



**FINAL BUDGET  
2026-2027 MTREF  
29 MAY 2026**

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## ***PART 1 – ANNUAL BUDGET***

### **1.1 Mayor’s Report**

### **1.2 Council Resolution**

- 1) That Council approves the **2026/2027** Draft Budget based on contemplated expenditure and revenue for the MTREF.
- 2) That Council of Makana Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - a) The annual budget of the municipality for the financial year 2025/2026 and the multi-year and single-year capital appropriations as set out in the following tables:
    - i. Budgeted Financial Performance (revenue and expenditure by standard classification) – Table A2
    - ii. Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table A3
    - iii. Budgeted Financial Performance (revenue by source and expenditure by type) – Table A4; and
    - iv. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source – Table A5.
  - b) The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - i. Budgeted Financial Position – Table A6
    - ii. Budgeted Cash Flows – Table A7
    - iii. Cash backed reserves and accumulated surplus reconciliation – Table A8
    - iv. Asset management – Table A9; and
    - v. Basic service delivery measurement – Table A10.
- 3) The Council of Makana Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2026 the tariffs for other services as contained in the tariff list included in the budget document.

4) The following policies were reviewed and the Council of Makana Municipality, acting in terms of section 17 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts the following existing policies:

- i. Asset management policy - Reviewed
- ii. Cash Management and Investment Policy - Reviewed
- iii. Credit control and Debt collection Policy - Reviewed
- iv. Property Rates – Changes - Reviewed
- v. Tariff policy – Changes - Reviewed
- vi. Supply Chain Management Policy - Reviewed
- vii. Funding and Reserve’s Policy - Reviewed
- viii. Budget Implementation and Monitoring Policy - Reviewed
- ix. Assistance to the poor Indigent Policy - Reviewed
- x. Expenditure Management Policy - Reviewed
- xi. Borrowing Policy - New
- xii. Cost Containment Policy – Reviewed
- xiii. Subsistence and Travel Policy –Reviewed
- xiv. Debt Incentive Scheme Policy- Reviewed
- xv. The provision of impairment and writing off irrecoverable debt Policy-Reviewed
- xvi. Grant in aid lieu of Property Rates Policy- Reviewed

5) That the detailed capital program per project, department and funding source attached as Annexure “C” be approved.

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**CLLR. Y. VARA**  
**EXECUTIVE MAYOR**



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**P.M. KATE**  
**MUNICIPAL MANAGER**

### 1.3 Executive Summary

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Funding choices had to be looked at in line with available government grants to fund Infrastructure backlogs.

The municipality has put efforts to improve the financial health and implementation of strategic plans, such as decreasing the outstanding creditors book and looking at avenues of increasing revenue collection through collecting outstanding debtors with specific focus to commercial and government properties. The municipality during the current financial year has approved the extension of the debt relief programme with the intention of collecting long outstanding debtors.

The debt impairment was further reviewed in line with the municipality's current collection rate and the proposed debt write off, from three (3) to five (5) years depending on the total outstanding debt for that service.

Implementation of Financial Recovery Plan has been used as tool to address the shortcomings in respect of improving financial health, service delivery issues and measuring the municipal compliance with legislated requirements. The reviewed FRP will go a long way in addressing the financial and service delivery challenges, coupled with ageing infrastructure due to the age of the town and the financial constraints faced by the municipality, that had resulted in a municipality having to adopt an unfunded budget.

National Treasury's MFMA Circulars No.132, 134 and other applicable previous budget circulars, Bargaining Council Collective Agreement and NERSA circulars were used to guide the compilation of the final 2026/27 MTREF budget.

The following table is a consolidated overview of the proposed final 2026/27 Medium-term Revenue and Expenditure Framework:

#### **Table 1: Consolidated Overview of the 2026/27 MTREF**

EC104 Makana - Table A1 Budget Summary

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	107 450	117 553	119 291	143 607	143 607	143 607	95 866	130 004	137 804	146 072
Service charges	336 678	382 211	439 896	503 976	492 378	492 378	390 185	523 630	566 472	613 122
Investment revenue	3 838	5 330	4 372	5 281	5 281	5 281	4 466	5 936	6 292	6 669
Transfer and subsidies - Operational	124 897	174 978	150 597	174 975	147 733	147 733	176 261	153 569	154 106	156 227
Other own revenue	70 653	88 281	94 241	88 841	88 950	88 950	84 140	146 149	152 301	115 225
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>643 515</b>	<b>768 353</b>	<b>808 396</b>	<b>916 679</b>	<b>877 948</b>	<b>877 948</b>	<b>750 919</b>	<b>959 287</b>	<b>1 016 974</b>	<b>1 037 316</b>
Employee costs	189 854	210 509	209 568	249 924	237 668	237 668	192 248	286 695	296 148	307 014
Remuneration of councillors	11 998	12 871	13 055	14 920	14 920	14 920	11 726	14 608	15 090	15 663
Depreciation, amortisation and impairment	35 064	50 363	33 613	44 598	46 647	46 647	-	55 334	56 040	54 883
Interest Dividends and Rent on Land	30 900	39 431	36 992	3 158	7 759	7 759	2 738	7 436	7 681	7 927
Inventory consumed and bulk purchases	163 204	177 127	200 981	226 794	206 336	206 336	126 538	231 759	239 365	247 083
Transfers and subsidies	248	351	50	-	-	-	-	-	-	-
Other expenditure	252 784	368 094	334 670	284 296	266 800	266 800	66 769	(238 924)	358 584	370 677
<b>Total Expenditure</b>	<b>684 052</b>	<b>858 745</b>	<b>828 928</b>	<b>823 690</b>	<b>780 129</b>	<b>780 129</b>	<b>400 019</b>	<b>356 909</b>	<b>972 908</b>	<b>1 003 247</b>
<b>Surplus/(Deficit)</b>	<b>(40 536)</b>	<b>(90 392)</b>	<b>(20 533)</b>	<b>92 989</b>	<b>97 819</b>	<b>97 819</b>	<b>350 899</b>	<b>602 378</b>	<b>44 065</b>	<b>34 069</b>
Transfers and subsidies - capital (monetary allocations)	24 392	46 659	46 403	91 748	123 251	123 251	(61 312)	82 897	64 931	64 965
Transfers and subsidies - capital (in-kind)	3 105	702	5 220	-	1 322	1 322	(1 322)	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; Share of Surplus/Deficit attributable to Associate</b>	<b>(13 040)</b>	<b>(43 030)</b>	<b>31 090</b>	<b>184 737</b>	<b>222 392</b>	<b>222 392</b>	<b>288 265</b>	<b>665 275</b>	<b>108 996</b>	<b>99 034</b>
<b>Surplus/(Deficit) for the year</b>	<b>(13 040)</b>	<b>(43 030)</b>	<b>31 090</b>	<b>184 737</b>	<b>222 392</b>	<b>222 392</b>	<b>288 265</b>	<b>665 275</b>	<b>108 996</b>	<b>99 034</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	42 603	74 221	77 702	114 400	140 768	140 768	111 308	116 612	92 361	90 724
Transfers recognised - capital	39 703	27 265	51 745	91 752	121 797	121 797	90 534	82 897	64 931	64 965
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 529	15 606	23	22 648	18 971	18 971	6 082	33 715	27 430	25 759
<b>Total sources of capital funds</b>	<b>42 232</b>	<b>42 870</b>	<b>51 768</b>	<b>114 400</b>	<b>140 768</b>	<b>140 768</b>	<b>96 616</b>	<b>116 612</b>	<b>92 361</b>	<b>90 724</b>

## Operating Revenue

To continue improving the quality of life through the delivery of high-quality services, it is necessary to generate sufficient revenue from rates and service charges as the municipality is not dependent on grants to fund its revenue. The grants revenue constitutes **15%** of the operating revenue throughout the MTREF. It is also important to ensure that all billable revenue is firstly correctly charged and adequately collected, the installation of smart meters for both water and electricity will go a long way in improving municipal billing to gain customer confidence by ensuring that all bills issued are correct. This will also improve revenue collection as all customers that have arear accounts will be moved to a prepaid electricity meter in line with the credit control policy.

The revenue management unit has been capacitated to aid and ensure that all revenue is accurately and efficiently billed and collected. Total Operating Revenue for the 2026/2027 MTERF is projected at **R1,566 billion** for year one and the two outer years at **R1 billion** and **R1,037 billion** respectively over the MTREF. The basis for increased budget is informed by the installation of both water and electricity smart meters and readings for both water and electricity that are performed for the purposes of revenue completeness, improved collection rate and correct billing. The increase in tariffs by **6% to 10%** has also been taken into account, whilst electricity has a proposed increase of **11.8%** to ensure that the service is self-funding or the municipality is able to recover the cost of rendering the service.

