

Item 8.2

# MUNISIPALITEIT SWARTLAND MUNICIPALITY



**“ANNEXURE A”**

## **INPUTS RECEIVED ON DRAFT BUDGET** (including SIME-report)

EMC: 20/05/2026

Council: 28/05/2026

## ANNEXURE A

### DEALING WITH THE REPRESENTATIONS IN RESPECT OF THE DRAFT BUDGET AS RECEIVED BY 22 APRIL 2026 FOR TABLING TO COUNCIL FOR APPROVAL.

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1.	Mr E Brittain (22 April 2026, 10:04)	..... pages 3-10
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3.	Mr W Badenhorst (Letter dated 21 April 2026)	..... pages 17-18
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6.	Inputs from Darling: Darling Actions Group (Mr Archie Mbhele) (30 March 2026) Ms Andiswa Ndinisa (30 March 2026) Mr E Sterras (30 March 2026)	..... pages 27-28
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22 April 2026

**The Municipal Manager**  
Swartland Municipality  
PO Box 20  
Malmesbury  
7299

7 Seemeeu Crescent  
Yzerfontein

**RE: PUBLIC PARTICIPATION INPUT – DRAFT MTREF 2026/2027 TO 2028/2029**

Dear Sir,

This submission is made in terms of the public participation process announced by Council and is based on a detailed reading of the draft MTREF budget tables, specifically Tables A4, A5, A6, A7 and A8 as published. It is submitted in a spirit of constructive engagement and genuine support for the Municipality's long-term financial sustainability.

## **1. Swartland Municipality's Strong Financial Position**

At the outset, this submission acknowledges that Swartland Municipality is one of the most financially sound local authorities in the Western Cape. The draft MTREF reflects:

- A fully funded, cash-backed budget in compliance with Section 18 of the MFMA.
- Positive operating surpluses projected across the entire three-year framework (Table A4).
- A strong capital investment programme of R881.2 million over the MTREF period.
- An uninterrupted 95% revenue collection rate and creditors paid within 30 days.
- Zero long-term borrowing proposed for the 2026/27 – 2028/29 period.

This submission does not challenge the Municipality's financial competence or the integrity of the budget. Rather, it identifies one specific area where an adjustment to the capital funding model could materially benefit ratepayers without compromising long-term sustainability.

## **2. Cash Reserve Position – A Quantified Assessment**

Table A6 and Table A8 together reveal a cash position that significantly exceeds prudent liquidity requirements. The table below sets out the key figures:

<b>Reserve Metric</b>	<b>Amount (R'm)</b>	<b>Months Cover</b>
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Projected cash & equivalents (2026/27 year-end)	R 1 092.5m	9.2 months
Less: committed reserves (Table A8 applications)	(R 490.2m)	—
A8 free surplus above all commitments	R 602.3m	—
Prudent minimum: 3 months operating expenditure	R 421.3m	3.0 months
Prudent minimum: 4 months operating expenditure	R 561.7m	4.0 months
Recommended target range (4 months + commitments)	<b>R 750m – R 900m</b>	<b>4 – 5 months</b>

\* Monthly operating expenditure base: R140.4 million (2026/27 total opex R1.685 billion ÷ 12).

The budget's own financial indicators (Section 1.3.1) target a minimum current ratio of 3:1 and record a cost coverage ratio of 9.2 months for 2026/27. National Treasury's normative benchmark for cost coverage is 1–3 months for most municipalities. Even adopting a more conservative target of 4–5 months – appropriate for a municipality with Swartland's capital pipeline – the current projected cash holdings exceed what is operationally necessary.

This submission recognises that a portion of the elevated cash balance is held in anticipation of three major infrastructure projects described in the Council Resolutions (item f). These projects are acknowledged and explicitly incorporated into the proposal below.

source of revenue: interest and part of current revenue base over the MTREF and beyond, providing relieve to tariff increases in general.

### 3. The Three Major Infrastructure Projects

Council has noted that the following three projects will not materially draw down cash reserves within the current MTREF period, with construction commencing in Year 3 and beyond. Design, environmental authorisation, and scoping will be concluded during 2026/27 and 2027/28.

Project	Est. Total Cost	Construction Phase
Swartland WTW Upgrade – Voelviei Dam (27 → 40 MI/d)	R 250.0m	Year 3+ (~36 months)
Bulk Water Supply: WTW to Kasteelberg Reservoirs	R 200.0m	Year 3+ (~24 months)
Darling WWTW Upgrade (1.9 → 4.0 MI/d)	R 91.5m	Year 3+ (~36 months)
<b>TOTAL</b>	<b>R 541.5m</b>	

These are essential, long-lived infrastructure assets with useful lives of 30 to 50 years. Under the Municipality's current approach, 100% of their cost is planned to be funded from internally generated reserves (Capital Replacement Reserve). This paper argues that this represents an unnecessarily conservative — and ultimately inequitable — funding model for assets of this nature.

## 4. Proposed Alternative: Partial Loan Funding of Major Projects

### 4.1 The Principle of Intergenerational Equity

Section 19(2)(b) of the MFMA requires Council to consider future operational costs and revenues on capital projects, including tariff implications. Funding a 40-year asset entirely from current ratepayers violates a basic principle of intergenerational equity: residents who benefit from infrastructure over its full lifespan should share in its cost.

**Responsible borrowing aligned to asset lifespan is not a weakness** — it is standard practice among well-managed municipalities and explicitly supported by National Treasury's capital funding guidelines.

### 4.2 Two Loan Scenarios Modelled

Two scenarios are proposed, with loan tranches drawn down as construction commences (estimated from Year 3). Both scenarios assume a 20-year annuity loan at a conservative 10.5% interest rate (consistent with current SA municipal borrowing costs). The Municipality's debt-free status and strong financial metrics would attract competitive terms.

Scenario	Loan Portion	Loan Amount	Annual Debt Service *	Cash Freed
Scenario A: 30% loan-funded	30%	R 162.4m	R 19.7m/yr	R 162.4m
<b>Scenario B: 50% loan-funded</b>	<b>50%</b>	<b>R 270.8m</b>	<b>R 32.9m/yr</b>	<b>R 270.8m</b>

\* Annual debt service calculated on a 20-year annuity at 10.5% per annum. Debt service to be absorbed within the electricity and water trading account surpluses and the rates regime, consistent with existing cost-centre structures.

Under either scenario, cash reserves freed from full pre-funding of these projects would be redirected to provide ratepayer tariff and rates relief over a defined transition period. This submission models relief over both a 3-year and a 5-year spread, recognising that Council may prefer a more gradual transition.

## 5. Calculated Tariff and Rates Relief

### 5.1 Revenue Base

Revenue Stream (2026/27)	Budgeted Amount	% of Total
Property rates	R 223.2m	20.3%
Service charges (electricity, water, sanitation, refuse)	R 876.3m	79.7%
<b>Total rates and tariff revenue base</b>	<b>R 1 099.4m</b>	<b>100%</b>

## 5.2 Net Annual Relief Calculations

The table below sets out the gross annual relief (freed cash divided by spread years), less the incremental annual debt service obligation introduced by each loan scenario. The net figure represents the actual reduction in required revenue collection — i.e., the amount by which aggregate property rates and service tariffs could be reduced.

