SALDANHA BAAI BAY
MUNISIPALITEIT | MUNICIPALITY | uMASIPALA

# ANNUAL TABLED BUDGET

# 2026/27 MTREF

26 March 2026

Item number: R 10/3-26

File number: 5/1/1/2026

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## Acronyms

The following acronyms are used in this document:

| | |
|---|---|
| ANN | External Borrowings (Annuity) |
| BSC | Budget Steering Committee |
| CPI | Consumer Price Index |
| COS | Cost of Supply |
| CRR | Capital Replacement Reserve |
| GRAP | General Recognised Accounting Practices |
| DORA | Division of Revenue Act |
| GV | General Valuation Roll |
| HH | Households |
| IDP | Integrated Development Plan |
| JDMA | Joint District and Metro Approach |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant |
| mSCOA | Municipal Standard Chart of Accounts |
| MPRA | Municipal Property Rates Act No. 6 of 2004 and Regulations |
| MSA | Municipal System Act No 32 of 2000 and Regulations |
| MTREF | Medium Term Revenue and Expenditure Framework (Municipality's budget) |
| MTEF | Medium Term Expenditure Framework (National and Provincial budgets) |
| NERSA | The National Energy Regulator |
| RSEP | Regional Socio-Economic Projects Programme |
| SBM | Saldanha Bay Municipality |
| SDBIP | Service Delivery and Budget Implementation Plan |
| VAT | Value Added Taxation |
| WCG | Western Cape Government |

# PART 1: ANNUAL BUDGET

## 1. Mayor's report

Honourable Speaker, Honourable Executive Deputy Mayor, Councillors, Municipal Manager, Directors, Municipal employees, Members of the public, Members of the media, all protocols observed.

I am privileged to table the 3-year 2026/27 MTREF budget to Council.

Included in our budget documents are our service delivery objectives, the associated financial implications, and many other important and relevant information as required by legislation.

Also before Council today is the 2026/27 fourth review of our 5$^{th}$ Generation IDP. The municipality's budget has been aligned against the IDP, and against the Strategic Focus Areas and Strategic Objectives of Council.

Our biggest Strategic Focus Area remains the provision of basic services and bulk services, and investment in infrastructure to provide reliable and affordable basic services to all our citizens. A total of 64% of our budget, or R4 961 million out of R7 751 million, is allocated to this objective over the 3-year MTREF period.

The budget will be published on the various platforms after the 26 March 2026 council meeting, after which the public can submit their written inputs on the 2026/27 Tabled Budget. I encourage the public to participate in this process and to provide their written inputs by no later than 24 April 2026.

Please read the budget information in this document, especially on the new 2025 General Valuation Roll that will be implemented on 1 July 2026. Property owners have until 16 April 2026 to submit objections on their new property valuation values. The budget does include various measures to provide relief to all property owners. Please consult the budget document for information on this before you submit your objection.

I will deliver my Annual State of the Municipality Address on 28 May 2026 when Council considers the final approval of the 3-year 2026/27 MTREF budget.

## 2. Resolutions

1. That Council takes note that version 7.1 of the mSCOA classification framework was used to compile the 2026/27 MTREF budget;

2. That the annual tabled budget of the municipality be approved for the financial year 2026/27 and the two outer years 2027/28 and 2028/29 as per **Annexure A** (Budget schedules A1 to A10 and SA1 to SA 38), **Annexure B** (capital budget per department), **Annexure C** (capital budget per ward), **Annexure D** (summaries of the capital budget);

3. That the top 35 capital projects for 2026/27 and for the 3-year 2026/27 MTREF period respectively attached as **Annexure E** are noted.

4. That the annual tabled rates and tariffs as contained in **Annexure F** for the 2026/27 budget year be approved and submitted for public input;

5. That Council takes note of the sensitivity analysis of the proposed rates and tariff increases for consumers as per **Annexure G**;

6. That Council takes note of MFMA Budget Circular 132 attached as **Annexure H**;

7. That Council takes note of Western Cape Government Treasury Circular 12/2025 attached as **Annexure I**;

8. That Council take note of the proposed changes to the budget related policies attached in **Annexure J,** which will be discussed during a workshop with Council on 5 May 2026;

9. That the tabled service standards attached as **Annexure K** be approved;

10. That Council take note of the list of projects funded from external loans, attached as **Annexure L**;

11. That the 2026/27 Procurement Plan attached as **Annexure M** be approved;

12. That the 2026/27 new funded salary positions are attached as **Annexure N** be approved.

13. That the projects above R 50 million attached as **Annexure O** be approved in terms of section 19 of the MFMA;

14. That the mSCOA Minimum Business Processes Roadmap of SBM attached as **Annexure P** be noted;

15. That Council takes note of the quality certificate signed by the Municipal Manager as per **Annexure Q**.

# 3. Executive summary

## 3.1 Introduction

National Treasury in December 2025 estimated that inflation for the 2026/27 financial year will be 3.7%. Saldanha Bay municipality has aligned all its tariff increases for 2026/27, except for electricity, to this inflation outlook of 3.7%.

National Treasury expects real GDP for South Africa to grow at 1.6 % in 2026, which is higher than the actual GDP growth recorded for 2025 of 1.1%. The sluggish South African economy also affects the local SBM economy, so does the global geopolitical tensions between nations. The higher fuel price, for example, if prolonged, will likely have a negative impact on inflation and higher cost. The municipality is a high fuel consumer.

A high-level summary of the 2026/27 MTREF budget is provided in the table below:

| | 2025/26 ADJB Rm | 2026/27 Budget Rm | 2027/28 Budget Rm | 2028/29 Budget Rm | Total MTREF Budget Rm | % |
|---|---|---|---|---|---|---|
| **TOTAL EXPENDITURE** | | | | | | |
| Capital expenditure | 248 | 300 | 473 | 535 | 1,309 | 17% |
| Operating expenditure | 1,885 | 2,033 | 2,144 | 2,266 | 6,443 | 83% |
| **Total expenditure** | **2,134** | **2,333** | **2,617** | **2,801** | **7,751** | **100%** |
| **OPERATING BUDGET** | | | | | | |
| Own Revenue | 1,688 | 1,779 | 1,893 | 2,033 | 5,705 | 87% |
| Grants - Operating | 197 | 227 | 229 | 213 | 669 | 13% |
| Grants - Capital | 41 | 26 | 50 | 79 | 155 | |
| **Total Revenue** | **1,926** | **2,032** | **2,172** | **2,325** | **6,528** | **100%** |
| **Less: Operating expenditure** | **1,885** | **2,033** | **2,144** | **2,266** | **6,443** | |
| **Operating surplus/ (deficit)** | **40** | **-1** | **28** | **59** | **86** | |
| Add back: Capital grants | 41 | 26 | 50 | 79 | 155 | |
| **Deficit before capital grants** | **-1** | **-27** | **-22** | **-20** | **-69** | |

The Total Expenditure budget, Capital and Operational, for 2026/27 is R2 333 million. Over the 3-year MTREF period it comprises R7 751 million. The Capital Expenditure over the 3-year MTREF period comprises R1 309 million, which represents 17% of the Total Expenditure.

The Total Operating Revenue budget over the MTREF period is R6 528 million, of which Grants from National Government and Provincial Government represents 13% of that total.

The Budgeted Operating Deficit before Capital Grants for 2026/27 is R27 million. Over the 3-year MTREF the deficit amounts to R69 million.

The majority of the 3-year capital budget expenditure is allocated to the basic infrastructure assets of Water, Sanitation, Roads Infrastructure and Electricity, that makes up 71% of the total MTREF capital budget of R1 309 million. This is in response to the in-migration of new residents, the higher demand in service delivery and aging infrastructure.

A list of the top 35 highest capital projects for 2026/27 (Year 1) and for the total 3-year 2026/27 MTREF is provided in Annexure E. The municipal service delivery targets as required by the SDBIP will be included in the performance agreements of the respective officials to ensure the effective implementation of all these projects.

On 1 July 2026, SBM will implement the new 2025 GV. The General Valuation Roll is a formal document and includes, *inter alia*, all the registered properties within the SBM municipal area together with their assessed market values. This information is used for calculating property rates. SBM updates its roll every four years using data like aerial imagery, building plans, sales records and other methods and standard as required in Chapter 5 of the MPRA.

When compared to the 2021 GV, there was an average increase of 50% in the market values of the properties within the Saldanha Bay municipal. The aggregated property values increased from R51 billion to R77 billion. To provide relief to homeowners, it is proposed to Council to reduce the property tariff so that the 2026/27 property rates revenue only growths with 3.7%. The proposal is that the annual residential developed property rate-in-rand tariff decreases from 0.0070363 to 0.0048550. Refer to section 3.5.2 in the report for more information.

The multi-year rebate benefits of certain property owners and occupiers are linked to the GV period, i.e., when the GV 2021 comes to an end on 30 June 2025, the rebates will also end. It will be required to re-apply for rebates for the 2025 GV period that will be implemented on 1 July 2026. The affected rebate categories are: indigents, residential accommodation businesses, public benefits organisations, pensioners and agricultural properties used for bona fide farming activities. For any enquiries or assistance, please contact us on income.enquiries@sbm.gov.za or 022 701 7040/ 7129.