Subsidization of free basic services has been extended to pensioners and the most vulnerable category of consumers, to the amount allowable by National Treasury on the equitable share allocation, this area needs attention by all role players as currently the number of subsidised households is less than the expected number and has reduced when compared to the current year.

The municipality also strived to budget for a moderate surplus over the MTREF to enable the municipality to build cash reserves to cash back statutory funds and provisions and to build an operating as well as capital replacement reserve fund to preserve its infrastructure. The surplus has also been provided to enable the municipality to pay its creditors where payment arrangements have been made.

## Operating Expenditure

Total operating expenditure including repairs and maintenance for the 2026/2027 MTREF has been proposed at **R963 million** and **R972 million** and **R1,003 billion** for the two outer years respectively. The expenditure framework is informed by the following:

- Improvement in the provision of the quality-of-service delivery across all services.
- Repairs and maintenance expenditure is still limited and below the required NT norm due to financial constraints faced by the municipality. An amount of **R30,5 million**, **R16,7 million** and **R16,4 million** over the MTREF has been set aside for refurbishment and repairs of municipal property plant, equipment, municipal fleet and buildings.
- Municipal fleet is being replaced year on year to reduce the costs of maintaining old fleet, thus adversely affecting service delivery.
- In this proposed budget attention will be given to service delivery vehicles, like trucks to ensure that the down time on service delivery is properly managed. The procurement of fleet was however reduced by **R10 million** from the draft budget to address some of the aged municipal roads through internally generated funds, for the budget year and the two outer years.
- Continued provision of basic services remains a high priority as well as ensuring sound financial prudence to achieve sustainability of providing services to communities.

Repayment of long outstanding debts do cripple the financial muscle of the institution, especially those relating to Eskom Bulk Account and the long-term loan for DBSA. The situation is however slowly improving with the two approved debt relief programmes for both electricity and water with the write-offs that occurred in the current financial year. The municipality is awaiting the second write off in the 2026/2027 and 2027/2028 budget years and this will drastically reduce the creditors book and improve the funding of the municipal budget.

Service delivery has previously neglected due to the financial burden of payment plans that were in place and poor collection rate by the municipality. This budget tends to focus more on improving municipal fleet replacement to improve the turnaround time on service delivery, refurbishment of municipal roads from own funding and improving the outlook of the municipal buildings to adhered to Health and Safety requirements, thus improving working conditions for municipal employees. The budget also intends to ensure that the municipality acquires plant and machinery to promptly improve the turnaround time of responding to customer complaints and address the infrastructure failures.

In the current financial year, the municipality procured two TLB's for Infrastructure department and Community Services to ensure pipe bursts, storm water clearing are attended to on time by Infrastructure department while Community Services department will address illegal dumping sites and attend to the cover material at the landfill site.

## Capital Expenditure

The capital budget for the MTREF amounts to **R116,6 million**, **R92,4 million** and **R90,7 million** respectively. The following are sources of grant funding as gazette by National and Provincial Government transfers:

- MIG funding contributes **R28,6 million**, **R30,6 million** and **R31,5 million** towards capital expenditure over the MTREF.
- WSIG funding contributes **R25 million** for year 1 and there are no allocations reflected in the two outer years towards capital expenditure over the MTREF;
- INEP funding contributes **R1,2 million**, **R8,1 million** and **R8,5 million** towards capital expenditure over MTREF;
- OTP funding contributes **R28 million**, **R36,2 million** and **R30 million** towards capital expenditure over MTREF;
- Internally generated funds contribute **R33,2 million**, **R17,2 million** and **R18,8 million** over the MTREF.

There is no borrowing in the Capital Budget due to the lack of cash resources to repay the annual instalments, the municipality is however still servicing the old debt of DBSA. An amount of **R33,6 million** is budgeted to be funded by internally generated resources and this will only be possible upon improved collection rate and cost containment measures implementation to unnecessary expenditure to improve service delivery. To date **R10 million** has been spent on internally generated funds to address the municipal fleet and yellow plant that was so needed by the municipality to address service delivery backlogs.

The municipality was able in the 2023/2024 financial year to dispose municipal fleet that dated back from **1945** and **2009** and is intending again in the current year to dispose fleet dating back from **1988** to **2013**. The fleet that was disposed during 2023/2024 financial year was fully replaced during 2024/2025 and 2025/2026 financial years. It is the intention of the municipality to ensure all old fleet is disposed of and replaced by new fleet, to improve service delivery efficiency. The old computer equipment dating back to **2009** has been replaced with new laptops. The municipality has acquired yellow fleet to improve compliance at the landfill site, at the same time address illegal dumping sites that the municipality has a court order for. The municipality has been able to clean around thirty (30) illegal dumping sites in various wards within the municipality. An additional TLB and Tipper Truck would go a long way in ensuring that the backlog of illegal dumping sites are addressed accompanied with their beautification thereof.

The municipality would be able to improve the turnaround time to attend to pipe bursts and sewer spillages, thus regaining consumer confidence. The municipality contributed **R7 million** in 2023/2024, **R7,5 million** in 2024/2025 and **R10 million** towards the procurement of fleet. The municipality was able to inject **R1 million** during 2023/2024 and **R1,3 million** in 2024/2025 to replace old laptops and desktops dating back from **2009** to **2015**. It is the plan of the municipality to ensure that computer equipment is replaced every three (3) years and fleet every five years (5) or 150,000 kilometres whichever occurs first in line with the Asset Management Policy.

A major portion of the capital budget is mainly funded from government grants and subsidies as the municipality has limited financial resources to commit large amounts from its own funds to finance capital expenditure. An amount of **R83 million** or **71%** of the capital budget comes from government grants whilst the municipality is intending to contribute **R33,6 million** or **29%** towards capital replacement in year 1, however this will depend on availability of resources for its successful implementation. In the two outer years, **R75,1 million** or **81%** and **R70 million** or **76%** will be funded from government grants, and the municipality intends to contribute **R17,5 million** or **19%** and **R22,6 million** or **24%** respectively to address service delivery backlogs.

Below are the capital projects and funding sources for improved infrastructure.