Scenario	Spread (yrs)	Gross Annual Relief	Less: Debt Service	Net Annual Relief	% of Total Rates & Tariffs	Effective Reduction
Scenario A (30% loan, R162.4m freed)	3 years	R 54.1m	R 19.7m	R 34.4m	3.1%	~3.1%
Scenario A (30% loan, R162.4m freed)	5 years	R 32.5m	R 19.7m	R 12.8m	1.2%	~1.2%
<b>Scenario B (50% loan, R270.8m freed)</b>	<b>3 years</b>	<b>R 90.2m</b>	<b>R 32.9m</b>	<b>R 57.4m</b>	<b>5.2%</b>	<b>~5.2%</b>
Scenario B (50% loan, R270.8m freed)	5 years	R 54.1m	R 32.9m	R 21.3m	1.9%	~1.9%

*Note: 'Gross Annual Relief' = cash freed from reserves ÷ spread years. 'Net Annual Relief' = Gross relief less annual debt service cost. Percentages expressed as a proportion of total rates and service charge revenue (R1 099.4m). All figures are in 2026/27 Rand terms; modest annual adjustments would apply in outer years.*

## 5.3 Recommended Scenario

This submission recommends Scenario B (50% loan-funded) with a 3-year spread as the most impactful option, yielding a net reduction of approximately 5.2% applied across property rates and service tariffs. However, even Scenario A with a 5-year spread provides a meaningful 1.2% aggregate reduction — material at current affordability levels.

It is acknowledged that Council may elect to apply relief asymmetrically — for example, directing proportionally greater relief toward electricity and waste removal tariffs (which carry the steepest proposed increases of 11.44% and 8.9% respectively in 2026/27) rather than across all services equally.

## 6. Impact on Ratepayer Households

Using the Municipality's own household account projections (Section 1.4.2 of the draft budget), the table below translates the percentage reductions into rand-value monthly savings for representative households:

Scenario	% Reduction	Middle-income Saving /month	Affordable Range Saving /month	Annual Saving (middle income)
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Scenario A – 30% loan, 3-year spread	~3.1%	R 201 / month	R 105 / month	R 2 409 / year
Scenario A – 30% loan, 5-year spread	~1.2%	R 78 / month	R 41 / month	R 935 / year
<b>Scenario B – 50% loan, 3-year spread</b>	<b>~5.2%</b>	<b>R 337 / month</b>	<b>R 176 / month</b>	<b>R 4 038 / year</b>
Scenario B – 50% loan, 5-year spread	~1.9%	R 123 / month	R 64 / month	R 1 479 / year

*Middle-income household monthly bill basis: R6 474 (as per budget Section 1.4.2). Affordable-range household monthly bill basis: R3 390. Savings are net of debt service and represent the annual per-household benefit of the proposed relief, applied proportionally across all tariff and rates line items.*

In the context of the draft budget's own acknowledgement that 'economic challenges will continue to pressurise municipal revenue generation' and that 'disposable income levels' in the Swartland area are under increasing pressure, even the more modest scenarios represent a meaningful intervention for households already facing a 9.1% aggregate tariff increase in 2026/27.

## 7. Compliance, Risk Safeguards and Conditions

This submission is mindful of the Municipality's legislative obligations and the genuine risks associated with long-term borrowing in a challenging economic environment. The following conditions are proposed to govern implementation:

1. MFMA Compliance: Borrowing would be subject to full compliance with Section 46 of the MFMA and would require National and Provincial Treasury concurrence as part of the final budget approval process.
2. Reserve Floor: Cash reserves shall not fall below R750 million (approximately 5 months operating expenditure) at any point during the transition period, preserving compliance with the Municipality's own Cash Management and Investment Policy.
3. Draw-down Trigger: Loan draw-down to be linked to construction commencement milestones, not front-loaded into the budget. The 2026/27 and 2027/28 design-and-authorisation years would not trigger any borrowing.
4. Collection Rate Covenant: Should the revenue collection rate fall below 92% in any reporting quarter, the Chief Financial Officer to be empowered to suspend further relief tranches and report immediately to Council.
5. INEP Timing Reserve: R20 million of the freed cash to be ring-fenced as a bridging finance contingency for INEP grant timing misalignments, consistent with the existing Council resolution (item c).
6. Annual Review: The funding model to be reviewed at each mid-year adjustment budget, with the relief percentage updated to reflect actual cash performance and macro-economic conditions.

## 8. Summary of Recommendations

#	Recommendation	Reference
1	Adopt a formal cash reserve target range of R750m – R900m, replacing the current uncapped accumulation approach.	Tables A6, A8; MFMA Circular 42
2	Introduce partial loan funding (30–50%) for the three large infrastructure projects, commencing at construction draw-down (Year 3+).	Table A5; MFMA S.46; NT Capital Funding Guidelines
3	Apply the resulting freed reserves to reduce aggregate property rates and service tariffs by 1.2% to 5.2% per annum over a 3- to 5-year transition period.	Tables A4, A5; Section 18 MFMA; Budget Circular 132
4	Direct proportionally greater relief toward electricity (11.44%) and waste removal (8.9%) tariffs, which impose the heaviest burden on households in 2026/27.	Budget Section 1.4.2.4 and 1.4.2.5
5	<b>Implement the six risk safeguards detailed in Section 7 of this submission to protect financial sustainability throughout the transition.</b>	<b>Section 7 above; MFMA S.18, S.46</b>

## 9. Conclusion

Swartland Municipality's financial position is genuinely strong and reflects sound management over many years. This submission does not seek to weaken that position — it seeks to ensure that the Municipality's financial strength is shared equitably with the ratepayers who have funded it.

The current draft MTREF, while compliant and well-constructed, asks residents facing a 9.1% average tariff increase and declining real disposable incomes to continue pre-funding infrastructure that will serve generations of future residents. A modest structural adjustment to the capital funding model — introducing partial loan finance for assets with 30- to 50-year lifespans — would allow immediate, quantifiable tariff relief without compromising any of the Municipality's financial sustainability metrics.

The proposed adjustments are technically feasible, legally compliant, and financially conservative. They are submitted in the hope that Council will give them serious consideration before final budget adoption on 28 May 2026.

Yours faithfully,



Edward Brittain

Submitted: 22 April 2026

Reference: Draft Budget Input — MTREF 2026/2027 to 2028/2029

*This submission is based exclusively on figures published in the Swartland Municipality Draft MTREF 2026/2027 Budget Report (dated 25 March 2026). All financial calculations are derived from Tables A4, A5, A6, A7 and A8 of that document. Interest rate assumptions (10.5% per annum, 20-year annuity) are the submitter's own for modelling purposes; actual borrowing terms would be subject to market conditions and Treasury approval.*

**Municipality's response for deliberation leading-up to final decision-making i.t.o S23 of the MFMA**

With reference to the representations made herein, the municipality appreciates the time and energy spent and the continued involvement in the financial affairs of the municipality, inclusive of the shared commitment to ensure that the municipality remains financially sustainable over the longer term

The extent of upgrading and renewal required to the bulk water purification works and conveyancing network from the Voelvlei Dam is key to and part of SM's current and longer-term water security objectives. These projects are currently only in the initial stages of conditional assessments and pre-feasibility studies. and therefore based on best estimates.