The availability of reliable local population information remains a challenge for the municipality, for example the 2022 Census, when the population was counted, indicated that there were 50 559 households in SBM. Included in SBM's own budget document, in SA 9, the municipality estimate the number of households for 2026 to be 41 608 and the population to be 157 418. National Treasury still uses the 2016 Community Survey data to determine the distribution of the Equitable Share allocations to municipalities.

## 3.2 2026/27 National budget of South Africa

The National Budget has an impact on the budget of SBM. Finance Minister Godongwana tabled his budget speech to the National Assembly on 25 February 2026. Some of the highlights in his budget speech were:

*"We project real economic growth of 1.6% in 2026. Persistent logistics bottlenecks, weak public infrastructure and the recent outbreak of foot-and-mouth disease continue to weigh on economic activity and pose risks to the outlook.*

*The consolidated budget deficit has narrowed to 4.5% of GDP for 2025/26 and falls to 4% in 2026/2. Gross debt stabilises as a share of GDP in 2025/26, at 78.9% and in 2026/27 falls to 77.3% of GDP. The main budget primary surplus for 2025/26 reaches 0.9 per cent of GDP.*

*Reforms in local government include shifting to a performance-linked utility model for water and electricity services. This is aimed at strengthening financial sustainability, accountability and transparency.*

*In 2026/27, we will spend R2.67 trillion. Government spending remains highly redistributive. The social wage accounts for more than 60 per cent of non-interest spending over the medium term. Basic education, health and social protection constitute 70.3% of the social wage in 2026/27, providing support to 13.6 million school children, healthcare services to 84% of the population and social grants to 26.5 million beneficiaries.*

*In 2026/27, 48.9% of nationally raised revenue is allocated to national government, 41.7% to provinces and 9.4% per cent, or R182,3 billion to local government. Of the allocated funding to local government, R86.9 billion is to support the provision of free basic services to 11.2 million households.*

*The National Treasury is revitalising support for development of long-term financial plans. These plans will improve project identification, sustainably plan cash flows and inform financial decisions. This will negate the challenge of unfunded mandates and limited capacity to maintain infrastructure and sustain services. Further structural reforms are underway including a comprehensive review of the local government fiscal framework.*

*Government is also reforming the municipal infrastructure grant to address persistent underspending, misuse of funds and capacity constraints that hinder effective service delivery in non-metropolitan municipalities. A split delivery model has been introduced. Municipalities with proven capacity will continue to receive funding directly.*

*Over the medium-term, public-sector spending on infrastructure will exceed R1 trillion.*
*Of this, R577.4 billion will be spent by state owned and public entities,R217.8 billion by provinces; and R205.7 billion by municipalities".*

### 3.3 2026/27 Western Cape Provincial budget

The Western Cape Minister of Finance, Economic Opportunities and Tourism, Deidre Baartman, has tabled the 2026/27 Western Cape Provincial Budget on 12 March 2026.

Like the National Budget, the Western Cape Provincial Budget impacts on SBM and its citizens. Included in the 3-year 2026/27 MTREF budget of SBM is Provincial Grants of R226 million, of which R193 million relates to Housing. A list of the housing projects for the 2026/27 MTREF period is included in Annexure S.

Apart from Housing where the municipality acts as their agent, there are three WCG Provincial Departments that spend funds direct from their own budgets in the SBM municipal area, which are Roads, Health and Education Refer to Annexure R for a list of these projects, including Housing, with a total value of R528 over the next 3 years. The municipality is thankful to the WCG for their investment in our area.

Some of the highlights from Minister Baartman's budget speech relevant to municipalities were:

*"To support sustained good governance, we will expand our capacity-building initiatives with municipalities to strengthen financial oversight and professionalisation. The Department of Local Government receives R554.181 million to promote viable, sustainable and developmental local governance, improve integrated planning and deepen community participation.*

*The Department of Local Government is allocated R29.929 million over the MTEF to strengthen intergovernmental planning and budgeting. It will institutionalise Integrated Development Planning as the central coordination framework and embed the Joint District and Metro Approach to improve forums, alignment and budgeting.*

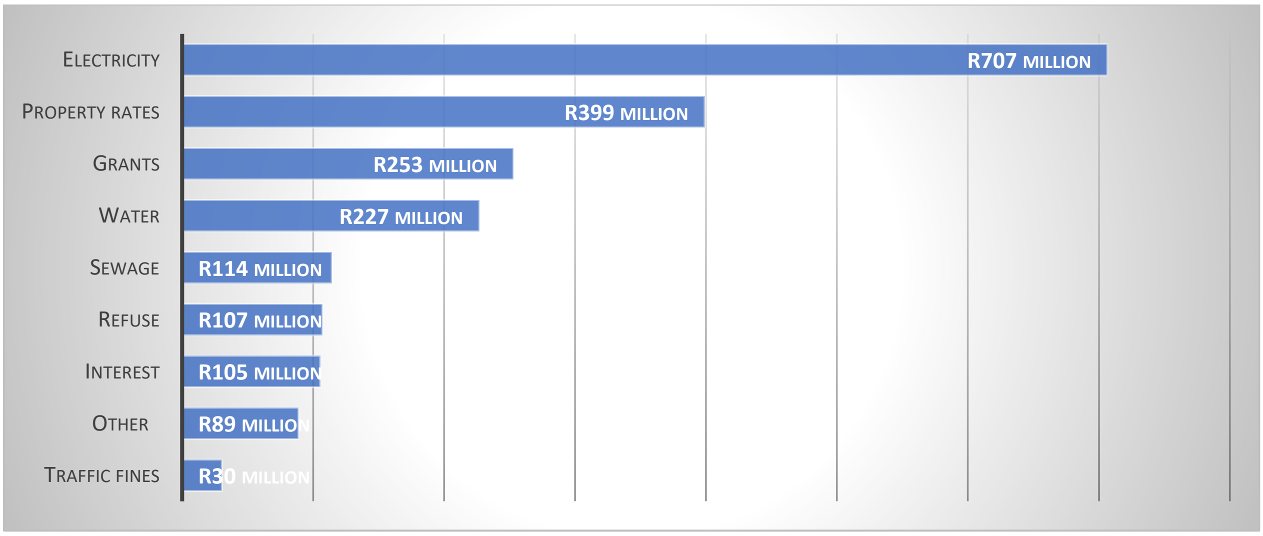
*In 2026/27, 34 provincial grants from 10 departments, totalling R8.686 billion, will support municipal infrastructure and capacity-building. The assignment of the library function will also remove VAT from all future transfers. The Department is further allocated R363.3 million to monitor and support municipal infrastructure development, including planning, finance, asset management, maintenance backlogs and capacity constraints.*

*We will further allocate R177.942 million for water resilience and drought response over the MTEF, supporting BFI programme preparation for ecological infrastructure; nature-based solutions for water quality improvement, clearing invasive alien vegetation; municipal borehole support and potable water tanks for drought relief, augmenting water security, bulk raw water security and resilience, and fabricated balancing reservoir".*

## 3.4 2026/27 Operating Revenue and Operating Expenditure

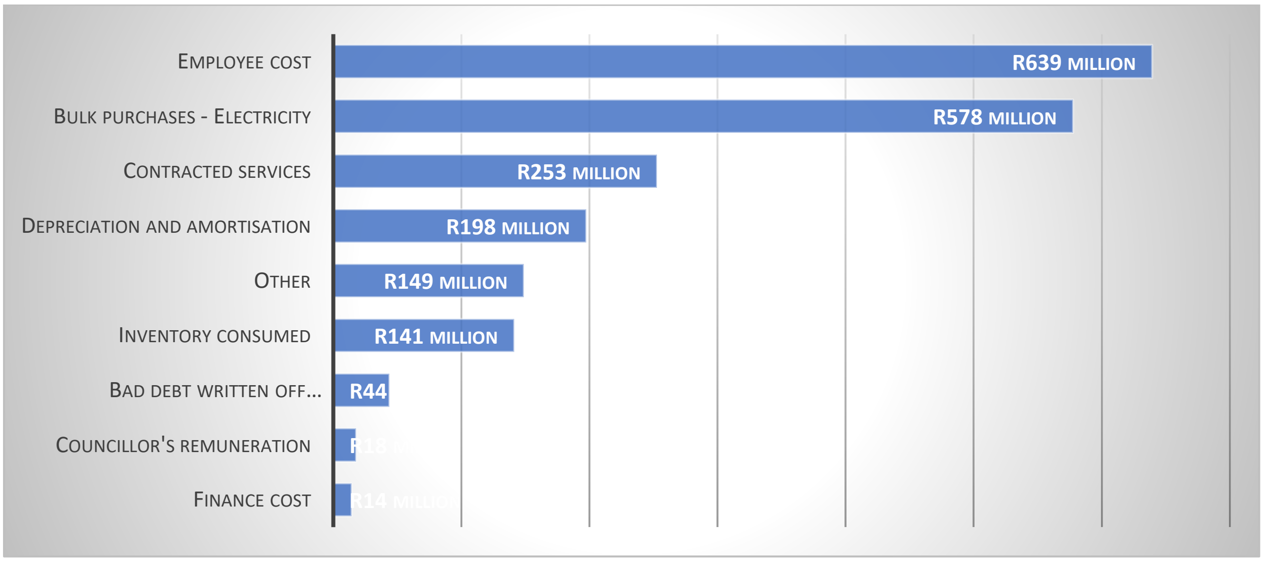
The two graphs below are provided below to illustrate the Operating Revenue per revenue source and the Operating Expenditure per expenditure item for the 2026/27 budget year.