**Table 2: Final Capital Budget for 2026/27 MTREF**

Vote Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE AND COUNCIL		--	--	--	--	--	--	--	--	--	--
Vote 2 - MUNICIPAL MANAGER		--	--	--	--	--	--	--	--	--	--
Vote 3 - BUDGET AND TREASURY OFFICE		--	--	--	--	--	--	--	--	--	--
Vote 4 - CORPORATE AND SHARED SERVICE		--	--	--	--	--	--	--	--	--	--
Vote 5 - ENGINEERING AND TECHNICAL SERVICES		--	--	--	--	--	--	--	--	--	--
Vote 6 - COMMUNITY AND SOCIAL SERVICES		--	--	--	--	--	--	--	--	--	--
Vote 7 - LOCAL ECONOMIC DEVELOPMENT AND PLANNING		--	--	--	--	--	--	--	--	--	--
Vote 8 - Other		--	--	--	--	--	--	--	--	--	--
Vote 9 - HOUSING		--	--	--	--	--	--	--	--	--	--
Vote 10 -		--	--	--	--	--	--	--	--	--	--
Vote 11 -		--	--	--	--	--	--	--	--	--	--
Vote 12 -		--	--	--	--	--	--	--	--	--	--
Vote 13 -		--	--	--	--	--	--	--	--	--	--
Vote 14 -		--	--	--	--	--	--	--	--	--	--
Vote 15 -		--	--	--	--	--	--	--	--	--	--
<b>Capital multi-year expenditure sub-total</b>	7	--	--	--	--	--	--	--	--	--	--
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE AND COUNCIL		--	(25)	974	1 000	834	834	--	130	50	124
Vote 2 - MUNICIPAL MANAGER		615	910	54	376	646	646	--	1 056	1 090	1 125
Vote 3 - BUDGET AND TREASURY OFFICE		--	700	679	2 322	2 062	2 062	--	3 276	3 396	3 381
Vote 4 - CORPORATE AND SHARED SERVICE		--	367	247	2 650	2 040	2 040	--	2 177	310	319
Vote 5 - ENGINEERING AND TECHNICAL SERVICES		36 977	64 112	67 581	98 155	123 324	123 324	--	94 693	71 112	73 025
Vote 6 - COMMUNITY AND SOCIAL SERVICES		5 011	8 156	8 096	8 797	10 743	10 743	--	14 302	16 168	12 507
Vote 7 - LOCAL ECONOMIC DEVELOPMENT AND PLANNING		--	--	72	1 100	1 120	1 120	--	978	236	243
Vote 8 - Other		--	--	--	--	--	--	--	--	--	--
Vote 9 - HOUSING		--	--	--	--	--	--	--	--	--	--
Vote 10 -		--	--	--	--	--	--	--	--	--	--
Vote 11 -		--	--	--	--	--	--	--	--	--	--
Vote 12 -		--	--	--	--	--	--	--	--	--	--
Vote 13 -		--	--	--	--	--	--	--	--	--	--
Vote 14 -		--	--	--	--	--	--	--	--	--	--
Vote 15 -		--	--	--	--	--	--	--	--	--	--
<b>Capital single-year expenditure sub-total</b>		42 603	74 221	77 702	114 400	140 768	140 768	--	116 612	92 361	90 724
<b>Total Capital Expenditure - Vote</b>		42 603	74 221	77 702	114 400	140 768	140 768	--	116 612	92 361	90 724
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		615	1 954	1 954	6 348	5 582	5 582	3 878	6 639	4 846	4 949
Executive and council		--	(25)	1 028	1 376	1 480	1 480	629	586	521	609
Finance and administration		615	1 978	926	4 972	4 102	4 102	3 250	6 053	4 325	4 340
Internal audit		--	--	--	--	--	--	--	--	--	--
<b>Community and public safety</b>		4 991	3 839	3 317	6 467	6 928	6 928	7 941	11 422	16 168	10 707
Community and social services		4 991	702	23	--	130	130	--	361	32	33
Sport and recreation		--	2 161	2 233	5 167	5 248	5 248	7 329	8 943	4 836	5 673
Public safety		--	975	1 061	1 300	1 550	1 550	612	2 118	11 300	5 000
Housing		--	--	--	--	--	--	--	--	--	--
Health		--	--	--	--	--	--	--	--	--	--
<b>Economic and environmental services</b>		2 813	47 946	41 606	61 467	85 313	85 313	49 872	39 015	42 408	56 485
Planning and development		--	--	72	1 100	1 120	1 120	502	978	236	243
Road transport		2 813	47 946	41 534	60 367	84 193	84 193	49 370	38 037	42 173	56 242
Environmental protection		--	--	--	--	--	--	--	--	--	--
<b>Trading services</b>		34 184	20 483	30 825	40 118	42 945	42 945	49 616	59 536	28 939	18 583
Energy sources		4 898	1 378	1 100	10 700	8 300	8 300	237	6 214	13 101	13 467
Water management		8 963	12 690	(1 228)	25 018	25 370	25 370	37 187	37 314	12 614	--
Waste water management		20 303	2 485	26 175	2 200	5 550	5 550	2 452	13 128	3 224	3 316
Waste management		20	3 929	4 779	2 200	3 725	3 725	9 740	2 880	--	1 800
Other		--	--	--	--	--	--	--	--	--	--
<b>Total Capital Expenditure - Functional</b>	3	42 603	74 221	77 702	114 400	140 768	140 768	111 308	116 612	92 361	90 724
<b>Funded by:</b>											
National Government		39 235	26 879	51 745	91 752	77 172	77 172	68 846	54 897	38 728	39 965
Provincial Government		--	--	--	--	44 626	44 626	21 688	28 000	26 203	25 000
District Municipality		468	--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educ Institutions)		--	385	--	--	--	--	--	--	--	--
<b>Transfers recognised - capital</b>	4	39 703	27 265	51 745	91 752	121 797	121 797	90 534	82 897	64 931	64 965
<b>Borrowing</b>	6	--	--	--	--	--	--	--	--	--	--
<b>Internally generated funds</b>		2 529	15 606	23	22 648	18 971	18 971	6 082	33 715	27 430	25 759
<b>Total Capital Funding</b>	7	42 232	42 870	51 768	114 400	140 768	140 768	96 616	116 612	92 361	90 724

<b>EC104 MAKANA LOCAL MUNICIPALITY FINAL CAPITAL EXPENDITURE 2026/27 MTREF</b>			
		<b>MIG</b>	
	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>Final Budget</b>	<b>Final Budget</b>	<b>Final Budget</b>
Replacement of Ageing Asbestos pipes in Makhanda Phase 4	17 316 550	7 400 274	-
Upgrade of Makana way Phase 2	3 828 824	-	-
Refurbishment of Water and Sanitation Services	3 125 500	3 223 900	3 315 600
Upgrade of Roads Network	-	9 953 254	23 209 200
Upgrade of Sports Facilities in Oval Stadium, Lavendar Valley Makhanda.	3 573 468	-	-
Upgrade of Transrivier: Alicedale	839 008	4 835 850	4 973 400
Fencing of Reservoirs		5 213 772	-
	<b>28 683 350</b>	<b>30 627 050</b>	<b>31 498 200</b>
		<b>WSIG</b>	
	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>Final Budget</b>	<b>Final Budget</b>	<b>Final Budget</b>
Water Conservation and Demand	14 997 679	-	-
Upgrade of Mayfield Waste Water Treatment Works	10 002 321	-	-
Waainek Bulk Water Supply Refurbishment.	-	-	-
	<b>25 000 000</b>	<b>-</b>	<b>-</b>
		<b>INEP</b>	
	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>Final Budget</b>	<b>Final Budget</b>	<b>Final Budget</b>
Electricity Network Upgrade	1 214 000	8 101 000	8 467 000
	<b>1 214 000</b>	<b>8 101 000</b>	<b>8 467 000</b>
		<b>OTP</b>	
	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>Final Budget</b>	<b>Final Budget</b>	<b>Final Budget</b>
Upgrade of Roads	23 000 000	<b>21 203 000</b>	<b>20 000 000</b>
Upgrade of Electricity Network	5 000 000	5 000 000	5 000 000
Construction of New DLTC		10 000 000	5 000 000
	<b>28 000 000</b>	<b>36 203 000</b>	<b>30 000 000</b>
		<b>FMG</b>	
	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>Final Budget</b>	<b>Final Budget</b>	<b>Final Budget</b>
	<b>105 000</b>	<b>120 000</b>	-
	<b>105 000</b>	<b>120 000</b>	-
		<b>Internally Generated Funds</b>	
	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>Final Budget</b>	<b>Final Budget</b>	<b>Final Budget</b>
Vehicles	7 358 000	-	2 500 000
Equipment	8 031 060	1 528 285	2 429 712
Computers	1 537 390	914 424	1 067 525
Airconditioners	393 710	182 108	187 935
Filing Cabinets	103 700	107 122	110 550
Municipal Branding	150 000	154 950	159 908
Counci Chamber System	1 500 000	423 912	639 634
Municipal Buildings	290 000	154 950	-
ICT Network Upgrading	600 000	619 800	-
Weighbridge	150 000	-	-
Various Road Upgrade	10 708 536	10 500 000	12 500 000
Office Furniture	2 787 456	2 879 442	2 971 584
	<b>33 609 852</b>	<b>17 464 993</b>	<b>22 566 849</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>116 612 202</b>	<b>92 516 043</b>	<b>92 532 049</b>

## 1.4 Operating Revenue Framework

EC104 Makana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	148 546	168 013	204 459	241 613	236 760	236 760	187 166	256 392	281 898	310 042
Service charges - Water	2	138 403	147 360	167 314	177 438	167 560	167 560	135 677	178 123	188 810	200 139
Service charges - Waste Water Management	2	33 200	42 305	42 627	56 972	58 282	58 282	42 617	56 930	60 346	63 966
Service charges - Waste Management	2	16 529	24 533	25 496	27 953	29 776	29 776	24 725	32 185	35 418	38 975
Sale of Goods and Rendering of Services	2	1 811	1 336	3 101	-	-	-	1 807	2 324	2 463	2 611
Agency services	2	2 946	3 426	988	1 556	1 556	1 556	1 531	1 838	1 948	2 065
Interest	-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	44 102	64 640	72 797	68 153	68 153	68 153	64 174	80 416	85 241	90 358
Interest earned from Current and Non Current Assets	2	3 838	5 330	4 372	5 281	5 281	5 281	4 466	5 936	6 292	6 669
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	233	231	170	208	208	208	113	281	298	315
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	870	824	763	4 650	4 760	4 760	1 014	1 293	1 370	1 370
<b>Non-Exchange Revenue</b>											
Property rates	2	107 450	117 553	119 291	143 607	143 607	143 607	95 866	130 004	137 804	146 072
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	1 421	2 900	2 483	94	94	94	973	1 520	1 605	1 696
Licences or permits	2	12	28	176	266	266	266	61	282	299	317
Transfer and subsidies - Operational	2	124 897	174 978	150 597	174 975	147 733	147 733	176 261	153 569	154 106	156 227
Interest	2	7 900	10 961	12 902	13 913	13 913	13 913	11 671	14 678	15 559	16 492
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	(28)	844	861	-	-	-	-	-	-	-
Other Gains	2	11 387	3 092	-	-	-	-	2 796	43 518	43 518	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>643 515</b>	<b>768 353</b>	<b>808 396</b>	<b>916 679</b>	<b>877 948</b>	<b>877 948</b>	<b>750 919</b>	<b>959 287</b>	<b>1 016 974</b>	<b>1 037 316</b>