SM is part of a select few municipality's in the WC, spear-headed by the DLG in partnership with overseas donors having made free private funding available for the feasibility studies, currently in process, which will span over a 2-year horizon . The ultimate goal is the accessing of more advantageous external borrowing, more closely linked to the useful economic lifespan of these projects. The approach to ensure the most optimal funding mix, consisting of CRR, grant funding and borrowing is part of SM's current LTFP and Capital Expenditure Framework( CEF) and will ultimately be decided on when the required feasibility studies make for and allows for more meaningful decision-making.

Future borrowing will not have the effect of lowering trading services tariffs over the MTREF. Trading Services tariffs are mainly influenced by the cost of providing the service and therefore COGTA is driving cost of supply studies for water and sanitation, which extended to include solid waste services. These studies would ultimately drive the revenue requirement based on the cost of providing the service.



Municipality's response for deliberation leading-up to final decision-making i.t.o S23 of the MFMA inserted in red at the end of correspondence.

## YRA submission to the Swartland Municipality Draft Budget 26/27 to 28/29:

YRA studied Swartland Municipality Draft Budget documents made available for comments.

Swartland Municipality is consistently ranked among the top-performing municipalities nationally, alongside leading municipalities such as Saldanha Bay Local Municipality, Stellenbosch Local Municipality, and Drakenstein Local Municipality.

### Summary and key findings:

Peer comparison (Key Metrics):

- 1. Financial health:** Swartland demonstrates exceptionally strong financial performance, with cash reserves exceeding those of comparative municipalities. See table below.
- 2. Governance and audit outcomes:** Swartland consistently achieves clean audits, placing it in the top tier nationally alongside its Western Cape peers.
- 3. Infrastructure investment:** capital investment levels are strong; however, capacity suggests scope for further expansion.
- 4. Service delivery:** service delivery remains strong and coverage remains high and comparable to leading municipalities.
- 5. Key Differentiator:** A notable distinction is that Swartland's projected cash reserves are significantly higher than those of comparable municipalities such as Saldanha Bay Local Municipality and Stellenbosch Local Municipality. See table below.
- 6. Strategic insight:** This indicates that Swartland is not only well-managed but may be accumulating financial reserves beyond what is required for operational sustainability and planned capital investment. YRA proposal to follow.
- 7. Conclusion:** While Swartland is clearly amongst the best-run municipalities in South Africa, its financial position suggests an opportunity to optimize tariff structures and or accelerate infrastructure investment. YRA proposal to follow.

### Top Peer Municipalities

Municipality	Cash Reserves (Months)	Position
Swartland Local Municipality	<b>8 – 12+ months (projected rising)</b>	Exceptionally high
Saldanha Bay Local Municipality	5 – 7 months	Strong
Stellenbosch Local Municipality	4 – 6 months	Strong
Drakenstein Local Municipality	3 – 5 months	Healthy
Mossel Bay Local Municipality	4 – 6 months	Strong
George Local Municipality	3 – 5 months	Healthy

Swartland Draft Budget 26/27 to 28/29 key take away points:

Swartland Municipality identified 6 key capital projects with the 3 bigger projects expecting to be only completed by 30/31 financial year. It is also noted that the Kasteelberg project cost for one section of the pipeline, might be about R 215 M higher than the original predicted costs.

Swartland is aiming to manage their cash reserves between R 700 and R 800 M annually.

#### **YRA proposal for the draft budget 26/27:**

YRA acknowledged the additional cost pressure placed on the Swartland Municipality. From our analysis of the draft budget, we notice the following:

1. Whilst Swartland is clearly amongst the best run Municipalities in South Africa, its financial position suggests an opportunity to optimise tariff structures whilst it is already accelerating much needed infrastructure investment.
2. Swartland is utilizing cash generated by the current generation to fund much needed infrastructure long term projects
3. The projected cash reserves for 30/31 year are expected to reach R 1.1 Bn. If the cash reserves are to be managed at the midpoint between R 700 to R 800 M, this suggests a surplus cash build of R 350 M. Even if some of the capital projects projected costs increase as suggested by some R 215 M, the cash reserves are still above the Municipal threshold.
4. The Swartland Municipality uses cash reserves to fund projects in the draft budget presented and no external funding was included.

YRA acknowledges various pressures on budgets and more likely so for those above 60 and the poor. We appreciate the modest rate and tariff increases, however, suggests that the following proposals be considered:

1. We suggest that the pensioners discount change as follows:

Age 60 to 69 increase the discount from R 400 K to R 500 k

Age 70 to 79 receive a rebate of 75% on valuation

Age 80 and above is exempt from property tax

It is suggested that above discount receive attention for implementation into 26/27 budget year. We do accept the additional burden on the municipality with regards to

new costs incurred however suggest that above will go a long way to support the pensioners in Swartland. The additional cost of this proposal is insignificant in the light of the cash reserves accumulated and projected accumulation.

2. The major capital projects investing into electricity, water and Darling sewerage upgrade for the longer term, not be fully funded by cash only and that external loans/bonds be obtained to fund a portion of the same. This will reduce the burden on the current residents and spread the repayment load on future generations as well reducing the need to accumulate cash through tariffs to fund this internally.
3. In doing this the tariffs on water and sewerage could be reduced to between 3 and 4 % which will be a huge benefit to the residents and reduce the cash reserve build up as projected.
4. Waste removal increases at 8,9 % and reducing this increase by at least 3 to 4 % will immediately reduce the cash build up as well.
5. Obtaining loans/bonds as a partial funding model for the specific capital projects will require a reduction in rates and tariffs to ensure the cash reserves are managed at the municipal level of R 700 to R 800 M level.
6. YRA and the Forum presents the following projects. It is requested that these projects receive urgent consideration during the 26/27 budget year:

Upgrade the parking area across Lulas

Re surface the tar area at the Community Hall and increase parking in the area

Extend the sidewalk stretching from Schaap Island to reach Arum Street

To upgrade the sidewalk in Main Road between Mr Wiese's house and the parking area at the "Yzerfontein letters"

YRA appreciates that a change in how projects might be funded require time, it is suggested that should borrowing money through obtaining loans or a bond cannot be achieved during the next year, that urgent attention is given at the continuous cash reserve build up and that rates and tariffs are adjusted to compensate now.

Regards,

SW Engelbrecht

On behalf of the YRA and the Financial sub committee


**Municipality's response for deliberation leading-up to final decision-making i.t.o S23 of the MFMA**  
SM values the professional representations made by the YRA, especially the continued endeavors to meaningfully contribute to prudent and a healthy financially run municipality.

The representation made regarding the model of pensioner rebates, compared to Council's approved Municipal Property Rating practices will require an additional expense of R9 million, which have not been provided for as council deemed more beneficial to its communities to find relieve funding to cushion the burden brought about by the NERSA calculation errors of R54 billion when ESKOM's multi-year price was determined in the prior year.

The plea to consider the most optimal funding mix is recognized for revenue generating infrastructure projects planned for the meduim-term pipeline, inclusive of spreading the funding of these assets over the useful economic lifespans of some of these projects.