**Figure 1: 2026/27 Operating Revenue budget per revenue source**




Electricity, Property rates, Grants and Water are the biggest revenue sources for the municipality and comprises 78% of the Total Revenue of 2 032 million in 2026/27.

**Figure 2: 2026/27 Operating Expenditure budget per item**




Employee Cost, Bulk Purchases of Electricity, Contracted services and Depreciation are the biggest expenditure items for the municipality and comprises 82% of the Total Operating Expenditure of 2 033 in 2026/27.

## 3.5 Rates and tariffs

The rates and tariff increases are annually determined to recover the cost of delivering municipal services from realistic anticipated revenue. For 2026/27, the inflation forecast of 3.7% by National Treasury was the primary driver to determine the growth in Operating Revenue and Operating Expenditure.

The proposed 2026/27 rates and tariff increase percentages are listed in the table below. For comparability, the previous three years' increases are also provided.

| | | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|---|---|---|---|---|---|
| (a) | Electricity | 15.10% | 10.70% | 11.77% | 9.26% |
| (b) | Property rates | 7.5% | 6% | 6% | -31% |
| (c) | Water consumption | 5.3% | 5% | 6% | 3.7% |
| | Water basic charge | | 0% | | |
| (d) | Refuse | 6.5% | 5% | 6% | 3.7% |
| (e) | Sewerage | 15% | 6% | 8% | 3.7% |
| (f) | Sundry tariffs | 6.5% | 5% | 6% | 3.7% |

It is only electricity that will increase with more than inflation. However, the proposed 9.26% is related to the ESKOM bulk electricity increase of 9.01% to the municipality.

The municipality has decreased the property rates tariff with 31% that will result in an estimated property rates revenue growth of 3.7%.

Refer to Annexure G that illustrates the impact of the tariff increases on various consumer categories.

The following explanations and additional information are provided for the 2026/27 tariff increases for each category:

### 3.5.1 The Electricity tariff will increase with 9.26%

The Municipal Council, during its meeting on 27 February 2026 supported an electricity tariff increase of 9.26% subject to a 21-day public participation process where consumers were invited to submit their inputs on the proposed 2026/27 electricity tariff increase. The reasons for the 9.26% tariff increase were provided in the document. The website link to this document is:

https://sbm.gov.za/wp-content/uploads/Pages/Home/2026-27-Electricity-tariff-application-to-NERSA-Saldanha-Bay-municipality.pdf

A separate report is also before Council on 26 March 2026 to consider any public inputs that were received. SBM must submit their electricity tariff application to NERSA by no later than 31 March 2026.

Electricity consumers will be allowed another opportunity to provide their inputs on the 2026/27 electricity tariffs before the SBM Council considers the final approval on 28 May 2026. This second opportunity is a direct submission to NERSA by no later than 21 April 2026. NERSA will consider this before their final tariff determination for all municipalities by 11 May 2026.

A COS study was approved by SBM in 2025. This COS is valid for a period of 5 years as per NERSA's Electricity Pricing Policy, unless significant changes occur before then, such as shifts in customer base, cost components, or sales volumes. However, for SBM there were no major changes that would trigger a new COS study.

The 2025 COS document can be found on the website of the municipality at:

https://sbm.gov.za/wp-content/uploads/Pages/Financial_Documents/Budget/Budget_2025_2026/Original_Budget_2025_2026/Annexure-H-Cost-of-Supply-Study-for-Electricity.pdf

### 3.5.2 Property rates will decrease with an estimated 31%.

Property rates revenue is used by SBM to perform its functions as set out in Schedules 4B and 5B of the Constitution of the Republic of South Africa, 1996. This includes, *inter alia*, the provision of basic services, the installing and maintaining of streets, roads, sidewalks, storm drainage, building regulations, provision of local sport facilities, parks, recreational facilities, and cemeteries.

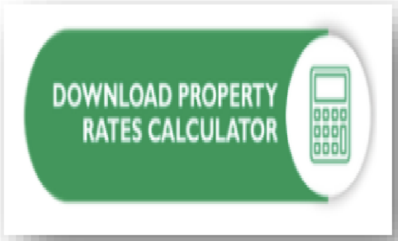
In 2025 the municipality has appointed an independent valuer to value all the properties in the Saldanha municipal area. The properties included in GV 2025 increased on average with 50% compared to the GV 2021, from R51 billion in 2021 to R77 billion in 2025. A summary per MPRA property category and per town of the increased values are provided below. The "residential properties" category comprises the highest aggregated value, R55 billion out of the R77 billion. St Helena Bay experienced the highest average property growth from all the SBM towns where the properties increased with 67%.

| **Valuation information per MPRA category** | **GV 2021** | **GV 2025** | **% increase** |
|---|---|---|---|
| Residential properties | R36.87 billion | R55.45 billion | 50% |
| Business and Commercial properties | R5.45 billion | R7.49 billion | 37% |
| Vacant land | R3.47 billion | R6.61 billion | 90% |
| Agricultural properties | R2.15 billion | R3.3 billion | 54% |
| Industrial properties | R1.44 billion | R2.05 billion | 42% |
| Organ of State properties used for public service purposes (PSP) | R1.68 billion | R1.75 billion | 4% |
| Public Benefit Organisations | R0.06 billion | R0.07 billion | 15% |
| Public Service Infrastructure (PSI) | R0.02 billion | R0.04 billion | 86% |
| Mining properties | R0.00 billion | R0.01 billion | 1321% |
| **Total market value** | **R51.15 billion** | **R76.79 billion** | **50%** |

| **Valuation information per town** | **GV 2021** | **GV 2025** | **% increase** |
|---|---|---|---|
| Langebaan | R19.66 billion | R30.05 billion | 53% |
| St Helena Bay | R8.95 billion | R14.90 billion | 67% |
| Vredenburg | R7.86 billion | R9.87 billion | 26% |
| Malmesbury Road, RD, Farms and Other | R5.14 billion | R8.09 billion | 57% |
| Saldanha Bay | R5.08 billion | R6.98 billion | 38% |
| Paternoster | R2.12 billion | R3.20 billion | 51% |
| Jacobs Bay | R1.39 billion | R2.21 billion | 59% |
| Hopefield | R0.95 billion | R1.5 billion | 56% |
| **Total market value** | **R51.15 billion** | **R76.79 billion** | **50%** |

More information about the property valuation process can be found on the website of the municipality at:

https://sbm.gov.za/valuations/




The municipality has also developed a Microsoft Excel Calculator to assist property owners to calculate the amount of property rates for themselves that will be payable from July 2026 and compare it to their current 2025/26 values. The calculator can be found at the same link.

The municipality has also compiled a list of 21 frequently asked questions (FAQ) about the valuation process, which can be found at the following link:

https://sbm.gov.za/wp-content/uploads/Pages/Home/General-Valuation-Roll-2025_FAQ.pdf

The municipality has assessed the impact of the substantial property market value increases on ratepayers and provided relief measures, including:

- The growth in property rates revenue will be limited to an inflationary increase and not 50%. The 2026/27 property rates revenue will increase with 3.7% to R399 million up from the current year's R385 million.

- The average rate in the rand property rates tariff was reduced across all property categories, for example the annual rate for residential properties is currently 0.0070363, and it is recommended to Council that it be reduced to 0.004855 for 2026/27.

- The municipality may not levy a rate on the first R15 000 of the market value for residential properties in accordance with section 17(1)(h) of the MPRA. In addition to this value, the municipality already provides further relief of R35 000 to all residential properties. Additional relief for indigent households is proposed, refer to section 3.6 of the report for more information.

- Additional property rates relief is also proposed for pensioners, refer to section 3.7 of the report for more information.

Information about the different categories of properties and their respective annual rate in the rand tariff can be found in section 2 of the rates and tariff document that is attached as Annexure F. All the property categories are expressed in relation to the residential properties. For example, the property rate of vacant properties is 1.5 times that of the residential properties.

### 3.5.3 The Water tariffs will increase with 3.7%.

Refer to Annexure F, section 4 of the rates and tariff document, that includes the different category water tariffs for 2026/27.

### 3.5.4 The Refuse removal tariffs will increase with 3.7%.

Refer to Annexure F, section 5 of the rates and tariff document, that includes the different category refuse tariffs for 2026/27.

### 3.5.5 The Sewerage tariffs will increase with 3.7%.

Refer to Annexure F, section 6 of the rates and tariff document, that includes the different category sewerage tariffs for 2026/27.

