 845**	**24 515 088**	**30 148 988**	**48 013 968**
Borrowing	6	7 211 461	3 229 386	7 277 164	6 050 000	9 058 753	6 100 000	-	-
Internally generated funds		4 653 803	1 202 211	20 995 798	31 509 271	25 649 249	20 320 309	12 085 883	9 759 402
Total Capital Funding	7	**59 967 252**	**50 287 051**	**46 066 770**	**102 615 966**	**102 886 847**	**50 935 397**	**42 234 871**	**57 773 370**

It is further proposed to improve capital spending that the capital grants be approved over a multi -year appropriation.

2. <u>Operational Budget</u>

Equitable Share

Function	FBS	Adjustment Budget	Draft Budget 2025/2026	Draft Budget 2026/2027	Draft Budget 2027/2028
Waste Management	Indigent 100%/Poor 50%	R8 634 790	R9 655 200	R10 282 788	R10 899 755
Finance and Administration (Property Rates)	First R750 000 exempted for Indigents/ R375 000 for poor exempted	R3 043 388	R3 017 270	R3 288 824	R3 584 818
Waste Water Management	Indigent 100%/Poor 50%	R11 274 157	R12 112 944	R12 863 947	R13 635 784
Water Management	6kl	R5 822 868	R6 777 657	R7 367 313	R7 846 188
Energy Sources	50kwh/20kwh	R2 924 033	R3 193 629	R3 488 082	R3 809 683
Executive and Council		R17 712 764	R17 281 300	R17 403 046	R16 028 772
Equitable Share	**Total**	**R49 412 000**	**R52 038 000**	**R54 694 000**	**R55 805 000**
FBS Support	**Total**	**R31 699 236**	**R34 756 700**	**R37 290 954**	**R39 776 228**
	Percentage	**64%**	**67%**	**68%**	**71%**

For the 2026/2027 financial year, the indigent support program will accommodate an additional 230 households. Consequently, the funding for indigent support to provide free basic services will rise from R31,6 million to R34,7 million, reflecting a 10% increase and constituting 67% of the equitable share.

The DORA has further split the equitable share as follows:

Description	Type	Tabled Budget 2026/2027	Tabled Budget 2027/2028	Tabled Budget 2028/2029
Equitable Share	Revenue	R49 129 000	R51 684 000	R52 702 000
Special Support for Councillors Remuneration and Ward Committees	Revenue	R2 909 000	R3 010 000	R3 103 000
Equitable Share		**R52 038 000**	**R54 694 000**	**R55 805 000**
Remuneration of Councillors	Expenditure	R6 660 870	R6 927 305	R7 204 398
Ward Committees	Expenditure	R111 996	R115 692	R119 394
Pensioners Rebate	Expenditure	R95 315	R103 893	R113 243
Special Projects	Expenditure	R60 000	R61 980	R63 966
Admin Support	Expenditure	R572 656	R598 711	R625 354
Operational Costs	Expenditure	R318 040	R328 604	R339 192
FBS Support	**Total**	**R7 818 877**	**R8 136 185**	**R8 465 547**

Council should note the services offered in the informal settlement are not included in the equitable share. It is expected that this will be addressed once the block development begins. Currently, the services provided in the informal settlement include:

- Water standpipes and toilets;
- Refuse removal central point;

The municipality depends on the remaining balance of the equitable share to balance the budget. However, this does not imply that the municipality will reject any indigent applications on this basis.

Other Grants

Description	Abbreviation	Tabled Budget 2025/2026	Tabled Budget 2026/2027	Tabled Budget 2027/2028
Finance Management Grant	FMG	R2 000 000	R2 100 000	R2 200 000
Expanded Public Works Programme	EPWP	R1 457 000		
Human Settlement Grant	HUMS	R2 451 000	R1 111 000	
Library Services Replacement Grant	MRF	R6 791 000	R6 859 000	R6 927 000
Municipal Infrastructure Grant (PMU)	MIG PMU	R686 400	R738 100	R754 500

Description	Abbreviation	Tabled Budget 2025/2026	Tabled Budget 2026/2027	Tabled Budget 2027/2028
Municipal Infrastructure Grant (Infrastructure)	MIG	R3 871 513	R3 580 129	R4 188 488
Title Deed Restoration Grant	TDR		R150 000	R150 000
Municipal Water Resilience Grant	MWRG	R2 400 000		
Transport Grant & Sport	TRANS	R2 796 000	56 000	56 000
Thusong Grant	Thusong		R300 000	
	Total	**R22 452 913**	**R14 894 229**	**R14 275 988**

The EPWP grant is insufficient for the a 12 month allocations of EPWP workers. This resulted that the grant funding is exhausted by end March. The municpality is dependant on the EPWP workers to fufill gaps in the organisation. To supplement the EPWP Grant to maintain worker for a full year, the following additional provision are made to be funded from rates services:

- Protective Clothing R220 000
- EPWP Stipend R400 000

<u>Property Rates</u>

It is proposed that property rates tariff increase with 5.8%. Property Rates Revenue will increase from R65 930 676 to R69 574 444.