As per a latest COGTA directive, all municipalities will have to undertake detailed cost of supply analysis studies in the new financial year to inform pricing strategies going forward for the following trading services:-

1. Water provision
2. Sanitation Services; and
3. Solid Waste Services

Midvaal Local Municipality 3 – 4 months  Healthy



## Nicolette Brand

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**From:** Willem Bardenhorst <willemba@absamail.co.za>  
**Sent:** Tuesday, 21 April 2026 12:47  
**To:** Joggie Scholtz  
**Cc:** Nicolette Brand  
**Subject:** KONSEP BEGROTING 2026/2027 SWARTLAND MINISIPALITEIT.  
**Attachments:** korting bo 60 2026.docx

Middag joggie,  
Meegaande vind die insette ten opsigte van bogenoemde begroting.

KORTING BO 60

PESIOENARISSE Bo 60jaar. 25%  
Bo 70 jaar 50%  
Bo 80 jaar 75%

Hierdie korting is billik vir alle pensioenarisse aangesien korting toegestaan moet word op die belasting wat hulle betaal wat gehef word teen sent in die rand(%).

Elke pensioenaris kry dan 'n regmatige deel van sy belasting wat hy betaal.

Ek vertrou dat hiedie inset goedgeunstiglik oorweeg sal word.

By Voorbaat Dank

WILLEM BADENHORST

Tel: +27 22 4512 740 | Cell: 084 5119 640 | Fax: 088 022 4512 740



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### **Municipality's response for deliberation leading-up to final decision-making i.t.o S23 of the MFMA**

#### **BSC RECOMMENDATION**

That the increased rebate of R400 000 for the 2026-2027 year remain as no further budget provision for an increase in rebates is possible given the reduction in electricity revenue over the next 2 years, having resulted in an additional R17 million loss in revenue to be realised just in year 1 and reduced electricity revenues over the MTREF, due to the recommendation to rather reduce the draft electricity increases of 11.44%, as advertised to an effective increase of between 8.26% and 8.37%, to bring relieve to all consumers of electricity, distributed by the municipality.

Die Munisipale Bestuurder  
Swartland Munisipaliteit  
MALMESBURY

21 April 2026

Aandag: Mnr. Joggie Scholtz

I/S Eiendomsbelasting-korting vir oor 60 jaar: Insette tot begroting: 2026 /2027

Met verwysing na bogenoemde wil ons u vriendelik versoek om die wyse van korting toegestaan te hersien.

Ons het by vorige geleentheid Swartland Munisipaliteit versoek om die wyse van korting toegestaan te hersien en te wysig as % van belasting betaal—soos bepaal kragtens Artikel 15 van die Eiendomsbelastingwet. Hierdie wet bepaal ook dat belasting op 'n billike, regverdig manier verhaal moet word.

Dit is onbillik om belasting teen % te hef (Sent in die Rand van Waardasie) en dan 'n korting toe te staan teen 'n vaste bedrag van bv. R400 000.00 vir alle belastingbetalers bo 60 jaar.

Dit is ook onregverdig teenoor die belastingbetaler wat duurder eiendom besit. 'n Waardasie van 'n eiendom en die inkomste van die belastingbetaler, veral pensioenarisse, hou geen verband met mekaar nie.

Pensioenarisse is hoofsaaklik afhanklik van pensioen/rente-inkomste. Die rentekoerse is die afgelope jare met 3 persentasiepunte verlaag wat beteken dat pensioenarisse se inkomste 50% gedaal het en hulle nie meer verpligtinge kan nakom nie.

Met die huidige situasie waar die waardasie R4 000 000.00 is en die korting R400 000.00 kry die eienaar 10% korting. Waar die waardasie R900 000.00 is kry die eienaar 44% korting. Dis duidelik dat laasgenoemde 'n aansienlik groter voordeel trek. Eersgenoemde se inkomste is nie noodwendig groter as laasgenoemde s'n nie, tog, met die huidige situasie, betaal pensioenarisse verskillende tariewe.

Ons verwys ook na die stelling wat Mnr. Anton Bredell in die pers gemaak het dat pensioenarisse uit hulle huise belas sal word weens stygende markwaardes. ('n Woonhuis vir 'n pensioenariss is nie 'n presterende bate nie).

Ek vertrou dat u hierdie versoek goedgeestiglik sal oorweeg.

Vriendelike groete

Willem Badenhorst

Municipality's response for deliberation leading-up to final decision-making i.t.o S23 of the MFMA inserted in red at the end of correspondence.

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**From:** Ulynn Julies <[JuliesU@swartland.org.za](mailto:JuliesU@swartland.org.za)>  
**Sent:** Monday, 30 March 2026 15:56  
**To:** File File <[file@swartland.org.za](mailto:file@swartland.org.za)>  
**Subject:** FW: FORMAL INPUT ON PROPOSED 2026/27 ELECTRICITY TARIFF INCREASE OF 11.44%

5/4/1/3

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**From:** Denver Cordon <[denver.cordon@gmail.com](mailto:denver.cordon@gmail.com)>  
**Sent:** Monday, 30 March 2026 15:37  
**To:** Registrasie Email <[RegistrasieEmail@swartland.org.za](mailto:RegistrasieEmail@swartland.org.za)>  
**Subject:** RE: FORMAL INPUT ON PROPOSED 2026/27 ELECTRICITY TARIFF INCREASE OF 11.44%

**Denver Cordon**

9 Laurie Hugo Street, Moorreesburg  
30 March 2026

**The Municipal Manager**

Swartland Municipality  
Email: [swartlandmun@swartland.org.za](mailto:swartlandmun@swartland.org.za)

**RE: FORMAL INPUT ON PROPOSED 2026/27 ELECTRICITY TARIFF INCREASE OF 11.44%**

Dear Municipal Manager,

I submit this written input as a resident and electricity consumer within the Swartland Municipal area, in response to the public invitation published on 17 March 2026 regarding the proposed electricity tariff increase of 11.44% for the 2026/27 financial year. This input is submitted before the stipulated deadline of 12h00 on 31 March 2026 and requests that Council give serious consideration to the compounding burden this proposed increase places on households.

1. CONTEXT: A FIVE-YEAR PATTERN OF ABOVE-INFLATION INCREASES

Electricity tariff increases in South Africa have consistently and significantly exceeded headline consumer price inflation (CPI) over the past five years. The table below provides a comparative summary of Eskom/municipal bulk tariff increases approved by NERSA alongside the official annual CPI as published by Statistics South Africa:

Financial Year	Electricity Tariff Increase (Municipal)	CPI (Annual Average)
2021/22	15.63%	4.5%
2022/23	9.61%	6.9%
2023/24	18.65%	6.0%
2024/25	12.72%	4.4%
2025/26	11.32%	3.2%
2026/27 (Proposed)	11.44%	~3.0%

Sources: NERSA approved tariff determinations; Stats SA CPI Historical Data (P0141)

Over the five-year period from 2021/22 to 2025/26, electricity tariffs have increased by a **cumulative estimated total of approximately 88%**. By contrast, headline CPI over the same period has risen by approximately 28% in total. The proposed 2026/27 increase of **11.44% is approximately 3.8 times the current CPI rate of 3%** — a pattern that is economically unsustainable for ordinary households.