### 3.5.6 Sundry tariffs will increase with 3.7%.

Refer to Annexure F, sections 7-19 of the rates and tariff document, that includes all the other tariffs for 2026/27.

### 3.6 Financial support provided to Indigent HH

SBM provides free basic services to poor households. Households with a combined household income of R6 800 and below will receive indigent support. There are two qualifying income categories, which is provided in the table below:

| Household Income | % rebate |
|---|---|
| Between R0 - R6 000 | 100% |
| Between R6 001 - R6 800 | 70% |
| Above R6 800 | 0% |

Indigent support is provided on all municipal services and property rates. The subsidy quantums per month is provided in the table below:

| **Tariff** | **Quantum** |
|---|---|
| Electricity: | 50 kWh;<br>Capacity charge; and<br>Service charge |
| Water: | 6 kl |
| Sewerage: | Free sanitation |
| Refuse removal: | Free refuse removal |
| Property rates: | Property with market value below R350 000 (R250 000 previously) does not pay property rates |

Currently the municipality does not levy property rates on the first R250 000 of the market value for registered indigent households. It is proposed, for 2026/27, to increase this value with R100 000 to R350 000 as additional relief measures to the higher GV 2025 values.

### 3.7 Financial support provided to Pensioner HH

A rebate on property rates is currently provided to pensioners based on their monthly income levels as indicated below. It is proposed, for 2026/27, to only have a 100% and 70% category as additional relief measures to the higher GV 2025 values.

| **Current pensioner subsidy threshold for 2025/26:** | |
|---|---|
| Monthly income | % rebate |
| Between R0 - R15 200 | 100% |
| Between R15 201 - R21 600 | 70% |
| Between R21 601 - R28 100 | 50% |
| Above R28 101 | 0% |

| **Proppoosed pensioner subsidy threshold for 2026/27:** | |
|---|---|
| Monthly income | % rebate |
| Between R0 - R16 000 | 100% |
| Between R16 001 - R29 000 | 70% |
| Above R29 000 | 0% |

## 4. Annual budget tables

The following budget tables have been completed and are attached as Annexure A:

Table A1: Budget Summary;

Table A2: Budgeted Financial Performance (Revenue and Expenditure by standard classification);

Table A3: Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote);

Table A4: Budgeted Financial Performance (Revenue by Source and Expenditure by type);

Table A5: Budgeted Capital Expenditure by Vote, standard classification and funding;

Table A6: Budgeted Financial Position;

Table A7: Budgeted Cash Flows;

Table A8: Cash Backed Reserves / Accumulated Surplus reconciliation;

Table A9: Asset Management; and

Table A10: Basic service delivery measurement.

The supporting schedules SA1 to SA 38 is also included in Annexure A.

# PART 2: SUPPORTING DOCUMENTATION

## 5. Overview of annual budget process

The processes and timelines that were used to review the IDP and to prepare the Annual Budget and the SDBIP are summarised in the table below.

| | | |
|---|---|---|
| 1. | IDP and budget timetable approved by Council | 30 July 2025 |
| 2. | IDP public participation process | September - October 2025 |
| 3. | Budget steering committee meetings | 27 October 2025<br>27 November 2025<br>5 February 2026<br>19 March 2026 |
| 4. | Departments requested to budget in accordance with IDP needs | 15 August 2025 - January 2026 |
| 5. | Table Budget and IDP to Council | 26 March 2026 |
| 6. | Advertise budget in the local newspaper | 2 April 2026 |
| 7. | Public participation meetings | April 2026 |
| 8. | Closing of comments and representations on the IDP and tabled budget | 24 April 2025 |
| 9. | Workshop with Council on budget related policies and inputs received from the public | 5 May 2026 |
| 10. | Strategic Integrated Municipal Engagement (SIME) with the Western Cape Provincial Treasury on the budget | 6 May 2026 |
| 11. | Consideration of final budget approval by Council | 28 May 2026 |

# 6. Overview of the alignment of the annual budget with the IDP

## 6.1 Fifth Generation Integrated Development Plan

Also, before Council on 26 March 2026, is the draft Fourth Review and Amendment of the Fifth Generation Integrated Development Plan (IDP).

The IDP serves as a guideline to municipalities for the correct budget and resource allocations in ensuring that it meets the needs of its residents. It is also an integrated inter-governmental system of planning which requires the involvement of all three spheres of government. Contributions are made by provincial and national government to assist municipal planning and therefore government has created a range of policies and strategies to support and guide development and to ensure alignment between all spheres of government as stated by the section 24 of the Municipal Systems Act, No 32 of 2000.

The draft first review and amendment of the Fifth Generation Integrated Development Plan (IDP) was considered by Council 2 March 2023. The fourth review will now be considered by Council on 26 March 2026.

## 6.2 IDP alignment with the annual budget

SBM's budget is influenced by the 6 Strategic Focus Areas (SFA's) and 6 Strategic Objectives (SO's) identified in the IDP. The Service Delivery Budget Implementation Plan (SDBIP) ensures that SBM implements programmes and projects based on the IDP targets and associated budgets.

The budget has been compiled in accordance with SBM's IDP document. Refer to tables SA4, SA5 and SA6 where the Revenue, Operating Expenditure and Capital Expenditure is aligned to the goals and action plans of the IDP.

The following information is provided below:

- Vision of the municipality;
- Mission of the municipality;
- Strategic Focus Areas and the Strategic Objectives of SBM;
- The 2026/27 3-year MTREF budget allocation against the Strategic Focus Areas of SBM;
- SBM's Strategic Focus Areas alignment with the WCG and JDMA.

### 6.3 Vision of SBM

*A City of Excellence and Opportunity on the Weskus*

It is the aspiration of the Council to be a city in the future. The key to achieving this vision is the words “excellence and opportunity”. It is these two aspirational words that would attract investment and gradually grow the municipality into city status.

### 6.4 Mission of SBM

This Mission is the road map by which the Vision would be achieved. The mission emphasises that the municipality cares for and works with its people to ensure that it is a “people centred municipality”.  The intention is that people and the municipality would work together to achieve the Vision through the objectives of the Mission. The Mission has the objective to –

*Grow formal and informal business*
*Promote innovation*
*Attract sustainable investment*
*Create safe and healthy communities*

### 6.5 Strategic Focus Areas and the Strategic Objectives of SBM

SBM has 6 Strategic Focus Areas and Strategic Objectives to achieve its Vision and Mission.

| No | Strategic Focus Areas of SBM | Strategic Objectives of SBM |
|---|---|---|
| 1. | Community Collaboration | Foster community development through upliftment, integration, empowerment and communication |
| 2. | Economic | Build a diversified economy through investment, growing current and new businesses and enabling the creation of sustainable jobs |
| 3. | Financial & Institutional | Provide cost effective services with financial and institutional sustainability |
| 4. | Innovation | Promote innovation and modern technology to enhance service delivery and increase opportunities |
| 5. | Safety | Implement interventions to deliver community safety, through harnessing and intensifying collaboration with mandated sectors to ensure a safe and flourishing environment |
| 6. | Services | Provide reliable and affordable enhanced basic services and bulk services as part of the economic enabling infrastructure |

### 6.6 2026/27 3-year MTREF budget alignment with SBM's Strategic Focus Areas

The 2026/27 MTREF budget alignment with SBM's Strategic Focus Areas is provided in the table below:

| | | 2026/27 Budget Rm | | 2027/28 Budget Rm | | 2028/29 Budget Rm | | TOTAL | % |
|---|---|---|---|---|---|---|---|---|---|
| | **Strategic Focus Areas** | **Opera-ting** | **Capital** | **Opera-ting** | **Capital** | **Opera-ting** | **Capital** | | |
| 1 | Community Collaboration | 135 | 45 | 133 | 16 | 119 | 10 | **459** | **6%** |
| 2 | Economic | 31 | 0 | 34 | 0 | 33 | 0 | **99** | **1%** |
| 3 | Financial & Institutional | 348 | 50 | 365 | 31 | 381 | 57 | **1,233** | **16%** |
| 4 | Innovation | 82 | 7 | 84 | 7 | 88 | 7 | **275** | **4%** |
| 5 | Safety | 224 | 4 | 240 | 3 | 254 | 0 | **725** | **9%** |
| 6 | Services | 1,212 | 194 | 1,288 | 416 | 1,391 | 461 | **4,961** | **64%** |
| | | **2,033** | **300** | **2,144** | **473** | **2,266** | **535** | **7,751** | |

### 6.7 Alignment with the WCG and the JDMA

The alignment of SBM's Strategic Focus areas against the 2025 - 2030 WCG Strategic Plan and with the JDMA is provided in the tables below:

| | **Western Cape Government Strategic Plan** | **SBM Strategic Focus Areas** |
|---|---|---|
| 1. | Growth for Jobs | Economic, Innovation, Services |
| 2. | Safety | Safety |
| 3. | Educated, Healthy, and Caring Society | Community Collaboration |
| 4. | Innovaiton, Culture, and Governance | Financial and Institutional, Innovation |

| | **Joint District and Metro Approach** | **SBM Strategic Focus Areas** |
|---|---|---|
| 1. | Citizen interface | Community Collaboration |
| 2. | Immigration/ urbanisation | Community Collaboration; Economic |
| 3. | Infrastructure management | Financial & Institutional |
| 4. | Climate change/ water security | Safety |
| 5. | Safety and security | Safety |
| 6. | Waste management | Services |

## 7. Measurable performance objectives and indicators

This budget is indicative of our commitment to achieving the objectives of local government set out in the Constitution of the Republic of South Africa and to do so in an efficient, effective and sustainable manner. These commitments are entrenched in our mission, vision and value statements and as such are reflected so in our budget and services delivery processes.