### 1.4.1 Property Rates

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

National Treasury's MFMA Circular No.51 and subsequent circulars deals, inter alia, with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties. The implementation of these regulations was done in the previous budget process, and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- For pensioners a rebate may be granted to owners of rate-able property. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant as his / her primary residence, and;

- The applicant must be at least 60 and submit proof of his/her age and identity and:
- In the case of a person being declared medical unfit even if not yet 60, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- Proof of monthly household income being less than the income threshold determined by the municipal council, R14,991 per month.

### Comparison of proposed rates to levy for the 2026/27 financial year

<b>EC104 MAKANA MUNICIPALITY FINAL PROPOSED PROPERTY RATES FOR 2026/27</b>			
Notice is hereby given that, in terms of the Local Government Municipality Property Rates Act (Act No. 6 of 2004) the under-mentioned cents in rands will be levied for the financial year 2025/2026 (i.e 1 July 2025 to 30 June 2026) on the categories of rateable properties in the Makana Municipality area of jurisdiction as follows:-			
<b>PROPERTY TYPE</b>	<b>APPROVED CENT IN RAND (RAND/TARIFF) 2024/25</b>	<b>APPROVED CENT IN RAND (RAND/ FINAL TARIFF) 2025/26</b>	<b>APPROVED CENT IN RAND (RAND/ FINAL TARIFF) 2026/27</b>
1. Business & Commercial Properties	0.024286	0.025743	0.027288
2. Pubic Service Purposes	0.031226	0.033100	0.035086
3. Residential Properties	0.008179	0.008670	0.009190
4. Agriculture Properties	0.002047	0.002170	0.002300
5. Public Service Infrastructure (PSI)	0.002047	0.002170	0.002300
6. Industrial Properties	0.012144	0.012872	0.013645
7. Properties Used for Multipurposes	0.024286	0.025743	0.027288
8. Vacant Land	0.008179	0.008670	0.009190
9. Public Benefit Organisations (P.B.O.)	0.002047	0.002170	0.002300
Please note that the municipality does not levy property rates on places of worship (churches) as in line with the Property Rates Act and the Councils's Property Rates Policy. Also note that rebates as per Council Resolution, as well as rebates as per the Municipal Property Rates Act No. 6 of 2004 for all the qualifying rateable properties are available on application, which must be completed on or before 30 September each year.			

Property Rates tariffs are proposed to increase by **6%** from 01 July 2026. The current General Valuation Roll was implemented on 01 July 2025. The municipality is currently busy with the 1st supplementary valuation roll which will add in the rates revenue base over the MTREF. The total revenue expected to be generated from property rates amounts to **R130 million** for the 2026/27 and **R137,8 million** and **R146,1 million** for the two outer years respectively.

The Provincial Treasury noted a decrease in the budgeted property rates due to a decrease in the valuation roll that was implemented on 01 July 2025, though there is a **6%** increase in the property rates tariff.

The municipality is in the process of addressing variances identified on property rates reconciliation and the following activities are performed for the purpose of completeness:

- Identifying accounts with inaccurate classifications
- Undervalued properties
- Unregistered properties since 2019 and transferring of billing.

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

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

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

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of approximately 6 percent from 1 July 2026 for water is proposed. In addition, 6 kℓ water per month will **ONLY** be granted free of charge to registered indigent households.

EC104 MAKANA MUNICIPALITY FINAL PROPOSED WATER TARRIFS 2026/27 (Excl VAT)									
CATEGORY	KILOLITRES	STEPPED TARRIF (NORMAL PERIOD) 2023/2024	STEPPED TARRIF (CRITICAL PERIOD) 2023/2024	STEPPED TARRIF (NORMAL PERIOD) 2024/2025	STEPPED TARRIF (CRITICAL PERIOD) 2024/2025	STEPPED TARRIF (NORMAL PERIOD) 2025/2026	STEPPED TARRIF (CRITICAL PERIOD) 2025/2026	STEPPED TARRIF (NORMAL PERIOD) 2026/2027	STEPPED TARRIF (CRITICAL PERIOD) 2026/2027
RESIDENTIAL PROPERTIES	0 - 10kl/pm	9.93	11.69	10.43	12.28	11.05	13.01	11.72	13.79
	11 - 20kl/pm	12.61	16.32	13.24	17.14	14.03	18.17	14.87	19.26
	21 - 30kl/pm	13.89	21.76	14.58	22.85	15.46	24.22	16.38	25.67
	31 - 40kl/pm	15.26	27.20	16.02	28.56	16.98	30.28	18.00	32.09
	41 - 50kl/pm	16.79	40.80	17.63	42.84	18.68	45.41	19.80	48.14
	>51kl/pm	18.47	54.41	19.40	57.13	20.56	60.55	21.79	64.19
BUSINESS; INDUSTRIAL AND OTHER PROPERTIES	0 - 10kl/pm	10.21	13.90	10.72	14.60	11.37	15.47	12.05	16.40
	11 - 20kl/pm	13.63	18.56	14.31	19.49	15.17	20.66	16.08	21.90
	21 - 30kl/pm	15.00	20.43	15.75	21.45	16.69	22.73	17.69	24.10
	31 - 40kl/pm	16.48	22.47	17.30	23.59	18.34	25.01	19.44	26.51
	41 - 50kl/pm	18.14	24.71	19.05	25.94	20.19	27.50	21.40	29.15
	>51kl/pm	19.94	27.20	20.94	28.56	22.20	30.28	23.53	32.09
PREPAID RESIDENTIAL PROPERTIES	0 - 10kl/pm	0.00	0.00	10.43	12.28	11.05	13.01	11.72	13.79
	11 - 20kl/pm	0.00	0.00	13.24	17.14	14.03	18.17	14.87	19.26
	21 - 30kl/pm	0.00	0.00	14.58	22.85	15.46	24.22	16.38	25.67
	31 - 40kl/pm	0.00	0.00	16.02	28.56	16.98	30.28	18.00	32.09
	41 - 50kl/pm	0.00	0.00	17.63	42.84	18.68	45.41	19.80	48.14
	>51kl/pm	0.00	0.00	19.40	57.13	20.56	60.55	21.79	64.19
PREPAID BUSINESS; INDUSTRIAL AND OTHER PROPERTIES	0 - 10kl/pm	0.00	0.00	10.72	14.60	11.37	15.47	12.05	16.40
	11 - 20kl/pm	0.00	0.00	14.31	19.49	15.17	20.66	16.08	21.90
	21 - 30kl/pm	0.00	0.00	15.75	21.45	16.69	22.73	17.69	24.10
	31 - 40kl/pm	0.00	0.00	17.30	23.59	18.34	25.01	19.44	26.51
	41 - 50kl/pm	0.00	0.00	19.05	25.94	20.19	27.50	21.40	29.15
	>51kl/pm	0.00	0.00	20.94	28.56	22.20	30.28	23.53	32.09
INDIGENT HOUSEHOLDS PROPERTIES	0 - 10kl/pm	0.00	0.00	Free (6lk)	Free (6lk)	Free (6lk)	Free (6lk)	Free (6lk)	Free (6lk)
	11 - 20kl/pm	0.00	0.00	13.24	17.14	14.03	18.17	14.87	19.26
	21 - 30kl/pm	0.00	0.00	14.58	22.85	15.46	24.22	16.38	25.67
	31 - 40kl/pm	0.00	0.00	16.02	28.56	16.98	30.28	18.00	32.09
	41 - 50kl/pm	0.00	0.00	17.63	42.84	18.68	45.41	19.80	48.14
	>51kl/pm	0.00	0.00	19.40	57.13	20.56	60.55	21.79	64.19
(ii) All other properties not listed amongst the above categories will be categorised by the Chief Financial Officer after motivation by applicant.									
<b>MISCELLANEOUS WATER CHARGES</b>									
CATEGORY	KILOLITRES	TARIFF 2023/2024	TARIFF 2024/2025	TARIFF 2025/2026	TARIFF 2026/2027				
Raw	1st 10 kl	7.46	7.83	8.30	8.80				
	>10kl kl	9.17	9.63	10.21	10.82				
Standpipe	Consumption	28.56	29.99	31.79	33.69				

The total revenue expected to be generated from rendering this service amounts to **R178,1 million** for the 2026/27 and **R188,8 million** and **R200,1 million** for the two outer years respectively.