Electricity Services

It is proposed that the electricity tariffs increase with 9.22% in average based on the cost of supply study. Electricity revenue will increase from R151 726 845 to R166 456 615.

Nersa / Eskom has advised that the bulk tariff increase for municpalities are 9% for 2026/2027 financial year.

The rcost of supply study was used to determine the price increase for electricity. The higher price increase is subject to the tariff structure change of Eskom. For swellendam it is calculated at 9.22%.

The muncipality also plan to introduce a new tariff structure as per the cost of supply. It should be noted that the municpality gradually is loosing electricity revenue and to prevent this it is proposed that the new tariff structure be implemented. This will be implemented over 5 years.

Seprate meetings will be help on the impact of the cost of supply study and tariff structure change.

Water Services

It is proposed that the water tariffs increase with 8.80% in average. The tariffs will vary between 8.65% to 9.20% respectively. Water revenue will increase from R28 046 646 to R30 831 134.

Waste Water Management (Sewerage)

It is proposed that the severage tariffs increase with 5,8%. Sewerage revenue will decrease from R27 015 546 to R26 000 979. The reason for the decrease is lessor penalities on the industrial effluent.

Waste Management (Refuse)

It is proposed that the Refuse tariffs increase with 7%. Refuse revenue will increase from R18 140 335 to R19 538 089.

The complete tariff listing is attached under Annexure B.

Employee Related Cost

The employee related cost in total increase with 9.5% from R159 871 490 to R174 985 331which is 34% of total operating expenditure. Inclusive of Councillors the percentage increase to 35%.

Another method to look at the impact of employee related cost on the budget is to exclude the bulk purchases account. Taking this into consideration the impact of employee related cost on the budget are 49%.

Included in employee related cost is the following proposed post to be funded:

Directorate	Post Designation	Total Cost
Municipal Manager	Snr Clerk (Hr Administration)	R316 840
Financial Services	Assistant Accountant (AFS)	R620 660
	Scm Administrator	R188 521
	It Technician	R318 937
Community Services	Law Enforcement Officer x15	R248 884
	Examiner	R308 725
	General Assistant (Suurbraak)	R171 107
	General Assistant (Barrydale)	R87 609
Infrastructure & Planning Services	Water: Assistant Process Controller (Barrydale)	R110 023
	Water: Supervisor / Driver (Barrydale)	R97 307
	Administrative Assistant (Swellendam)	R134 175
	Artisan (Electrical)(Barrydale)	R256 830
	Water Treatment Works: Principal Process Controller (Class Iv) Swellendam	R230 904
	Waste Water Treatment Works: Class Iv Chief Process Controller (Swellendam)	R230 904
	Waste Water Treatment Works: Class Iv Principal Process Controller (Swellendam)	R230 904
	Waste Water Treatment: Assistant Process Controller (Swellendam)	R109 703
	Waste Water Treatment: Assistant Process Controller (Swellendam)	R109 703
	Waste Water: Supervisor / Driver (Swellendam)	R97 307
	Total	**R3 869 041**

These positions were budgeted for 6 months of the financial year. This will be reffered to the oganisational structure meeting for final approval.

Infleunce on consumer account

Rates and Service Charges	High Income		Middle Income		Affordable Range		Indigent Households	
	2025/2026	**2026/2027**	**2025/2026**	**2026/2027**	**2025/2026**	**2026/2027**	**2025/2026**	**2026/2027**
Property rates	R1 152,32	R1 219,15	R531,54	R562,37	R376,35	R398,17		
Electricity: Basic levy	R221,94	R277,80	R221,94	R277,80				
Electricity: Consumption	R3734,97	R3915,18	R3 247,8	R3 915,18	R1892,61	R2067,11	R822,48	R898,31
Water: Basic levy	R148,58	R161,66	R148,58	R161,66	R148,58	R161,66		
Water: Consumption	R649,46	R706,61	R537,75	R585,07	R429,08	R466,84	R264,21	R287,46
Sanitation	R442,64	R468,31	R442,64	R468,31	R442,64	R468,31		
Refuse removal	R304,01	R325,29	R304,01	R325,29	R304,01	R325,29		
Infrastructure Levy	R17,25	R18	R17,25	R18	R17,25	R18	R17,25	R18
Total	**R6 671,17**	**R7 092,00**	**R5 938,68**	**R6 313,68**	**R3 610,52**	**R3 905,39**	**R1 103,94**	**R1 203,77**
% Increase	**9,1%**	**6,3%**	**9,3%**	**6,3%**	**8,6%**	**8,2%**	**9,5%**	**9%**
Rand Amount	***R556,36***	***R420,83***	***R504,06***	***R375***	***271,52***	***R297,87***	***R94,47***	***R99,83***
% Increase Without Electricity	**6,9%**	**6,8%**	**6,6%**	**7%**	**6,5%**	**7%**	**6%**	**8,5%**
Rand Amount	***R174,13***	***R184,77***	***R121,82***	***R138,93***	***R104,17***	***R120,37***	***R14,96***	***R24***
Note:	• Property Value R1 500 000 • 1000 kWH Electricity • 35 kl Water		• Property Value R700 000 • 1000 kWH Electricity • 30kl Water		• Property Value R500 000 • 500 kWH Electricity • 25 kl Water		• Property Value R300 000 • 350 kWH Electricity • 20 kl Water	