The MTREF has been compiled in such a manner to ensure sustainable service delivery and to invest in infrastructure that will ensure growth over the medium term to long term.

The measurable performance objectives are indicators included in the budget table SA7. Included in the budget tables SA2, SA26 and SA28 are the Operating Revenue for each source, the Operating Revenue & Operating Expenditure for each vote and the Capital expenditure for each vote.

## 8. Overview of budget related policies

The proposed amendments to the budget related policies are attached as Annexure J.

# 9. Overview of budget assumptions

The Revenue and Expenditure budget assumptions used in the preparation of the budget are provided below.

| 9.1 | BUDGET ASSUMPTIONS: REVENUE | 2026/27 | 2027/28 | 2028/29 |
|---|---|---|---|---|
| 1 | The rates and tariff increases are: | | | |
| | Property rates | -31.0% | 4.5% | 4.5% |
| | Electricity. A cost of supply study was prepared and approve by NERSA in 2025. This is valid for 5 years. The MTREF electricity increases are based on a weighted cost calculation. | 9.26% | 7.82% | 7.88% |
| | Water | 3.7% | 4.5% | 4.5% |
| | Refuse | 3.7% | 4.5% | 4.5% |
| | Sewage | 3.7% | 4.5% | 4.5% |
| | Sundry tariffs | 3.7% | 4.5% | 4.5% |
| 2 | Additional growth in Revenue are: | | | |
| | The growth % in rateable valuations | -31.0% | 3.0% | 3.0% |
| | The growth % in electricity consumption | 2.9% | 3.4% | 3.9% |
| | The growth % in water consumption | 5.4% | 5.4% | 5.4% |
| | The growth % in refuse and sewerage consumption | 1.0% | 1.0% | 1.0% |
| 3 | Estimated growth in Other Revenue items | 3.7% | 3.5% | 3.5% |
| 4 | The electricity fixed capacity charge for the 30A consumers are phased-in over a period of 3 years. The remaining phased-in % are: | 35% (65% - phased in) | 35% (100% - phased in) | n/a |
| 5 | Indigent free basic services are financed from the Equitable share. The following free basic services are currently in place for registered indigent households: | | | |
| | Households with an income base below R6 000 will receive a 100% subsidy. | 100% | 100% | 100% |
| | Households with an income base below R6 001 - R6 800 will receive a 70% subsidy. | 70% | 70% | 70% |
| | Percentage subsidy of monthly service account support provided to public benefit organisations | 70% | 70% | 70% |
| | Child headed households are also subsidised in the same manner as a 100% qualifying indigent household: | 100% | 100% | 100% |
| | Free property rates for properties less than R250 000 | Free | Free | Free |
| | kWh units of free electricity per month | 50 kWh | 50 kWh | 50 kWh |
| | Free electricity capacity charge | Free | Free | Free |
| | Free electricity administration fee | Free | Free | Free |
| | Kilolitres of free water per month | 6kl | 6kl | 6kl |
| | Free basic fee for water | Free | Free | Free |
| | Free refuse removal | Free | Free | Free |
| | Free sanitation | Free | Free | Free |
| 6 | The following rebates are currently in place for registered pensioners: | | | |
| | 100% rebate on property rates | Monthly income R 0 - R16 000 | to be determined | to be determined |
| | 70% rebate on property rates | Monthly income R16 001 - R29 000 | to be determined | to be determined |
| 7 | CPI and affordability were considered, but the rates and tariffs must be: | Cost reflective tariffs | Cost reflective tariffs | Cost reflective tariffs |
| | Debtors payment rate | 96% | 96% | 96% |
| | National grants will be budgeted in accordance with Division of Revenue Bill and gazetted allocations: | DORA | DORA | DORA |
| | National and Provincial grants will be budgeted in accordance with the approppriate Gazette | Gazette | Gazette | Gazette |
| | Interest on investments based on: | Prime less 3% | Prime less 3% | Prime less 3% |
| | Interest on debtors is based on: | Prime plus 1% | Prime plus 1% | Prime plus 1% |

| 9.2 | BUDGET ASSUMPTIONS: EXPENDITURE | 2026/27 | 2027/28 | 2028/29 |
|---|---|---|---|---|
| 1 | Estimated CPI | 3.7% | 3.5% | 3.5% |

| | | | | |
|---|---|---|---|---|
| 2 | The salary increase calculations are based on: | | | |
| | CPI forecast (minimum of 4% as per Collective Agreement) | 4.00% | 4.00% | 4.00% |
| | Plus: Bargaining Council rate | 0.75% | 1.25% | 1.25% |
| | Plus: TASK notch increase | 0.85% | 0.85% | 0.85% |
| | **Total:** | **5.60%** | **6.10%** | **6.10%** |
| | Budget provision for new positions | R 9,387,533 | R 0 | R 0 |
| | Remuneration of councillors' increase | 3.7% | 4.5% | 4.5% |
| | Employment related costs | R 639,332,926 | R 676,622,344 | R 717,638,474 |

| | | | | |
|---|---|---|---|---|
| 3 | Departments are required to budget in terms of general cost containment measures. Directors and management must apply control over non-priority and discretionary spending: | 3.7% | 3.7% | 3.7% |

| | | | | |
|---|---|---|---|---|
| 4 | The operating expenditure increases are based on: | | | |
| | Bulk water tariff increase % from the West Coast District Municipality | 3.9% | 4.0% | 4.0% |
| | The growth % in water consumption purchases from the WCDM | 6.4% | 6.4% | 6.4% |
| | Water losses | 20% | 20% | 20% |
| | The Water Concession Account (West Coast District Municipality) will not make a surplus | R 0 | R 0 | R 0 |
| | Bergriver / Voelvlei Augmentation scheme contribution (BRVAS) contribution | R 0 | R 0 | R 0 |
| | The increase for the bulk electricity purchases from NERSA | 9.01% | 8.83% | 8.90% |
| | The growth % in electricity consumption purchases from ESKOM | 4.8% | 4.8% | 4.8% |
| | Electricity losses | 11.0% | 11.0% | 11.0% |
| | Contracted services | 3.7% | 3.7% | 3.7% |
| | General expenses | 3.7% | 3.7% | 3.7% |
| | EPWP are funded from: | | | |
| | Own funding | R 3,964,385 | R 4,196,346 | R 4,441,767 |
| | Grant funding | R 1,513,000 | R - | R - |
| | Most of the other operating expenditure increases are limited to the CPI rate | 3.7% | 3.7% | 3.7% |

| | | | | |
|---|---|---|---|---|
| 5 | External loans: | | | |
| | Interest and redemption is budgeted based on current outstanding loans and approved new loans to fund the capital budget | Tendered rates | Tendered rates | Tendered rates |
| | New loans interest budgeted at | Prime rate | Prime rate | Prime rate |

| | | | | |
|---|---|---|---|---|
| 6 | Capital budget is funded from: | | | |
| | CRR | R 272,893,408 | R 312,902,796 | R 337,398,620 |
| | External Borrowings | R 763,790 | R 110,450,000 | R 119,500,183 |
| | Grants | R 26,062,900 | R 50,006,300 | R 78,595,750 |
| | **Total:** | **R 299,720,098** | **R 473,359,096** | **R 535,494,553** |