Provincial Treasury during the budget engagements raised a concern of water revenue increase by **6,3%** though the municipality has reflected an increase of **6%** in the tariff. The increase for this service cannot be judged by only the increase in tariffs, but consideration should be given to the use of the service, meaning water consumption can vary and would depend on the water used in a particular period.

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

Bulk electricity cost is consistently higher than inflation, having gone up to **15%** in 2024/25 financial year. Nersa has approved **12,7%** for Eskom tariff increase in 2025/2026 financial year. In the 2026/2027 financial year NERSA has approved an increase is **9%** for bulk electricity purchases. Considering the Eskom increases, the consumer tariff had to be increased by

approximately **11,8%** to offset the additional cost of bulk purchases from 1 July 2026 and to allow the municipality to recover the cost of rendering the service, as currently the municipality is billing below the cost of rendering the service.

The municipality has conducted a cost of supply study in the current financial year which has proven that the municipality should increase the tariffs by **31,64%** to recover the cost of rendering the service. This study is currently under review and will determine the percentage increase in tariffs one approved by Dept of Sustainable Energy and NERSA. The previous study for 2025/2026 reflected that the municipality should increase its tariff by **32,65%** to cover the cost of rendering the service, and this study is reviewed on a yearly basis.

This increase has been proposed over a three-year period to avoid a huge increase to consumer tariffs. The municipality has also introduced a winter tariff as it was realized upon review by SALGA that the municipality is losing more revenue in winter as it is not recovering the cost of rendering the service, hence the inability by the municipality to service the Eskom Bulk account during winter season and maintain its infrastructure network.

Registered indigents households will be granted 50 kwh units as per the national norm and allowed in accordance with the equitable share grant to municipalities, pensioners qualifying for assessment rates rebate will also be given the first 50 units of electricity free of charge. The proposed tariff increases are as proposed in the table below and attached tariff book.

FINAL ELECTRICITY TARRIFFS 2026/2027 FINANCIAL YEAR									
SEGMENT	Code	Code	Code	2025/26 Application to NERSA			2026/2027 Application to NERSA		
				BASIC CHARGE	CAPACITY DEMAND	ENERGY CHARGE	BASIC CHARGE	CAPACITY DEMAND	ENERGY CHARGE
Tariff Name	BASIC	DEMAND	ENERGY	R/C/m	R/A/m	c/kWh	R/C/m	R/A/m	c/kWh
PP 20 A 1 ph: FBE	9	0	0			270.15			302.03
PP 40 A 1 ph: FBE	9	0	0			331.25			370.34
Pre-paid 20 A 1 ph	9	0	0			270.08			301.95
Prepaid 40 A 1 ph	9	0	0			331.25			370.34
Prepaid 60 A 1 ph	9	0	0			334.89			374.40
Domestic 20 A 1 ph (scale 4)	405	0	455/497		11.39	238.31		12.74	266.43
Domestic 40 A 1 ph (scale 4)	405	0	455		14.06	299.02		15.72	334.31
Domestic 60 A 1 ph (scale 4)	405	0	455		14.59	300.92		16.31	336.43
Domestic 25 A 3 ph (Scale 4)	411	0	455		15.43	338.01		17.26	377.90
Domestic 40 A 3 ph (Scale 4)	0	414/406	455		15.43	338.01		17.26	377.90
kWh Flat rate	5	0	462		-	-		-	-
kWh Flat rate 10% discount	5	0	464		-	-		-	-
Comm. ind & Gen 1 ph (scale 3.1)	3.1	402	452		22.26	360.50		24.89	403.04
Comm. ind & Gen 3 ph (scale 3.2)	3.2	403/404	453		20.06	360.50		22.42	403.04
Comm. ind & Gen 1 ph 10% disc	3.1	446	447		-	-		-	-
Comm. ind & Gen PP	10	0	0		-	396.86		-	443.69
Bulk MV & HV (scale 1A)	1A	400/408/409	450	4 981.71	398.61	223.58	5 569.55	445.65	249.96
Bulk MV & HV 10% disc (1B)	1B	422/442/407	443		-	-		-	-
Bulk LV (scale 2)	2	401	451	2 490.84	481.48	184.39	2 784.76	538.30	206.15
Bulk LV 10% disc	2	440	441		-	-		-	-
MUNICIPAL BASIC (SCALE 1A)	1A	430	435		436.92	223.58		488.48	249.96
MUNICIPAL BASIC (SCALE 2)	2	431	436		480.62	192.83		537.33	215.58
MUNICIPAL BASIC (SCALE 3.1)	3.1	432	437		21.61	37.73		24.16	42.18
Sports clubs. (scale 8)	8	406	460		20.94	313.02		23.41	349.96
Out of Town	0	0	466						-
	0	0	0			Demand (R/kVA) High Season			Demand (R/kVA) High Season
Bulk TOU HV supply	Fixed/Demand/Access			4 628.11	135.47	179.35	5 174.23	151.46	200.51
High Demand	Peak/Std/O-Peak			716.38	266.37	166.10	800.92	297.81	185.70
Low Demand	Peak/Std/O-Peak			263.12	209.56	150.14	294.17	234.28	167.86
Reactive Energy (c/kVArh)	Reactive energy (high demand)					7.06			7.89
						Demand (R/kVA) High Season			Demand (R/kVA) High Season
Bulk TOU MV & HV supply	Fixed/Demand/Access			4 628.11	135.47	179.35	5 174.23	151.46	200.51
High Season	Peak/Std/O-Peak			716.38	266.37	166.10	800.92	297.81	185.70
Low Season	Peak/Std/O-Peak			263.12	209.56	150.14	294.17	234.28	167.86
Reactive Energy (c/kVArh)	Reactive energy (high demand)					7.06			7.89
						Demand (R/kVA) High Season			Demand (R/kVA) High Season
Bulk TOU LV supply	Fixed/Demand/Access			2 314.06	149.02	190.53	2 587.12	166.60	213.02
High Season	Peak/Std/O-Peak			752.18	279.67	174.42	840.93	312.68	195.00
Low Season	Peak/Std/O-Peak			276.28	220.06	157.65	308.88	246.03	176.25
Reactive Energy (c/kVArh)	Reactive energy charge					7.05			7.88
<b>Use of System Charges:</b>						R/kW/m			R/kW/m
DuoS network charges for generators (≥ 66kV & ≤ 132kV)						29.18			32.62
DuoS ancillary service charges Urban (≥ 66kV & ≤ 132kV)						0.78			0.87
DuoS service and administration charges (urban) (> 1 MVA/MW)						[R/account/day]			[R/account/day]
<b>SERVICE CHARGE:</b>						414.03			462.89
DuoS service and administration charges (urban) (> 1 MVA/MW)						[R/POD/day]			[R/POD/day]
<b>ADMINISTRATION CHARGE:</b>						186.59			208.61

The total revenue expected to be generated from rendering this service amounts to **R256,4 million** for 2026/27 and **R281,9 million** and **R310 million** for the two outer years respectively. The municipality has considered the cost of supply study as indicated by PT to determine the increase in the electricity tariff.

#### 1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of **6%** for sanitation from 1 July 2026 is proposed. An increase in the tariff is necessary to ensure that service delivery standards are met and to secure the long-term sustainability of the service over the medium term. The tariff increase will also ensure the sustainability of the service for repairs and maintenance to be undertaken on time to reduce service delivery breakdowns.

This is based on the input cost assumptions related to water. It should be noted that electricity costs contribute approximately 20 percent of wastewater treatment input costs, and therefore the cost-reflective tariff study will determine future tariff increases. The following factors also contribute to the proposed tariff increase:

- Free basic sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to **R56,9 million** for the 2025/26 financial year and **R60,3 million** and **R64 million** for the two outer years respectively.