Operating and Expenditure

The budget reflects a cash deficit of R4.9 million for 2026/2027, which will affect the municipality's cash reserves, provisions, and future budgets. This outcome stems from efforts to reduce tariffs in order to make them more affordable, given the current economic environment. Although this is not an ideal situation, each expenditure requirement will be reviewed during the public participation process to mitigate the impact as much as possible.

Considering the above, the proposed revenue and expenditure framework can be sumarised below:

WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2022/23	2023/24	2024/25	Current year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework		
Rand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
Revenue									
Exchange Revenue									
Service charges - Electricity	2	98 360 990	116 095 184	132 763 506	156 494 623	151 726 845	166 456 615	181 776 919	198 508 948
Service charges - Water	2	22 509 485	24 718 345	26 802 606	27 430 453	28 046 646	30 831 134	33 513 313	35 691 581
Service charges - Waste Water Management	2	19 386 468	22 065 980	27 172 691	24 734 452	27 015 546	26 000 979	27 613 038	29 269 820
Service charges - Waste Management	2	12 749 212	14 731 601	16 697 688	18 079 571	18 140 334	19 538 089	20 808 065	22 056 549
Sale of Goods and Rendering of Services		2 900 105	59 715 906	135 844 720	94 509 825	109 075 760	3 260 134	3 367 719	3 475 485
Agency services		2 728 397	2 735 803	2 766 959	2 859 060	2 859 060	3 061 750	3 162 788	3 263 997
Interest earned from Receivables		1 854 960	1 761 379	1 854 833	2 028 736	1 577 463	1 824 983	1 931 127	2 045 241
Interest earned from Current and Non Current Assets		7 681 386	12 581 344	16 749 257	13 000 000	16 000 000	13 500 000	13 945 500	14 391 756
Dividends		1 647	1 830	2 036	2 000	2 000	2 074	2 142	2 211
Rental from Fixed Assets		992 735	751 032	792 809	824 371	728 191	824 278	851 478	878 725
Licence and permits		1 299 891	1 273 576	1 402 222	1 462 644	1 400 222	1 479 579	1 528 407	1 577 315
Development Charges							1 270 000	1 346 200	1 426 972
Operational Revenue		7 333 528	18 625 003	2 319 145	1 496 621	5 015 414	487 095	496 813	508 552
Non-Exchange Revenue						-	-	-	-
Property rates	2	50 115 613	56 640 568	61 757 423	66 090 113	65 930 676	69 574 444	75 836 144	82 661 398
Surcharges and Taxes		954 688	960 923	1 475 961	1 442 700	1 548 040	1 548 040	1 548 040	1 548 040
Fines, penalties and forfeits		42 513 801	48 858 074	54 795 779	57 078 420	52 699 420	51 785 745	50 829 292	48 884 055
Transfer and subsidies - Operational		55 072 018	62 242 450	64 829 468	69 708 566	76 662 631	76 809 312	70 519 012	71 366 032
Interest		325 152	403 829	354 334	395 472	292 653	388 500	404 040	420 202
Operational Revenue		3 313 585	3 390 680	3 803 168	4 108 293	3 667 351	4 096 604	4 430 318	4 761 178
Gains on disposal of Assets		333 897	281 081	3 123 179	200 000	200 000	1 000 000	1 000 000	1 000 000
Total Revenue (excluding capital transfers and contributions		**335 507 974**	**448 247 000**	**555 533 454**	**541 945 920**	**562 588 252**	**473 739 355**	**494 910 355**	**523 738 057**
Expenditure									
Employee related costs	2	108 483 916	118 864 342	128 300 286	159 871 490	157 883 746	174 985 331	181 362 708	189 447 317
Remuneration of councillors		5 607 290	5 822 776	5 828 799	6 404 682	6 404 682	6 660 870	6 927 305	7 204 398
Bulk purchases - electricity	2	79 694 101	98 123 267	116 634 824	135 182 265	134 699 147	146 468 408	159 932 726	175 497 673
Inventory consumed	8	16 384 783	16 783 987	18 165 997	12 938 443	12 569 796	11 743 555	12 084 040	12 466 794
Debt impairment	3	8 628 811	13 819 783	12 594 987	24 226 250	17 025 425	16 033 187	16 653 347	17 348 721
Depreciation and amortisation		16 161 143	27 339 902	43 031 391	21 527 313	36 789 799	38 600 471	40 490 736	42 474 324
Interest		8 846 959	10 071 519	9 902 958	10 226 294	9 454 294	9 269 494	9 228 850	8 322 046
Contracted services		29 357 755	90 022 435	177 508 249	137 258 977	158 866 670	55 870 989	50 341 209	50 947 051
Transfers and subsidies		530 350	1 102 117	1 072 997	1 420 000	1 490 000	665 000	669 785	691 219
Irrecoverable debts written off		26 792 798	20 398 961	28 393 991	24 374 038	25 604 038	26 658 188	26 897 147	27 142 907
Operational costs		26 162 191	28 907 066	26 312 114	30 799 935	33 174 284	31 600 652	32 069 008	33 157 670
Losses on disposal of Assets		1 051 528	989 424	8 035 970	-	-	-	-	-
Other Losses		-	262	580 608	-	-	-	-	-
Total Expenditure		**327 701 625**	**432 245 841**	**576 363 171**	**564 229 687**	**593 961 881**	**518 556 145**	**536 656 861**	**564 700 120**
Surplus/(Deficit)		**7 806 349**	**16 001 159**	**(20 829 717)**	**(22 283 767)**	**(31 373 629)**	**(44 816 790)**	**(41 746 506)**	**(40 962 063)**
Transfers and subsidies - capital (monetary allocations)	6	47 883 488	40 733 577	17 834 636	65 056 695	66 178 845	24 515 088	30 148 988	48 013 968
Transfers and subsidies - capital (in-kind)	6	933 090	4 689 055	5 622 362	-	-	-	-	-
Surplus/(Deficit) for the year		**56 622 927**	**61 423 791**	**2 627 281**	**42 772 928**	**34 805 216**	**(20 301 702)**	**(11 597 518)**	**7 051 905**