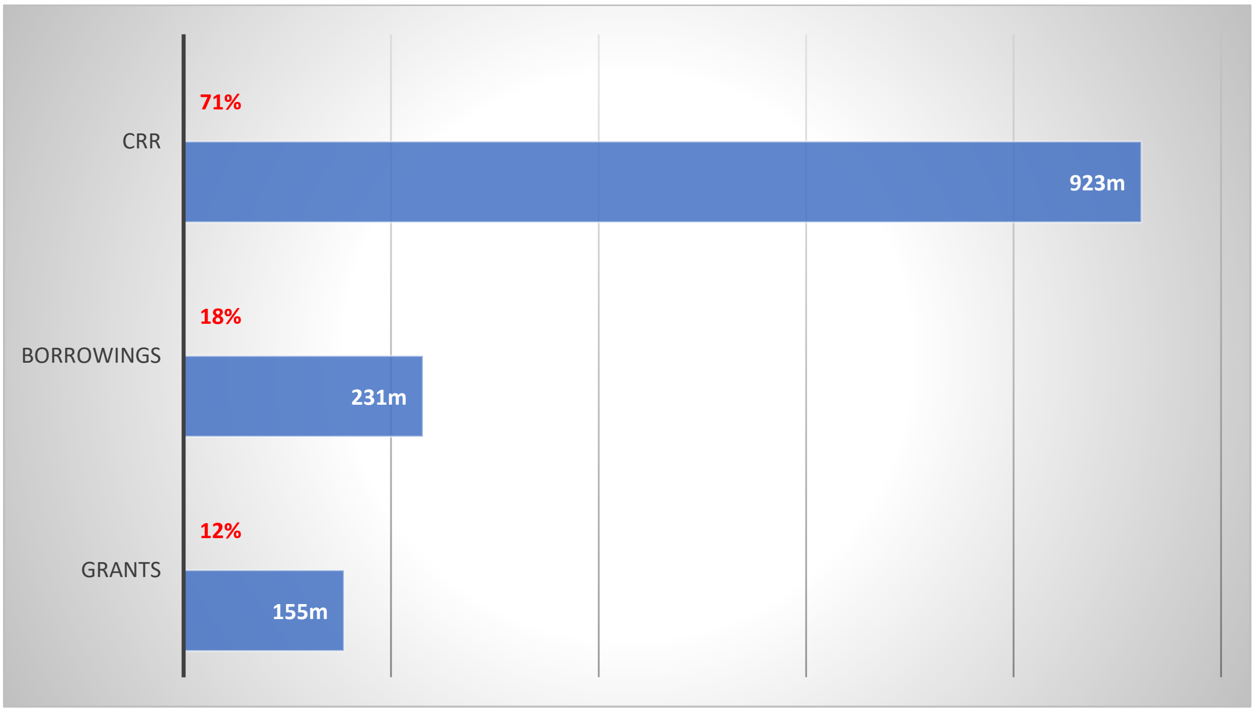
## 10. Overview of budget funding

The budget must be funded from actual revenue to be collected during the financial year and must be prepared in such a manner to recover all the costs. The Operating Budget is funded from Operating Revenue as indicated in the A-Schedules as per Annexure A.

The 3-year MTREF capital budget is R1 309 million. The capital budget is funded from 3 major sources — the CRR, External Borrowings and Grants. A summary of the capital budget funding sources is provided in the table and graph below:

| Funding source | 2025/26 ADJB Rm | 2026/27 Budget Rm | 2027/28 Budget Rm | 2028/29 Budget Rm | Total MTREF |
|---|---|---|---|---|---|
| CRR | 172.3 | 272.9 | 312.9 | 337.4 | 923.2 |
| External borrowings | 3.7 | 0.8 | 110.5 | 119.5 | 230.7 |
| Municipal Infrastructure Grant | 21.9 | 22.2 | 24.2 | 24.9 | 71.3 |
| Human Settlements Development Grant | 7.3 | 1.5 | 14.4 | 18.9 | 34.8 |
| Informal Settlements Upgrading Partnership Grant | 3.4 | 0.0 | 2.0 | 25.0 | 27.0 |
| Integrated National Electricity Programme Grant | 4.5 | 0.0 | 9.3 | 9.8 | 19.1 |
| Western Cape Financial Management Capability Grant | 2.0 | 1.5 | 0.0 | 0.0 | 1.5 |
| Regional Social Economic Projects | 0.0 | 0.8 | 0.0 | 0.0 | 0.8 |
| Development of Sport and Recreation Facilities | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 |
| CRR (In-Lieu-of Development Charges) | 31.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Municipal Service Delivery and Capacity Building Grant | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Municipal Fire Service Capacity Support Grant | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Donations | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total** | **248.4** | **299.7** | **473.4** | **535.5** | **1,308.6** |

**Figure 3: Funding sources of the capital budget**



## 10.1 Capital Replacement Reserve

The Capital Replacement Reserve, or in short “CRR” is an important internal funding source used by municipalities to fund future capital projects internally apart from External Loans and Grants. This reserve was built up over time mostly through the depreciation charge, and then from development charges and accumulated surpluses in cash and any asset sale proceeds.

Since the implementation of GRAP, and the subsequent implementation of depreciation charges in Local Government, depreciation charges in the Statement of Financial Performance is the biggest funding source for the CRR.

The CRR has always been maintained in a responsible manner at SBM allowing the municipality to acquire capital assets without too much reliance on external borrowings.

When capital projects are not completed at year-end, the funds are carried forward to complete the projects in the subsequent year.

It is estimated that the CRR will have a balance of R86 million at the end of 2028/29.

The status of the CRR is provided in the table below.

| **Funding source** | **2025/26 ADJB Rm** | **2026/27 Budget Rm** | **2027/28 Budget Rm** | **2028/29 Budget Rm** |
|---|---|---|---|---|
| **Opening balance on 1 July 2025** | 455 | 444 | 329 | 213 |
| Cash-backed depreciation | 130 | 131 | 170 | 183 |
| Additional transfer from surplus | 25 | 20 | 20 | 20 |
| Development charges-in-cash | 6 | 7 | 7 | 8 |
| Less: Capital Spending | -173 | -273 | -313 | -337 |
| **Closing balance** | **444** | **329** | **213** | **86** |

## 10.2 External loans

Provision is made over the 3-year 2026/27 MTREF period for new loans of R230 million, which comprises of the following:

| **Funding source** | **2027/28 Budget Rm** | **2028/29 Budget Rm** |
|---|---|---|
| WCF bulk line | R20 m | R66 m |
| St Helena Bay bulk augmentation | R65 m | R20 m |
| Brittania Bay Waste Water Treatment Waste | R1 m | R16 m |
| Upgrade Vredenburg waste water treatment plant including mechanical dewatering | R19 m | R0 m |
| New storage reservoir and associated works Louwville 2000 IRDP | R0 m | R17 m |
| Louwville zone network upgrades | R6 m | R0 m |
| **Total** | **R110 m** | **R120 m** |

These loan-funded projects are provided in more detail in Annexure L.

The table below provides for a reconciliation of new and historic loans since 2015/16:

| **Year** | **Actual/ Budget** | **Own Revenue** | **Opening balance** | **Redemp-tion** | **New loans** | **Closing balance** | **% of Own Revenue** |
|---|---|---|---|---|---|---|---|
| 2015/16 | Actual | R801 m | R43 m | -R7 m | R91 m | R126 m | 16% |
| 2016/17 | Actual | R889 m | R126 m | -R23 m | R58 m | R162 m | 18% |
| 2017/18 | Actual | R965 m | R162 m | -R19 m | R18 m | R161 m | 17% |
| 2018/19 | Actual | R975 m | R161 m | -R17 m | R0 m | R144 m | 15% |
| 2019/20 | Actual | R1,024 m | R144 m | -R19 m | R0 m | R125 m | 12% |
| 2020/21 | Actual | R1,040 m | R125 m | -R12 m | R0 m | R113 m | 11% |
| 2021/22 | Actual | R1,120 m | R113 m | -R10 m | R27 m | R131 m | 12% |
| 2022/23 | Actual | R1,270 m | R131 m | -R11 m | R0 m | R120 m | 9% |
| 2023/24 | Actual | R1,422 m | R120 m | -R11 m | R0 m | R108 m | 8% |
| 2024/25 | Actual | R1,594 m | R108 m | -R12 m | R0 m | R96 m | 6% |
| 2025/26 | Budget | R1,688 m | R96 m | -R14 m | R0 m | R82 m | 5% |
| 2026/27 | Budget | R1,779 m | R82 m | -R13 m | R0 m | R69 m | 4% |
| 2027/28 | Budget | R1,893 m | R69 m | -R14 m | **R110 m** | R166 m | 9% |
| 2028/29 | Budget | R2,033 m | R166 m | -R22 m | **R120 m** | R263 m | 13% |

## 10.3 Grant allocations to SBM

The total grants included in the budget over the MTREF period is R824 million.

| Type of grant | 2026/27 Budget Rm | 2027/28 Budget Rm | 2028/29 Budget Rm | TOTAL Budget Rm |
|---|---|---|---|---|
| **National Grants:** | | | | |
| Operating Grants | | | | |
| Equitable Share | R157.4 m | R166.3 m | R168.9 m | R492.6 m |
| Finance Management Grant | R1.9 m | R2.0 m | R2.1 m | R6.0 m |
| Municipal Infrastructure Grant | R1.2 m | R1.3 m | R1.3 m | R3.8 m |
| Expanded Public Works Programme | R1.5 m | R0.0 m | R0.0 m | R1.5 m |
| Capital Grants | | | | |
| Municipal Infrastructure Grant | R22.2 m | R24.2 m | R24.9 m | R71.3 m |
| Integrated Electrification Programme | R0.0 m | R9.3 m | R9.8 m | R19.1 m |
| **Total National Grants** | **R184.2 m** | **R203.2 m** | **R207.0 m** | **R594.3 m** |
| | | | | |
| **Provincial Grants:** | | | | |
| Operating Grants | | | | |
| Housing and Human Settlement | R50.6 m | R48.4 m | R29.3 m | R128.3 m |
| Cultural affairs: Library service | R9.2 m | R9.3 m | R9.4 m | R27.9 m |
| Housing and Human Settlement: Title Deeds Restoration | R0.6 m | R0.6 m | R0.7 m | R1.8 m |
| Informal settlements upgrading partnership grant | R3.2 m | R0.0 m | R0.0 m | R3.2 m |
| Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure | R0.2 m | R0.2 m | R0.2 m | R0.5 m |
| Municipal Fire Service Capacity Support Grant | R0.3 m | R0.0 m | R0.0 m | R0.3 m |
| Community Development Worker Grant | R0.1 m | R0.1 m | R0.1 m | R0.2 m |
| Capital Grants | | | | |
| Housing and Human Settlement | R1.5 m | R14.4 m | R18.9 m | R34.8 m |
| Informal Settlement Upgrading Partnership Grant (beneficiaries) | R0.0 m | R2.0 m | R25.0 m | R27.0 m |
| WC Financial Management Capacability Grant | R1.5 m | R0.0 m | R0.0 m | R1.5 m |
| RSEP Municipal Projects | R0.8 m | R0.0 m | R0.0 m | R0.8 m |
| Development of Sport and Recreation Facilities | R0.1 m | R0.0 m | R0.0 m | R0.1 m |
| **Total Provincial Grants** | **R67.9 m** | **R75.0 m** | **R83.6 m** | **R226.4 m** |
| | | | | |
| **Other Grants** | | | | |
| SETA Grants | R1 m | R1 m | R1 m | R3 m |
| | | | | |
| Operating grants | R227 m | R229 m | R213 m | R669 m |
| Capital grants | R26 m | R50 m | R79 m | R155 m |
| **Total** | **R253 m** | **R279 m** | **R292 m** | **R824 m** |