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

<b>ANNUAL SEWER CONNECTION CHARGES</b>		<b>2025/2026</b>	<b>2026/2027</b>
Domestic	First 2 units	R 2 500	R 2 650
Additional Units	Each unit over 2	R 1 250	R 1 325
Sporting/Churches /Monument	per each unit	R 1 250	R 1 325
Flats	First 2 units	R 2 500	R 2 650
Additional Units	Each unit over 2	R 2 500	R 2 650
Business Sub-Economic	per each unit	R 2 500	R 2 650
Housing	per each unit	R 1 250	R 1 325
<b>Industrial Area</b>	per point in respect of the first 25 units	R 2 778	R 2 944
	costs are the same as the business tariff of	R 2 500	R 2 650
		<b>2025/2026</b>	<b>2026/2027</b>
		<b>2025/2026</b>	<b>2026/2027</b>
<b>Annual Pail Removal Charges</b>		R 1 250	R 1 325

On the PT budget assessment, the sanitation service reflected a decrease of **2,3%** in revenue though the municipality has increased the tariff by **6%**. The decrease in revenue was as a result of an adjustment that was not effected in the adjustment budget as the estimated revenue was **R53 million** for 2025/2026 financial year.

#### **1.4.5 Waste Removal and Impact of Tariff Increases**

An increase of **10%** in the waste removal tariff is proposed from 1 July 2026. The solid waste removal and sewerage services charges are running at a deficit and the municipality has taken steps to budget for a breakeven or surplus position. However, due to continued struggles to deliver services with aged fleet and plant, expensive landfill site maintenance the municipality proposed an increase of **10%** to reduce the deficit and to catch up with the costs of delivering the service. The increased charge is still well below the market price charged by other municipalities and far below private sector charges for the same service.

The municipality has proposed new tariffs to be imposed for refuse service, including revision of tariffs for businesses as refuse is collected on the CBD on a daily basis with businesses paying a minimal fee that does not translate to the repairs and maintenance of municipal fleet.

The municipality has also introduced a fee for collection of refuse for special events, hiring of skip bins and for government institutions, like hospitals and schools.

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

EC104 MAKANA MUNICIPALITY FINAL CLEANSING TARIFFS 2026/2027 (Excl VAT)			
		2025/2026	2026/2027
	That the charge for the removals where this is charged separately for de-rated properties be fixed at (per annum per bag removed once per week )	R 2 439.37	Tariff dissolved
<b>Annual Refuse Removal Charges</b>			
<b>MONTHLY REFUSE REMOVAL CHARGES</b>		<b>2025/2026</b>	<b>2026/2027</b>
Domestic		R 146.87	R 161.56
Removal of Garden Refuse		R 883.94	Tariff dissolved
Removal of Garden Refuse		R 1 067.53	R 1 174.28
Removal of Condemned Goods per load		R 557.56	R 613.32
Clearing of Illegal dumping of Refuse (domestic or Other)		R 1 087.92	R 1 196.72
Special removals (household refuse) per load		R 469.83	R 516.81
Refuse Bins / Bags & Otto Bins		Cost determined by suppliers prices	Cost determined by suppliers prices
Fines on illegal dumping			
<b>LANDFILL SITE DUMPING CHARGE PER TON</b>		R 125.00	R 137.50
<b>Businesses</b>		<b>2025/2026</b>	<b>2026/2027</b>
Business		R 708.90	R 779.79
Additional removals per load		R 959.82	R 1 055.80
Availability of and or/ hiring of skip bin 6m³ per bin perload per event (incls disposal costs)		1861.78	R 2 047.96
Events :Availability of refuse bins and clean up operations		3231.91	R 3 555.10
<b>Institutions</b>		<b>2025/2026</b>	<b>2026/2027</b>
Institutions (schools, hospitals, retirement villages, SAPS, Home Affairs, Magistrate etc) monthly refuse removal		R 1 103.42	R1 213.77

The revenue generated for this service will amount to **R32,2 million** for 2026/2027 and **R35,4 million** and **R39 million** for the two outer years.

### **New indirect conditional grant for smart prepaid meters**

A new indirect grant, which will be managed by the National Treasury was introduced in 2024/25. This grant will present an important opportunity for municipalities in the Eskom Debt Relief programme. While debt relief is a critical component of supporting struggling municipalities, it is important to also provide the municipalities with the tools and the necessary funding to improve their operations and long-term sustainability. This new indirect conditional grant for smart prepaid electricity meters is a meaningful step towards providing municipalities with the financial support they need to better manage their utilities, by ensuring timely and accurate billing; reducing losses; and enhancing operational sustainability.

The municipality has benefited from this grant for the changing of single-phase meters, and this has made a significant dent to the municipality and will improve the inefficiencies in electricity billing. The municipality was approved during the current financial year for the second phase of the programme to change and install bulk electricity meters and three phase meters. This programme is currently underway and was planned to be concluded on 28 February 2026. The programme was approved to be extended over the thirty-six (36) months period to ensure capacitation and implementation of the meters by the municipality.

#### **1.4.6 Fire, Traffic and Local Economic Development Fees**

The municipality has introduced additional tariffs for fire, traffic and Local Economic Development for services rendered by these sections that the municipality has not been charging for.

The details of these tariffs are in the attached tariff booklet. The municipality has also reviewed its tariffs in the current year for implementation in the next financial year. The municipality has further introduced tariffs for legal services and other services implemented by the municipality.

**EC104 MAKANA MUNICIPALITY FINAL LEGAL SERVICES FOR PAIATARIFFS 2026/2027 (Excl VAT)**

Item	LEGAL TARIFFS	2025/2026	2026/2027
1	Fees for Requesting Records	R35,00	R100,00
2	Photocopy or printed black and white copy for every A4 page	60 cents	R1,50 per page or part of the page
3	Printed copy of A4 size page	40 cents	R1,50 per page or part of the page
4	For a copy in a computer-readable form on		
4.a	Provided Flash drive - to be provided by requester - it must be new and sealed	R40,00	R40,00
4.b	Compact Disc- provided by requester it must be new and sealed	R40,00	R40,00
4.c	Compact Disc- if provided to the requester	R60,00	R60,00
5	For a transcription of visual images per A4-size page	Service to be outsourced. Will depend on quotation from Service provider.	
6	Copy of visual images		
7	Transcription of an audio record, per A4-size	R12,00	R24,00
8	For a copy of an audio record on		
8.a	Provided Flash drive - to be provided by requester - it must be new and sealed	R40,00	R40,00
8.b	Compact Disc- provided by requester it must be new and sealed	R40,00	R40,00
8.c	Compact Disc- if provided to the requester	R60,00	R60,00
9	To search for and prepare the record for disclosure	R15,00 per hour or part thereof, excluding the first hour, reasonably required for search and preparation	R30,00 per hour or part thereof, excluding the first hour, reasonably required for search and preparation
10	Deposit: If search exceeds 6 hours	One-third of amount per request, calculated in terms of items 2 to 8	
11	Postage, email or any other electronic transfer	Postage actual costs and any other electronic transfer - via email is R15,00	
<b>5 FEES</b>			
12	A single person whose annual income does not exceed	R14,712.00	
13	Married persons or a person and his/her life partner whose annual income does not exceed	R27,192.00	
14	Request for personal information for employees or previous employees	No fee	

## 1.5 Operating Expenditure Framework

The expenditure framework for the 2026/2027 draft budget and MTREF is informed by the following:

- Continued provision of basic services remains a high priority as well as the financial sustainability of services.
- Ensuring value for money through procurement process; and
- Cost containment measures to key control to unnecessary spending.