## 2. HOUSEHOLD FINANCIAL IMPACT

The cumulative effect of these above inflation increases on household budgets is severe and quantifiable. A household that was paying, for example, R1 500 per month on electricity in July 2021 would, under the proposed increases, be paying approximately R2 820 per month by July 2026 — an increase of R1 320 per month for the same quantity of electricity consumed, in real money terms.

This burden falls on households that are simultaneously contending with:

- Food price inflation that remains elevated at approximately 3.7%–4.4% year-on-year as at early 2026, with meat prices specifically running above 13% year-on-year due to foot-and-mouth disease supply constraints.
- Municipal rates, water, and refuse tariff increases that compound the overall cost-of-living pressure.
- Persistent high interest rates — the SARB repo rate remained elevated for an extended period, with prime lending rates placing ongoing pressure on bonded homeowners and consumer credit.
- A persistently high national unemployment rate and subdued household income growth, meaning real disposable incomes have not kept pace with energy cost escalation.

For lower- and middle-income households, electricity is not a discretionary expense. Increases of this magnitude force genuine trade-offs between essential needs — food, medicines, school fees — and keeping the lights on.

## 3. THE PROPOSED INCREASE IS MATERIALLY ABOVE THE NERSA MUNICIPAL BULK APPROVAL

I note with concern that NERSA approved a bulk municipal tariff increase of **11.32%** for 2025/26. The proposed municipal retail tariff of **11.44%** for 2026/27 must be justified transparently through the Cost of Supply Study and NERSA application documents referenced in the public notice. Residents are entitled to understand precisely what portion of the proposed increase relates to the pass-through of Eskom bulk costs versus internal municipal operational expenditure, infrastructure, or other cost drivers.

I request that the municipality make available, in a clearly summarised format accessible to the public, the breakdown between:

- The Eskom bulk electricity cost component of the proposed increase.

- Municipal distribution, operational, and administrative cost components.
- Any surplus or cross-subsidisation to other municipal functions.

Without this transparency, residents cannot meaningfully assess the fairness or necessity of the proposed tariff.

#### 4. IMPACT ON THE LOCAL SWARTLAND ECONOMY AND COMMUNITY

The Swartland area comprises a significant agricultural community, small businesses, and working-class households. Above-inflation electricity cost increases have direct downstream consequences for this economy:

- Agricultural producers face increased input costs that compress margins already under pressure from drought cycles, export volatility, and rising diesel costs.
- Small businesses operating within the municipality face competitiveness challenges as energy costs escalate beyond what can be recovered through pricing.
- Residents on fixed incomes, pensioners, and grant recipients — who represent a significant portion of the Swartland community — have no mechanism to absorb recurring above-inflation utility cost increases.

Furthermore, each above-inflation electricity tariff increase undermines the investment case for rooftop solar and self-generation as a mitigation measure, as the capital costs of such systems remain out of reach for most residents.

#### 5. SPECIFIC REQUESTS AND RECOMMENDATIONS

Considering the above, I respectfully request that the municipality consider and act on the following:

- Limit the 2026/27 electricity tariff increase to as close as possible to the NERSA-approved Eskom bulk increase, with any municipal cost-recovery component minimised and fully motivated.
- Publish a plain-language summary of the Cost of Supply Study and the full NERSA tariff application, to ensure meaningful public participation.
- Explore and implement efficiency measures within the electricity distribution function to reduce the operational cost component passed on to consumers.
- Engage proactively with NERSA during the NERSA public participation process to advocate for moderation of the bulk Eskom tariff on behalf of municipal consumers.
- Ensure that any approved tariff structure includes provisions to protect indigent households and low-consumption residential consumers from disproportionate impact.
- Commit to publishing a five-year tariff forecast, aligned with NERSA's multi-year price determination framework, to allow households and businesses to plan adequately.

#### 6. CONCLUSION

South African electricity consumers — including residents of Swartland Municipality — have borne a cumulative electricity cost increase of close to 88% over the past five years, against cumulative consumer price inflation of approximately 28% over the same period. Each additional above-inflation increase represents a real reduction in household purchasing power and an erosion of the quality of life of ordinary residents.

I acknowledge that the municipality operates within the constraints set by Eskom bulk tariff approvals and NERSA determinations, and I do not submit this input in a spirit of hostility to the institution. Rather, I request that the municipality fulfil its obligation to act as a genuine advocate for its ratepayers and consumers, and that every available mechanism be used to limit the burden placed on households.

I urge the municipality to submit the lowest justifiable tariff increase to Council on 28 May 2026, and to engage actively with NERSA's parallel public participation process to represent the interests of Swartland residents.

Yours faithfully,

Denver Cordon

9 Laurie Hugo Street, Moorreesburg

30 March 2026

On an annual basis the municipality is subjected to the tariff increase approved by NERSA for the Bulk electricity that we buy from Eskom. If the Eskom increase is above inflation the municipal increase will be above inflation since we need to cover the cost of bulk purchases.

Swartland understands that the impact of the increase will place a burden on the customers.

Alternative measure is in process (DGU and Klipkoppie). It takes time and has marginal impact on tariffs.

Additional Capacity is required to stimulate economic growth. This capacity does however come in step changes with step changes in Expenditure.

The breakdown is provided in the Application that was submitted to NERSA and made available for public comment. Total expenditure amounts to R611 848 643 of which R537 277 213 is for electricity bulk purchases (87.81%).

The aim is to keep the tariff increase as low as possible and as close as possible to the Eskom increase. We do however need to fully recover the cost and allow for a small surplus to ensure sustainability.

All relevant information was made available for public participation.

All municipalities provide input via SALGA (South African Local Government Association) on an annual basis who then represents Local Government when input is provided to NERSA.

The current tariff structure makes provision for protection of the Indigent customers (50 kWh).

Projections are included in the 5 year budget (once again based on Estimates of the Eskom tariff increase). Eskom does not provide a 5-year projection and thus we can only make our own assumptions.

The municipality has been installing LED streetlights which are more efficient for several years now to reduce our own energy consumption.

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**From:** Ulynn Julies <[JuliesU@swartland.org.za](mailto:JuliesU@swartland.org.za)>  
**Sent:** Tuesday, 31 March 2026 14:06  
**To:** File File <[file@swartland.org.za](mailto:file@swartland.org.za)>  
**Subject:** FW: Input: Proposed Electricity Tariff Increase of 11.44% for 2026/27 – Objection

5/9/2/5  
5/4/1/3

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**From:** Neil Basson <[neil.basson@gmail.com](mailto:neil.basson@gmail.com)>  
**Sent:** Tuesday, 31 March 2026 11:50  
**To:** Registrasie Email <[RegistrasieEmail@swartland.org.za](mailto:RegistrasieEmail@swartland.org.za)>  
**Subject:** Input: Proposed Electricity Tariff Increase of 11.44% for 2026/27 – Objection

Dear Municipal Manager,

Re: Proposed Electricity Tariff Increase of 11.44% for 2026/27

I write as a ratepayer and electricity consumer within the Swartland Municipal area, in response to the invitation dated 17 March 2026 to submit inputs on the proposed tariff increase for 2026/27.