## 11. Allocations and subsidies made by SBM

The total transfers and subsidies budgeted over the 3-year MTREF period is R4.9 million. See SA21 for the list of these transfers and grants.

## 12. Councillor allowances and employee benefits

Refer to supporting schedule table SA22 and SA23 for detailed information about the remuneration of councillors, municipal manager, senior managers and all other employees of SBM, which includes the headcount of councillors and municipal employees.

It is proposed for 2026/27 to fund 19 positions on the approved Staff Establishment that are currently unfunded. A list of these positions is provided in Annexure N, and the estimated annual cost of it is R9.4 million.

## 13. Monthly targets for revenue expenditure and cash flows

This is contained in supporting schedule table SA25 and SA30

## 14. Annual budgets and SDBIP – Internal departments

The final service delivery and budget implementation plans (SDBIP) will be dealt with after the budget is finally approved to be submitted to the Mayor within 14 days after the approval of the budget and approved by the Mayor within 28 days after the approval of the budget.

## 15. Contracts having future budgetary implications

It is required to disclose in the budget documentation any contracts that will impose financial obligations on SBM beyond the three years covered by the 2026/27 MTREF. The detail of this is included in supporting tables SA32 and SA33.

## 16. Capital expenditure details

Detailed capital budget information is included in Annexures A - E. More information on the Capital Budget is also included in Supporting tables SA34a; SA34b, SA34c; SA35; SA36.

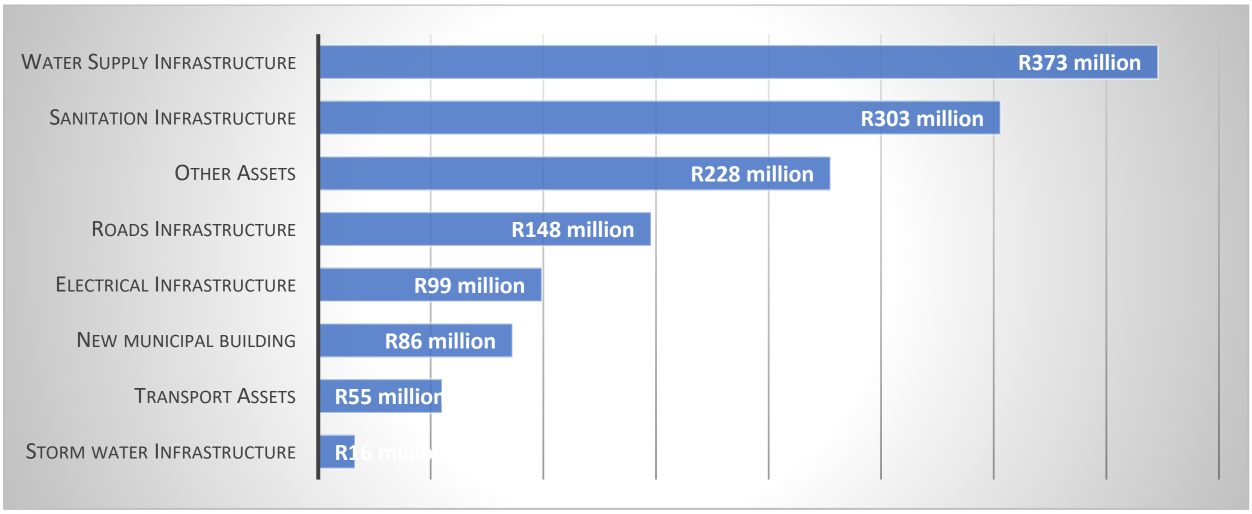
The capital budget of R1 309 million per asset category is provided in the table below. Most of the capital budget is allocated to infrastructure projects, i.e., R1 009 million or 77%.

| | Current ADJB Rm | 2026/27 Budget Rm | 2027/28 Budget Rm | 2028/29 Budget Rm | Total MTREF |
|---|---|---|---|---|---|
| **Infrastructure assets** | | | | | |
| Roads Infrastructure | 40 | 40 | 40 | 68 | 148 |
| Storm water Infrastructure | 2 | 3 | 10 | 4 | 16 |
| Electrical Infrastructure | 39 | 33 | 33 | 32 | 99 |
| Water Supply Infrastructure | 18 | 28 | 161 | 185 | 373 |
| Sanitation Infrastructure | 49 | 78 | 113 | 112 | 303 |
| Solid Waste Infrastructure | 7 | 2 | 17 | 51 | 69 |
| Information and Communication | 7 | 0 | 0 | 0 | 0 |
| **Total infrastructure projects** | **163** | **183** | **374** | **451** | **1,009** |
| **Other assets** | | | | | |
| Community Assets | 25 | 39 | 11 | 1 | 51 |
| New municipal building | 0 | 17 | 22 | 48 | 86 |
| Other Assets | 8 | 17 | 7 | 5 | 28 |
| Intangible Assets | 2 | 3 | 1 | 1 | 5 |
| Computer Equipment | 8 | 5 | 5 | 5 | 16 |
| Furniture and Office Equipment | 7 | 6 | 1 | 1 | 8 |
| Machinery and Equipment | 18 | 20 | 9 | 12 | 41 |
| Transport Assets | 15 | 0 | 44 | 11 | 55 |
| Land | 4 | 10 | 0 | 0 | 10 |
| **Total other assets** | **85** | **116** | **99** | **84** | **300** |
| | | | | | |
| **Total capital budget** | **248** | **300** | **473** | **535** | **1,309** |

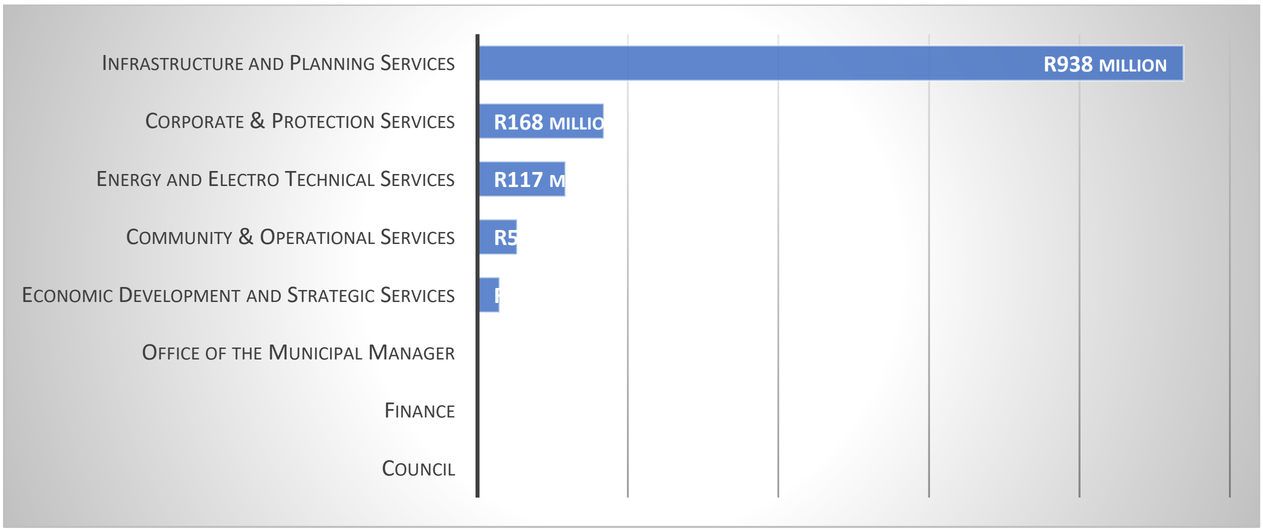
A summary of the information in the table above, especially on the infrastructure assets is provided in the figure below.