The table below is a high-level summary of the 2026/2027 budget and MTREF (classified per main type of operating expenditure):

EC104 Makana - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	148 546	168 013	204 459	241 613	236 760	236 760	187 166	256 392	281 898	310 042
Service charges - Water	2	138 403	147 360	167 314	177 438	167 560	167 560	135 677	178 123	188 810	200 139
Service charges - Waste Water Management	2	33 200	42 305	42 627	56 972	58 282	58 282	42 617	56 930	60 346	63 966
Service charges - Waste Management	2	16 529	24 533	25 496	27 953	29 776	29 776	24 725	32 185	35 418	38 975
Sale of Goods and Rendering of Services	2	1 811	1 336	3 101	-	-	-	1 807	2 324	2 463	2 611
Agency services	2	2 946	3 426	988	1 556	1 556	1 556	1 531	1 838	1 948	2 065
Interest	-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	44 102	64 640	72 797	68 153	68 153	68 153	64 174	80 416	85 241	90 358
Interest earned from Current and Non Current Assets	2	3 838	5 330	4 372	5 281	5 281	5 281	4 466	5 936	6 292	6 669
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	233	231	170	208	208	208	113	281	298	315
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	870	824	763	4 650	4 760	4 760	1 014	1 293	1 370	1 370
<b>Non-Exchange Revenue</b>											
Property rates	2	107 450	117 553	119 291	143 607	143 607	143 607	95 866	130 004	137 804	146 072
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	1 421	2 900	2 483	94	94	94	973	1 520	1 605	1 696
Licences or permits	2	12	28	176	266	266	266	61	282	299	317
Transfer and subsidies - Operational	2	124 897	174 978	150 597	174 975	147 733	147 733	176 261	153 569	154 106	156 227
Interest	2	7 900	10 961	12 902	13 913	13 913	13 913	11 671	14 678	15 559	16 492
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	(28)	844	861	-	-	-	-	-	-	-
Other Gains	2	11 387	3 092	-	-	-	-	2 796	43 518	43 518	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>643 515</b>	<b>768 353</b>	<b>808 396</b>	<b>916 679</b>	<b>877 948</b>	<b>877 948</b>	<b>750 919</b>	<b>959 287</b>	<b>1 016 974</b>	<b>1 037 316</b>
<b>Expenditure</b>											
Employee related costs	2	189 854	210 509	209 568	249 924	237 668	237 668	192 248	286 695	296 148	307 014
Remuneration of councillors	2	11 998	12 871	13 055	14 920	14 920	14 920	11 726	14 608	15 090	15 663
Bulk purchases - electricity	2	135 614	139 850	161 214	204 160	185 000	185 000	122 904	208 495	215 375	222 267
Inventory consumed	2,8	27 590	37 277	39 767	22 634	21 336	21 336	3 635	23 264	23 989	24 815
Debt impairment	2,3	1 238	277 484	101 984	-	27 999	27 999	-	(528 299)	80 815	83 886
Depreciation, amortisation and impairment	2	35 064	50 363	33 613	44 598	46 647	46 647	-	55 334	56 040	54 883
Interest, Dividends and Rent on Land	2	30 900	39 431	36 992	3 158	7 759	7 759	2 738	7 436	7 681	7 927
Contracted services	2	31 206	33 325	35 920	86 849	62 588	62 588	28 941	76 459	58 506	59 549
Transfers and subsidies	2	248	351	50	-	-	-	-	-	-	-
Irrecoverable debts written off	2	177 883	3 780	132 231	145 217	117 218	117 218	485	144 386	149 151	154 819
Operational costs	2	42 457	41 513	36 927	52 230	58 995	58 995	36 037	68 530	70 113	72 424
Disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Losses	2	-	11 992	27 607	-	-	-	1 306	-	-	-
<b>Total Expenditure</b>		<b>684 052</b>	<b>858 745</b>	<b>828 928</b>	<b>823 690</b>	<b>780 129</b>	<b>780 129</b>	<b>400 019</b>	<b>356 909</b>	<b>972 908</b>	<b>1 003 247</b>
<b>Surplus/(Deficit)</b>		<b>(40 536)</b>	<b>(90 392)</b>	<b>(20 533)</b>	<b>92 989</b>	<b>97 819</b>	<b>97 819</b>	<b>350 899</b>	<b>602 378</b>	<b>44 065</b>	<b>34 069</b>

The budgeted allocation for employee-related costs for the 2026/27 financial year totals **R286 million**, which is equivalent to **29,8%** of the total operating expenditure. The expenditure is budgeted for **R296 million** or **30%** and **R307 million** or **31%** in the two outer years.

**Cost of Employment** (Employee-related cost and Remuneration of Councilors) are budgeted at **R301 million** equivalent to **31%** of the total operating expenditure and within the acceptable NT norm of between 30% to 40%. For the two outer years the municipality has budgeted for **R311 million** or **32%** and **R320,9 million** or **32%** for the two outer years. The municipality has therefore not excessively budgeted on this line item, though its implementation needs to be staggered over the four quarters to ensure that the municipality does not experience cash flow challenges.

The cost associated with the remuneration of public office bearers is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The remuneration cost of councilors is partially subsidized through the equitable share allocation provided to the municipality in terms of the division of revenue Act.

The provision of debt impairment was determined based on the targeted annual collection rate of 80% and the Debt Write-off Policy of the Municipality. The current average collection rate is ranging between **58%** and **61,6%** as at end of March 2026 and it is anticipated that the recovery of debt will again increase with new revenue enhancement strategies that have been implemented and strict debt collection policy implementation.

The municipality has, however, reversed the debt impairment looking at the current collection rate and the associated write-offs, that are planned over three to five years for different services. The impairment reversal amounted to **R606,5 million** with a debt impairment of **R78,2 million** and write off of irrecoverable debt amounting to **R144,4 million** in 2026/2027 financial year.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate at which assets are consumed. Budget appropriations have been increased to **R55 million** or **5,7%** for 2026/2027 financial year, **R56 million** or **5,8%** and **R54,9 million** or **5,5%** for the two outer.

**Bulk purchases** are directly informed by the purchase of electricity from Eskom. Bulk purchases are budgeted at **R208,5 million** or **21,6%** of total operating expenditure. The two outer years have been budgeted for **R215,4 million** or **22%** and **R222,3 million** or **22%** respectively. These increases are informed by the annual price increases announced by NERSA and in line with the National Treasury budget circulars.

The expenditure includes electricity distribution losses which equals approximately **9%**. Water distribution losses as at 30 June 2024 and 30 June 2025 could not be quantified due to billing estimation and bulk water purchases that were below what was billed by the municipality. A concerted effort is necessary to ensure the reduction of the losses to further reduce and stay within acceptable norms.

Contracted services relate to the provision of services by means of the appointment of service providers where the necessary in-house skills are not available or have not yet been adequately

developed. Specialist services such as security services, speeding fines services as well as technical expertise in both engineering and finance are also used for specific programs and projects to supplement in-house capacity and to provide professional expertise where required.

Certain functions also require the contracting of specialist knowledge contracted from time to time due to the fact that the municipality cannot afford to employ experts on a full-time basis. This category of expenditure amounts to **R76 million** or **8%** of the total operating expenditure for the 2026/2027 financial year, **R58,5 million** or **6%** and **R59,5 million** or **5,9%** for the two outer year respectively. The increase in the budget is mainly expenditure for Financial System and current SLA's.

Other general expenditure comprises of various line items relating to the daily operations of the municipality. These costs include items such as audit fees, SALGA membership fees, fuel and lubricants, insurance premium, telephone expenses, printing cost, and other domestic expenses as well as a variety of other operating costs. This group of expenditure remains an area in which cost savings and efficiencies can further be achieved. Other general expenditure amounts to **R68,5 million** of the total operating expenditure for the 2026/27 financial year. The two outer years are budgeted at **R70,1 million** and **R72,4 million** respectively.

## **Annual Budget Tables**

**Please see attached PDF A1 Schedule Budget Document.**

## **PART 2 – SUPPORTING DOCUMENTATION**

### **2.1 Overview of the Annual Budget Process**

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

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

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

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

#### **2.1.1 Budget Process Overview**

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

The Mayor, tabled in Council the required IDP and budget time schedule during August 2025.

## SCHEDULE OF KEY DEADLINES SUMMARY

<b>AUGUST 2025</b>	<b>Planning</b>
<b>SEPTEMBER 2025</b>	<b>Public Participation (Inputs)</b>
<b>OCTOBER 2025</b>	<b>Management Planning</b>
<b>NOVEMBER 2025</b>	<b>Mayoral Committee / Council Planning</b>
<b>DECEMBER 2025 - MARCH 2026</b>	<b>Budget Process / IDP Development</b>
	<b>Draft IDP Review and Budget Approvals</b>
<b>APRIL 2026</b>	<b>Public Participation (Report Back)</b>
<b>MAY 2026</b>	<b>Final Approval of IDP and Budget</b>
<b>JUNE 2026</b>	<b>Performance System Development (SDBIP)</b>

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

The draft Integrated Development Plan (IDP) for the 2026/27 – 2033/34 financial years was tabled to Council on 31 March 2026 with the draft budget for 2026/2027 MTREF. Community consultations were scheduled to take place during the months of April/May 2026; however these consultations were undertaken in May 20226 for the draft IDP and budget.