I hereby formally object to the proposed increase of 11.44% on the following grounds:

**1. Affordability and Financial Burden**

An increase of 11.44% far exceeds the current consumer inflation rate and imposes a serious financial burden on households and businesses already under significant economic strain. This increase will disproportionately affect lower- and middle-income residents, many of whom have limited capacity to absorb further rises in the cost of basic services.

I note that in October 2024, Swartland Municipality's own Electrical Services Director, Thys Möller, presented objections to NERSA against Eskom's proposed tariff hike, stating that "the current application from Eskom is just not Affordable" and highlighting "the extreme financial strain that such an

increase would place on the Municipality's residents and businesses." These same principles apply equally to the municipality's own proposed increase, and I call on the municipality to hold itself to the same standard it applied to Eskom.

## 2. Lack of Transparency on Cost Breakdown

I respectfully request a clear and itemised breakdown of what is driving the proposed 11.44% increase — specifically, how bulk electricity costs from Eskom, municipal operational expenditure, infrastructure investment, and any other factors contribute to this figure. In its 2024 NERSA submission, the municipality itself acknowledged the importance of balancing "Cost Reflectivity, Prudence and Affordability." I ask that the same framework be applied transparently here, so that consumers can understand what they are being asked to pay for.

## 3. Poor Reliability of Supply and the Shift to Alternative Energy

The municipality's own press release warned that ongoing tariff hikes are accelerating the exodus of paying customers toward solar and alternative energy solutions, further eroding the revenue base of electricity providers. Continued above-inflation increases by the municipality risk the same outcome locally — driving more residents off-grid and undermining the municipality's own long-term electricity revenue sustainability.

It is extremely difficult to accept a tariff increase of this scale when reliability of supply has not demonstrably improved. Any increase should, at a minimum, be accompanied by a credible plan with measurable commitments to improve service delivery.

I urge the municipality to give serious weight to these concerns before finalising its NERSA application and presenting the budget and tariffs to Council on 28 May 2026.

I also intend to participate in NERSA's public participation process, which closes on 21 April 2026.

Yours faithfully,

--

Neil Basson  
4 Protea Circle  
Wesbank  
Malmesbury  
7300

There is no proof of poor reliability of supply in the relevant area.

DGU and Klipkoppie IPP is a move towards Alternative Energy.

The application that was made available for comment and the application submitted to NERSA provides an explanation on the determination and impact of the Eskom Increase and it provides a breakdown of the various components.

Swartland did in fact object at the NERSA public hearing in November 2024, to the Eskom application for a tariff increase of 43.55% for 2025/26 for Local Authorities. The objection was to protect the Swartland customers.

The Average tariff increase from Eskom of 9.01% has a 9.12% impact in Swartland. This can unfortunately not be changed. Bulk purchases contributes 87% of the Total Expenditure.

The creation of Capacity (De Hoop 132 kV Project and Yzerfontein and Darling NMD increase) are the other two main contributors to the increase.

The Contribution Ratio based on Total Expenditure

Bulk: 87.81%

De Hoop: 1.53%

Yzer/Dar: 1.48%

Other: 9.18%



**From:** Ulynn Julies <[JuliesU@swartland.org.za](mailto:JuliesU@swartland.org.za)>  
**Sent:** Tuesday, 31 March 2026 14:07  
**To:** File File <[file@swartland.org.za](mailto:file@swartland.org.za)>  
**Subject:** FW: OBJECTION TO PROPOSED

5/9/2/5  
5/4/1/3

**From:** DARLING ACTION <[darling.actiongroup@gmail.com](mailto:darling.actiongroup@gmail.com)>  
**Sent:** Tuesday, 31 March 2026 11:56  
**To:** Registrasie Email <[RegistrasieEmail@swartland.org.za](mailto:RegistrasieEmail@swartland.org.za)>  
**Subject:** RE: OBJECTION TO PROPOSED

The  
Swartland Municipality

Municipal

Manager

Dear Sir/Madam,

RE: OBJECTION TO PROPOSED ELECTRICAL TARIFF INCREASE

I Archie Mbhele Address Angelier Avenue No8 Darling 7345 strongly reject the proposed 11.44% electrical tariff increase for 2026 and 2027. This increase will place an undue burden on residents and businesses.

We urge the municipality to reconsider the proposed increase and explore alternative measures to ensure sustainable energy provision.

Please provide us with an opportunity to make representations.

Sincerely,  
Your Name

Mr Archie Mbhele  
Contact details  
083 341 7451

Note: Similar inputs received from Ms Andiswa Ndinisa and Mr E Sterras.

Swartland understands that the impact of the increase will place a burden on the customers. Alternative measure is in process (DGU and Klipkoppie). It takes time and has marginal impact on tariffs. Additional capacity is required to stimulate economic growth. This Capacity does however come in step changes with step changes in Expenditure.

**From:** Elana April <gianne13@gmail.com>

**Sent:** 13 April 2026 12:51

**To:** Jonhill J. Spies <spiesj@swartland.org.za>; Jonre Pieters <pietersj@swartland.org.za>; Joggie Scholtz <ScholtzJJ@swartland.org.za>; Harold Cleophas <Mayor@swartland.org.za>

**Subject:** Voorgestelde paaie wat geteer Gaan word

Goeie middag,

Ek kommunikeer al vanaf 2023 vir teer strate in Hooikraal, Mrb.

Saterdag kom ek op hierdie begroting af.

Ekt met Jonre vroeer gepraat, ek wil net weet, vanaf die blok by 1ste laan & 2de laan is daar geen wonings nie, daardie erwe le vir jare leeg, maar hierdie 2 blokke maak deel vir teer paaie.

Kan iemand asb vir my verduidelik op grond van wat hierdie besluit geneem was?

Ek wil ook weet waar ek kan kapsie aanteken, want daar waar meer wonings is, soos in blok 4, 5 & 6, kry nie teer strate nie.

Ek heg dit koerant uitsknipsel aan.

Dankie.

Elana April

Die beplanning, onderhewig aan die finale goedkeuring van die 2026/2027-begroting soos die tenderbedrae, is om 'n raps meer as 5,7 kilometer se strate te teer.