Two more figures are also provided, the capital budget per vote, and the capital budget per town.

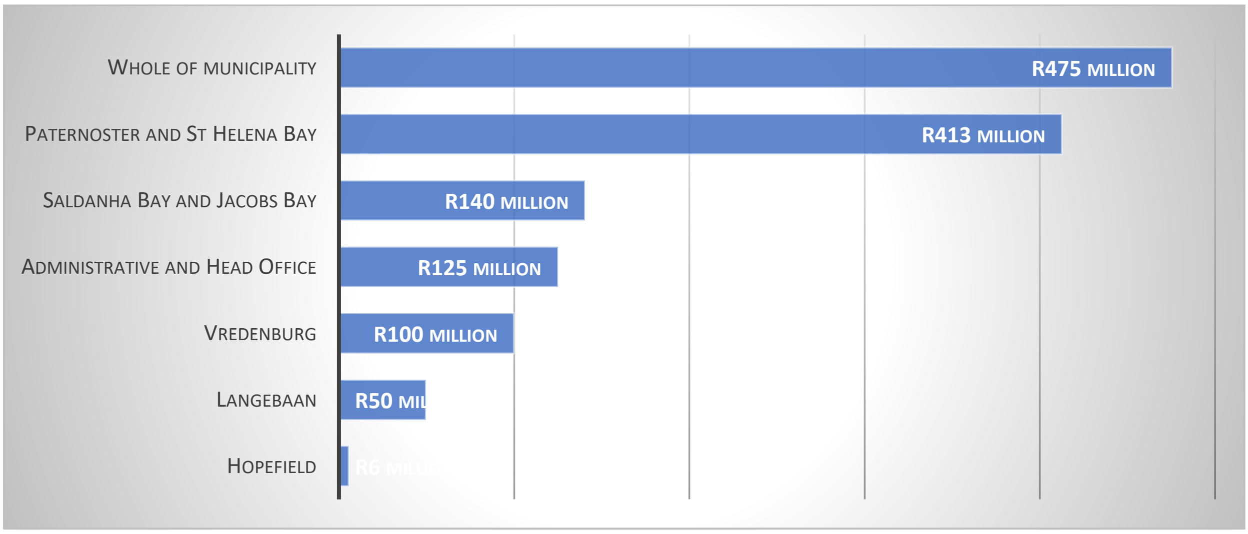
### Figure 4: Capital budget per asset category




### Figure 5: Capital budget per Vote




### Figure 6: Capital budget per Town



## 17. Capital projects of more than R50 million

Section 19 of the MFMA, Regulation 13 of the MBRR and section 10.4(c) of the Budget and Funds and Reserves policy of Council requires that specific information must be considered by Council for all individual capital projects if the estimated total cost at the time of approval of the budget exceeds R 50 million.

It is estimated that the following capital projects will exceed R50 million.

| No | Name of project | Funding source | 2026/27 MTREF Budget | Total estimated capital cost | When was it disclosed to Council as a above R50 million project |
|---|---|---|---|---|---|
| | **Housing projects:** | | | | |
| 1 | Saldanha site A | Housing grant | R22.0 m | R159.6 m | 2025/26 |
| 2 | Louwville South erf 123/69 | Housing grant | R0.0 m | R115.1 m | 2025/26 |
| 3 | Vredenburg urban revitalisation | Housing grant | R0.0 m | R108.6 m | 2024/25 |
| 4 | Middelpos Site A1 | Housing grant | R14.4 m | R58.3 m | 2026/27 |
| | **Other projects:** | | | | |
| 5 | Withoogte WTW upgrade | CRR & ANN | R0.0 m | R229.8 m | 2024/25 |
| 6 | St Helena Bay bulk augmentation | CRR & ANN | R127.5 m | R164.0 m | 2024/25 |
| 7 | Misverstand pump station | CRR | R40.2 m | R122.0 m | 2026/27 |
| 8 | Upgr Laingville WWTW | CRR & MIG | R83.7 m | R109.7 m | 2025/26 |
| 9 | Brittania Bay WWTW and sewer network | CRR & ANN | R74.6 m | R103.8 m | 2025/26 |
| 10 | Withoogte final reservoir | CRR & ANN | R11.5 m | R93.9 m | 2025/26 |
| 11 | New municipal office building phase 1 | CRR | R86.3 m | R90.0 m | 2022/23 |
| 12 | WCF bulk line | CRR & ANN | R87.5 m | R88.4 m | 2024/25 |
| 13 | Vergelee reservoir | CRR & ANN | R0.0 m | R59.2 m | 2024/25 |
| 14 | Vredenburg landfill cell 2 | CRR | R57.0 m | R57.0 m | 2025/26 |
| | **Total** | | **R604.8 m** | **R1,559.4 m** | |

From this list of 14 capital projects, 2 have not been yet disclosed as above R50 million projects, which are:

- Middepos Site A1 housing project — no 4 on this list;
- Misverstand pump station — no 7 on this list

The required information for these capital projects can be found in Annexure O.

## 18. Legislation compliance status

All relevant legislations and regulations have been implemented. The applicable legislation and circulars considered were:

- Sections 15 – 33 of the MFMA;
- Municipal Budget and Reporting Regulations, 2009.
- Municipal Regulations on Standard Chart of Accounts as per gazette notice no. 37577, 22 April 2014.

## 19. Circulars

MFMA Budget Circular no 134 issued on 20 March 2026 is included in the budget documentation as Annexure H. Also included under Annexure H, is MFMA Budget Circular no 132 which was issued on 5 December 2025. The municipality has used Circular 132 as basis for compiling the 2026/27 Budget.

The following MFMA circulars were considered where possible:
MFMA circulars 10, 12, 13, 14, 19, 28, 31, 45, 48, 51, 54, 58, 59, 64, 66, 67, 70, 72, 74, 75,78,79, 82, 85, 86, 89, 91, 93 and 94, 98, 99, 107, 108, 111, 112, 115, 123, 128, 129, 130, 131, 132, 134.

The WCG Provincial Treasury has issued a circular on 28 November 2025 and requested municipalities to table this at their next available council meeting to inform councillors and officials of their legal, financial risks, and procedural obligations regarding the credit control enforcement. This includes the risks associated with any interference or suspension of credit control measures. The duty for municipalities to collect revenue for services is firmly established in the law. Section 96 of the MSA prescribes that, "A municipality must collect all money that is due and payable to it…"

The circular is attached as Annexure I and serve the purpose to inform Council and officials of the legal and financial risks of not complying to the MSA pertaining to the implementation of effective credit control measures.

## 20. Other supporting documents

In terms of MFMA circulars 72, 75, 78 and 79, SBM must adopt service standards as it provides transparency in understanding performance indicators. Local government is mostly service delivery orientated and as such need to be clear on what the public can expect from SBM as a service delivery standard. The service delivery standards set are attached as Annexure K and must to be approved by Council.

# 21. Other important information

## 21.1 Procurement plan

The 2026/27 procurement plan is in included as Annexure M.

## 21.2 Auditor General – audit outcomes

Whilst the audit outcome of a municipality is not necessary a reflection on the service delivery performance of the municipality, or its financial performance, it does have a positive effect on the sentiment of the public, creditors and banks in terms of the commitment of the municipality to clean administration.

The audit outcomes history since 2014/15 are provided below:

| Number of clean audits | Financial year | Outcome |
|---|---|---|
| 1 | 2014/15 | Unqualified with no findings (clean) |
| 2 | 2015/16 | Unqualified with no findings (clean) |
| 3 | 2016/17 | Unqualified with no findings (clean) |
| - | 2017/18 | Unqualified with findings |
| 4 | 2018/19 | Unqualified with no findings (clean) |
| 5 | 2019/20 | Unqualified with no findings (clean) |
| 6 | 2020/21 | Unqualified with no findings (clean) |
| 7 | 2021/22 | Unqualified with no findings (clean) |
| 8 | 2022/23 | Unqualified with no findings (clean) |
| 9 | 2023/24 | Unqualified with no findings (clean) |
| 10 | 2024/25 | Unqualified with no findings (clean) |

## 21.3 mSCOA

SBM has prepared its budget and A-schedules in version 6.9 of the mSCOA classification framework. The mSCOA roadmap that sets out SBM's implementation progress of the Minimum Business processes is attached as Annexure R.

## 21.4 Cost containment measures

SBM has implemented a cost containment policy in July 2019 which is based on the Cost Containment Regulations, 2019.

## 22. Municipal manager's quality certification

The signed quality certification is attached as Annexure Q.

## 23. Conclusion

***Proverbs 3:5-7***
***Trust in the Lord with all your heart,***
***And lean not on your own understanding.***
***In all your ways acknowledge Him,***
***And He shall direct your paths.***
***Do not be wise in your own eyes,***
***Fear the Lord and depart from evil.***

Signed by:

MS M CORNETT
MANAGER: BUDGETING

19.03.2026
DATE

MR S ROETS
SENIOR MANAGER: FINANCIAL MANAGEMENT

19/3/26
DATE

MR S VORSTER
CHIEF FINANCIAL OFFICER

19/03/2026
DATE