The Municipality’s IDP is its principle strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into strategic goals, strategic objective, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the annual revisions of IDP included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental strategic plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2026/2027 MTREF, based on the approved 2025/2026 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections. With the compilation of the 2026/2027 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2025/2026 Top Level Service Delivery and Budget Implementation Plan. The long-term financial plan has been revised and is updated with current financial and statistical information for the MTREF. It clearly sets out funding needs as well as

economic, demographic and socio economic as well as other factors that may influence the financial performance of the municipality over the next 10 to 15 years. Borrowing as a funding option is required as a result of the fact that internally generated funds are insufficient to cover the cost of ailing infrastructure that needs to be replaced or repaired on an urgent basis. The municipality needs to plan for cash-backed provisions and reserves and is barely able to do so over the MTREF. The current portion of long-term employee benefits consisting of medical aid contributions for retired personnel and for the payment of long service bonuses should be cash backed and included in table A8, but no funding is available on reserves to cater for these expenditure line items. Business planning links back to priority needs and master planning and informed the detail operating budget appropriations and three-year capital programme.

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

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

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

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

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

The aim of the IDP review is to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial

importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Council's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP but must also conduct its affairs in a manner which is consistent with its IDP.

### **2.3 Overview of Budget Related Policies**

The budgeting process is guided and governed by relevant legislation, strategies, and related policies. The purpose of policies is to ensure that there are controls and procedures in place that are not in contravention with the Acts. Below is reference to the budget related policies that have been reviewed during 2025/2026 for implementation on 1 July 2026 in accordance with MBRR regulation. All budget policies will be available for scrutiny and input with the budget documentation.

All budget related policies were reviewed by the BTO team and are tabled to Council for consideration and comments for review before the approval of the budget. The policies that are reviewed are as follows:

- i. **Credit control and Debt Collection Policy**
- ii. **Property Rates Policy**
- iii. **Tariff Policy**
- iv. **Cash Management Policy**
- v. **Asset Management Policy**
- vi. **Budget Implementation and Monitoring Policy**
- vii. **Supply Chain Management Policy**
- viii. **Expenditure Management Policy**
- ix. **Funding and Reserves Policy**
- x. **Indigent Policy**
- xi. **Borrowing Policy**
- xii. **Cost Containment Policy**
- xiii. **Grant in aid lieu of Property Rates Policy**
- xiv. **Provision of impairments to debtors and writing off irrecoverable debt Policy**
- xv. **Debt Incentive Scheme Policy**
- xvi. **Subsistence and Travelling Policy**

## 2.4 Overview of Budget Assumptions

### 2.5.1 External factors

Headline inflation is projected to moderate from 4 per cent in 2025 to 3,7 per cent in 2027 and 3,3 per cent in 2028 and 3,2 percent 2029 as food and fuel inflation continues to decline.

Makana Local Municipality still finds itself in a position where economic growth is stagnant and the cash flow is under pressure resulting in limited financial resources being available for service delivery, this is also evident in the effort that needs to be made for the recovery of debt owed to the municipality. It is also therefore necessary to carefully evaluate spending decisions and to ensure value for money in all procurement processes.

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

There are many factors that have been taken into consideration in the compilation of the 2026/2027 MTREF the list hereunder represents a few of these:

- National Government macro-economic targets.
- The general inflationary outlook and the impact on the municipality's residents and businesses.
- The impact of municipal cost drivers.
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 32,6% of total operating expenditure in the 2026/2027 MTREF and includes critical vacancies.

### 2.5.3 Credit rating outlook

The municipality has not had a credit rating done and considering the current financial position it is not advisable to have it performed.

### 2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate higher than CPI over the MTREF to aid in the financial recovery of the municipality. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term, however it is anticipated that interest rates may decline in the medium term providing some form of relief to cash strapped consumers.

The rate of revenue collection is currently expressed as a percentage of annual billings. Cash flow is assumed to be 80% of billing, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be

considered a source of additional cash in-flow once the performance has been carefully monitored.

Economic circumstances as well as past deficiencies in the application of the credit control and debt collection policy, a write-off of debt that has become irrecoverable will once again be inevitable during the 2026/27 financial year.

#### 2.5.5 Salary increases

Calculation of salary related expenditure for the 2026/2027 financial year increase of 4,75% which is in accordance with the bracket of the inflation target put by National Treasury. The organogram review process and cost analysis study will determine the way forward and strict control over salary and related expenses needs to be done to curb escalating staff cost.

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

It is estimated that a spending rate of 75% will be achieved on operating expenditure and at least 95% on the capital programme for the 2026/2027 MTREF of which performance has been factored into the cash flow budget.

As the municipality needs to recover financially and austerity measures are still applied to ensure savings on all categories of expenditure. The spending on the operating budget will be dependent on the realizing of the revenue as per the revenue and cash flow estimates for the MTREF.

### 2.6 Overview of budget funding

Funding of the Budget Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected.
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes; and
- Borrowed funds, but only for the capital budget referred to in Section 17.

### Long Term Financial Planning

The municipality is the process of updating the long-term financial plan with current financial and statistical information for the MTREF and perform analysis on Covid 19 Impact. Borrowing as a funding option is required because internally generated funds are insufficient to cover the cost of ailing infrastructure that needs to be replaced or repaired on an urgent basis.

The municipality needs to plan for cash-backed provisions and reserves and is barely able to do so over the MTREF. The current portion of long-term employee benefits consisting of medical aid contributions for retired personnel and for the payment of long service bonuses should be cash backed and was included in table A8, but no funding is available for reserves.

## 2.6 Legislation Compliance Status

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

### 1) In-Year Reporting

On a monthly basis section 71 is reported by the Executive Mayor (within 10 working days) and publishes financial performance on the municipal website.

### 2) Internship Program

Makana Municipality is participating in the Municipal Financial Management Internship program. Eight interns were appointed with effect from 1 April 2019 which were funded through the FMG, however the contracted has since lapsed. An advert for appointments of five FMG interns went out and has subsequently closed with recruitment underway and envisaged appointments before the end of the 2025/2026 financial year. Vacancies that have occurred from time to time will be filled once they are available in accordance with the grant conditions. The municipality has appointed two interns in the past financial year that were participating in the programme.

The municipality through SETA appointed six interns during 2025/2026 from FET College as part of in-service training for the students to achieve their Diplomas. Five interns have since been appointed at the Budget and Treasury Office in different sections.

### 3) The Budget and Treasury Office

Has been established in accordance with the MFMA, and the municipality has filled critical vacancies that existed within BTO, due to resignation of key staff members. The process has progressed well as currently left with filling Asset, AFS and Audit Manager positions on key appointments and as well as accountants and the necessary budgetary allocation has been made in 2025/2026 and 2026/2027 financial year. The position of Senior Accountant AFS has since been filled.

- 4) An Audit Committee has been established and is fully functional. The previous term of the Audit Committee came to an end and new Audit Committee members were appointed in February 2025 and have since resumed their functions.
- 5) The detail SDBIP document is submitted as draft with the MTREF and will be approved in accordance with the legislative framework after the budget approval it is directly aligned and informed by the 2026/2027 MTREF.

- 6) Annual report is compiled in terms of the MFMA and National Treasury requirements. The annual report was tabled in Council and is currently available for public comments before submission to the oversight committee and thereafter final adoption by Council.

#### 7. Minimum competency training

Minimum competency training is ongoing and timeously all required staff members are enrolled for the completion of the required training. Extension for the compliance has been granted by the National Treasury. The municipal participation in this program is in line with the assessment of current skills pool and capacity building to ensure less reliance on consulting services. The filling of critical vacancies will also require compliance by candidates to the minimum competency requirements.

#### 8. Policies

Various policy amendments are proposed as part of the budget process; all revised budget related policies have been made available with budget documentation for public input.

#### 9. mSCOA Readiness

The municipality is compliant in respect of all mSCOA requirements, yet certain sub-modules to the core financial system such as asset management and payroll still need to be fully seamlessly integrated for complete mSCOA implementation. All data strings submitted by the municipality have been validated and have been found to be in order and perfectly aligned with budget schedules.



## **Municipal Manager's Quality Certification**

### **Quality Certificate**

I, P.M. Kate, Municipal Manager of EC104 Makana Municipality, hereby certify that the 2026/2027 MTREF budget and supporting documentation has been prepared in accordance with the Municipal Finance Management Act (No. 56 of 2003) and the regulations made under that Act, and that the budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

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**P.M. KATE**  
**MUNICIPAL MANAGER**  
**Makana Municipality EC104**  
**29 May 2026**