**Konstruksie/teer van strate  
In terme van Konsep-kapitaalbegroting 2026/2027**

Dorp	Straatnaam	Vanaf	Tot by	Afstand In meter	Geraamde Koste
Chatsworth	4th Avenue	Hutchison	Chamberlain	141	R 1 022 250,00
	Cemetery	1st Avenue	Hutchison	149	R 1 080 250,00
	Herton	Hutchison	Chamberlain	144	R 1 044 000,00
	Queen	Hutchison	Chamberlain	142	R 1 029 500,00
Darling	Fontein	Butekant	Prospect	198	R 1 550 933,00
	High	Queen Victoria	Hill	308	R 2 568 118,00
	Hill	Butekant	Lang	265	R 2 209 582,00
Kalbaskraal	Tortelduf	Kraanvoel	Kab03	158	R 1 317 411,00
Koringberg	Pelgrim	Sterling	Impala	400	R 2 136 334,00
Malmesbury	Barocca	Tar/Gravel	Tar/Gravel	416	R 3 368 628,00
	Eyethu	Holomisa	CDS	102	R 739 500,00
	Maisphumelele	Holomisa	CDS	120	R 870 000,00
	Mhlabi	Holomisa	CDS	116	R 841 000,00
	Papawer	Felicia	Papawer	101	R 842 143,00
	Uxuntu	Masoka	Thabong	116	R 841 000,00
Moorreesburg	2 <sup>nd</sup> Avenue	Omega	Nassau	535	R 2 830 538,00
	3 <sup>rd</sup> Avenue	Omega	Paul Kruger	416	R 3 365 706,00
	End	Hoof St	Cul De Sac	167	R 1 391 281,00
	Goewebloep		Third Avenue	166	R 1 384 116,00
	Hoek	Spoor	Tar/Gravel	105	R 1 403 058,00
	Libertas	First Avenue	3rd Avenue	401	R 2 165 400,00
	Spoor	River	Spoor	296	R 2 465 983,00
Riebeeck-Kasteel	Kamp	Sarel Cilliers	Royal	135	R 1 125 636,00
	Park	Main	Van Riebeeck	295	R 2 359 724,00
Yzerfontein	6 <sup>th</sup> Ave	Butekant	Cul De Sac	171	R 1 325 806,00
	7 <sup>th</sup> Ave	Butekant	Cul De Sac	146	R 1 217 355,00
<b>Totaal</b>				<b>5,709 km</b>	<b>R 42 495 252,00</b>

Hierdie is die strate/straatgedeeltes wat volgens die konsepbegroting geormerk is om geteer te word.

As die hoë internasionale prys van olie voortduur, kan dit 'n impak op die voorafgeraamde kostes hê en as uitvloeisel sou dit om minder paaie te teer om binne

1. Swartland Munisipaliteit maak gebruik van die iRAMS-grondpadbestuurstelsel, wat onder andere 'n opgraderingsprogram vir grondpaaie identifiseer op grond van tegniese faktore soos die gruisdikteklas van die pad en die vereiste stormwatermaatreëls. Die paaie wat tans vir konstruksie geïdentifiseer is, vorm deel van die hoër prioriteite binne die betrokke gebied.
2. Daar word ook deeglik oorweging geskenk aan verkeersbewegingspatrone, veral in die lig van nuwe behuisingsontwikkelings. Die beplanning neem dus in ag hoe verkeer vanaf beide bestaande en toekomstige ontwikkelings na en binne die dorp sal vloei.
3. Paaie vervul nie slegs 'n vervoersfunksie nie, maar dien ook as 'n integrale deel van die stormwaterbestuurstelsel. Die betrokke paaie word ontwerp en gebou met stormwaterinfrastruktuur, insluitend pype, om stormwater effektief te kanaliseer en af te voer.
4. Vanuit 'n ingenieursoogpunt is dit goeie praktyk om padkonstruksie vanaf die laagste punt van 'n opvanggebied opwaarts te ontwikkel. Hierdie benadering verseker dat stormwaterbeheer van die begin af funksioneel en geïntegreerd is, wat ook in hierdie geval toegepas word.
5. Dat kennis geneem word van die insette en dat dit in ag geneem word met die oog op die herprioritering met in ag neming van plaaslike omstandighede met spesifieke verwysing na stormwaterdreinerings.





# YZERFONTEIN URBAN CONSERVANCY

Bewarea • NPO 053-619-NPO

## Inputs on Draft Budget — Notice 84/2025/2026

**To:** The Municipal Manager, Swartland Municipality  
**From:** Yzerfontein Urban Conservancy (NPO 053-619-NPO)  
**Date:** 21 April 2026  
**Subject:** Inputs on Draft Budget (Notice 84/2025/2026)  
**Marked:** "Inputs on Draft Budget"

### 1. INTRODUCTION AND STANDING

The Yzerfontein Urban Conservancy (YUC) is a registered Non-Profit Organisation (NPO 053-619-NPO) representing a community-led commitment to the ecological health and unique coastal character of Yzerfontein.

We offer these budget inputs to assist the Municipality in ensuring that spending plans for Yzerfontein are aligned with the town's ecological constraints, its community's values, and the Municipality's own stated environmental objectives. We do so in a spirit of genuine partnership.

### 2. OUR ENGAGEMENT HISTORY: RENEWING PREVIOUS SUBMISSIONS

The YUC has a proud history of constructive engagement with Swartland Municipality, and we genuinely value the partnership that has developed over many years. As part of this ongoing engagement, in July 2025, the YUC submitted proposals to the Municipality regarding recycling infrastructure, and in October 2025 budget proposals for the IDP Process.

We appreciate that budget constraints are real and that many worthy proposals compete for limited resources. We note, however, that the current Draft Budget does not appear to reflect these submissions, and we have not received a written response to them.

We therefore take this opportunity to renew both requests formally, and we respectfully ask that the Municipality provide a written response to the Chairperson of the YUC indicating how these submissions will be treated in the finalisation of the 2026/2027 Budget. The YUC remains very willing to engage directly with officials to find workable solutions.

### 3. CRITICAL GAPS IN ENVIRONMENTAL RESOURCE ALLOCATION

#### 3.1 Nature Reserve Maintenance vs. Development Infrastructure

The YUC notes that the Draft Budget allocates R1.038 million for the refurbishment and upgrading of the Yzerfontein Caravan Park and R500,000 for bulk electrical network upgrades.

While we support investment in Yzerfontein's infrastructure, we note the absence of any corresponding allocation for the management and maintenance of the 29 proclaimed Nature Reserve erven, including Erf 1627, which together represent a significant and legally protected conservation asset requiring active stewardship.

We similarly note the absence of any budget provision for the management of the Proposed Open Space Corridor identified in the Yzerfontein Spatial Proposals, which will require active management if it is to serve its intended conservation function.

#### 3.2 Recycling At Source Separation

In July 2025, the YUC submitted a specific request to support additional recycling infrastructure (igloo bins) and the operational rollout of our 'at-source' separation proposal for Yzerfontein.

This request does not appear in the current Draft Budget. The YUC respectfully renews it here, and notes that our recycling proposal includes a cost-benefit analysis demonstrating that the financial return to the Municipality — through reduced landfill volumes and transport costs — is meaningful and ongoing.

We believe this represents an excellent opportunity for a modest municipal investment to unlock significant community effort and deliver measurable environmental and financial benefits.

### 3.3 Coastal Seawater Quality Monitoring

In October 2025 the YUC also requested budget support for regular coastal seawater and seepage monitoring to detect pathogenic contamination. This request similarly does not appear in the current Draft Budget.

By way of context: the YUC currently conducts this monitoring entirely at private cost, covering eight designated sampling points along the Yzerfontein coastline. Our February 2026 Coastal Water Quality Report recorded Excellent results at all eight points — a reassuring finding that the Municipality may wish to note for its own public health and tourism planning purposes.

We raise this not to be critical, but to flag that coastal seawater quality monitoring is an environmental health function recognised under NEMA, the Integrated Coastal Management Act, and the National Health Act. The YUC is pleased to continue this programme, and we would warmly welcome any discussion about how the Municipality might wish to formally support, co-fund, or recognise it going forward.