According to Schedule A8 the budget is funded despite the cash deficit projected for the 2026/2027 financial year.

3. Policies

The following budget-related policies will be submitted for public input:

Asset Management Policy

- Bad Debt Write-Off Policy
- Cash Management and Investment Policy
- Restriction Policy Policy
- Borrowing Policy
- Budget Implementation and Monitoring Policy
- Cost Containment Policy
- Customer Care Credit Control and Debt Collection Policy
- Financial Funding and Reserve Policy
- Indigent Support Policy
- Petty Cash Policy
- Rates Policy
- SCM Policy

- SCM Preferential Procurement Policy
- Tariff Policy
- UIFW Expenditure Reduction Policy
- SCM Infrastructure Procurement Policy
- Appointment of Consultancy Policy
- Consultancy Reduction Policy

LEGAL IMPLICATIONS

Chapter 4 of the MFMA and MFMA Circulars No. 129 and 130 provide guidelines for submitting municipal budgets to the Council for adoption.

In terms of Section 16 (2), the mayor must table the budget at least 90 days before the start of the budget year, and consider the views of the National and Provincial Treasury and the public before it is finally approved before the end of May 2025.

FINANCIAL IMPLICATIONS

As per the report of the Director of Financial Services.

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Acting Director: Community Services

None

Director: Financial Services

As per the report.

Acting Director: Infrastructure and Planning Services

None

Municipal Manager

None

RECOMMENDED

1. that Council approve the Tabling of the Draft Budget for the 2026/2027 year for Public Participation.
2. that the Tabled Budget be submitted to the National and Provincial Treasury.
3. that the public be invited to provide inputs to the Draft Budget.
4. that Council note the Budget-Related Policies for Public Participation and Input.

5. that the Tabled Budget, Budget-Related Policies and By-laws be placed on the Municipal Website.
6. that Council approve that the Draft Electricity tariffs per the cost of supply study be submitted to NERSA for consideration.
7. that Council note that the draft electricity tariffs were submitted for public participation and that a second round public participation be done during April 2026.
8. that Council note the intention to take up further borrowings to the amount of R6.1 million over a 7-year period.