### 3.4 Alien Vegetation Management

The YUC notes the continued absence of a dedicated budget line for alien vegetation clearing in Yzerfontein's sensitive coastal buffers and watercourses. Alien invasive species remain a significant environmental and fire risk for the town, and a recurring, ring-fenced clearing programme would deliver lasting ecological benefits.

### 3.5 Grant-in-Aid Opportunity

The Municipality's Grant-in-Aid Policy (Category 6.2) provides a mechanism for supporting Environmental Wellbeing initiatives including biodiversity and wetland management.

The YUC respectfully requests that consideration be given to ring-fencing a portion of this allocation for volunteer-led conservation projects in Yzerfontein. We believe this would represent excellent value — community volunteer effort consistently multiplies the impact of modest financial contributions.

## 4. BUDGET REPRESENTATIONS SUMMARY

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The YUC formally requests consideration of the following in the final approved budget:

- **Recycling Infrastructure:** Operational support for the YUC's at-source separation programme, consistent with our July 2025 submission.  
It is unclear whether previous requests for additional igloo bins have been included in the budget, but we think this was done and currently in the procurement process. Written confirmation on this would be appreciated.
- **Coastal Water Quality Monitoring:** A budget allocation to formally fund the YUC's eight-point seawater monitoring programme, and to support its expansion and formalisation within the municipal environmental health framework.
- **Nature Reserve Management Fund:** A dedicated operating budget for fire-break maintenance, erosion control, and alien clearing on the 29 proclaimed Nature Reserve erven.
- **Alien Vegetation Clearing:** A ring-fenced recurring budget line for alien vegetation eradication in Yzerfontein's coastal buffers and watercourses.
- **Open Space Corridor Management:** Capital and operational provision for the active management of the Proposed Open Space Corridor.
- **Budget Transparency:** More granular town-level reporting on Vote 2 (Civil Services) and Vote 6 (Development Services) to enable meaningful community oversight of environmental spending in Yzerfontein.

## 5. PARTNERSHIP AND NEXT STEPS

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The YUC remains enthusiastically ready to partner with the Municipality on conservation-linked budget programmes. We offer community oversight, volunteer effort, and specialist local knowledge to ensure that municipal funds for environmental health in Yzerfontein are utilised as effectively as possible.

We would welcome a formal engagement — even a brief meeting with the relevant portfolio official — to discuss these representations and explore what form a practical partnership might take. We are flexible, solution-oriented, and committed to making this work for both the Municipality and the Yzerfontein community.

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**Submitted by:**

Andy England

**Chairperson**

Yzerfontein Urban Conservancy (YUC)

NPO 053-619-NPO

19 April 2026

## ANNEXURE A — Source References

The following source documents were used in preparing these representations. Inline reference numbers [n] in the body text correspond to the Ref column below. The Doc Ref column shows the original document reference number assigned by the research tool.

Ref	Doc Ref	Source Document	Section / Page	Content Referenced
[1]	25	Budget Proposals Oct 2025 (Budget_proposals_for_inclusion_in_Swartland_Budget_FY_2026_20251029.docx)	p. 1	High Priority recycling at source and swing bench repairs submitted Oct 2025.
[2]	26	Budget Proposals Oct 2025 (Budget_proposals_for_inclusion_in_Swartland_Budget_FY_2026_20251029.docx)	p. 2	Request for R150k recycling bins and water quality monitoring — not in Draft Budget.
[3]	39	Draft SDBIP 2026/2027	p. 20	YZF bulk network upgrade (R500k) and Caravan Park refurbishment (R1.038m).
[4]	163	Nature Reserve MOU	p. 4	Proclamation of Erf 1627 as Nature Reserve.
[5]	165	Recycling Proposal (Project_Proposal_Recycling_Formatted_Final2.docx)	p. 1	Cost-benefit analysis showing financial return to Municipality from recycling investment.
[6]	473	Budget Policies	p. 212	Grant-in-Aid Category 6.2 for Environmental Wellbeing.
[7]	521	Budget Report 26/27	p. 15	Expenditure by Vote — Development Services.
[8]	560	Budget Report 26/27	p. 52	Capital project: YZF Caravan Park Refurbishment (R1.038m).
[9]	648	Yzerfontein_Proposals_Apr_2025.pdf	Map	Proposed Open Space Corridor on spatial plan.
[10]	—	YUC Coastal Water Quality Report — February 2026 (YUC_Water_Quality_Report_Feb2026_printable.html)	Full report	YUC-funded seawater monitoring at 8 sampling points; all results Excellent. Demonstrates unbudgeted municipal environmental health function performed by the YUC at its own cost.

The Municipality notes the value of the Conservancy's work and its willingness to partner, particularly where volunteer efforts can enhance service delivery. However, current budget constraints limit the ability to accommodate additional allocations.

At present, the Conservancy receives an annual grant-in-aid of approximately R95 000, and any further funding requests will need to be considered against competing priorities across the municipality.

The administration will continue to engage with the Conservancy to explore non-financial support, partnerships, and potential future funding opportunities where resources permit.





Western Cape  
Government  
**FOR YOU**



Strategic Integrated Municipal Engagement (SIME 2) 2026

West Coast District

**Swartland Municipality**



## **SWARTLAND MUNICIPALITY**

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

**Western Cape Government**

**APRIL/MAY 2026**

## SWARTLAND MUNICIPALITY DIAGNOSTIC AND SUMMARY OF KEY RECOMMENDATIONS

<p style="text-align: center;"><b>Integrated Development &amp; Spatial Planning</b></p>	<ul style="list-style-type: none"> <li>• The Municipality demonstrates a consistently positive and improving performance trajectory across the IDP cycle; however, ongoing implementation pressures persist under SG3 and SG5, particularly in relation to infrastructure service delivery, digital transformation, and capital expenditure performance.</li> <li>• It is therefore recommended that the Municipality implement targeted interventions under SG3 with a specific focus on infrastructure performance and capital expenditure management, including enhanced project preparation and procurement processes; and</li> <li>• The Municipality should utilise the positive performance trajectory as a structured transition to the 2027 - 2032 IDP cycle, by strengthening the structuring of the Top Layer SDBIP, ensuring targets are appropriately distributed across quarters and aligned to strategic goals, and using identified implementation challenges as baseline conditions for adequately resourced future planning.</li> <li>• Furthermore, the Municipality should consider the input and recommendations received from sector departments captured under section 2.1.2 of this report, dealing with IDP alignment.</li> </ul>
<p style="text-align: center;"><b>Economic Sustainability</b></p>	<ul style="list-style-type: none"> <li>• Ageing infrastructure remains a significant challenge within the municipal area, placing strain on service delivery and overall system reliability.</li> <li>• The maintenance and upgrading of infrastructure are critical to unlocking economic development potential and improving living conditions.</li> <li>• To support these long-term objectives, the Municipality may need to explore alternative funding sources to strengthen financial sustainability.</li> <li>• Investment in maintenance and upgrades is therefore not just a technical requirement but a development enabler.</li> <li>• Reliable infrastructure supports business activity, attracts investment, and improves access to jobs, education, and healthcare. In this sense, infrastructure renewal can act as a catalyst for inclusive economic growth and spatial integration.</li> </ul>
<p style="text-align: center;"><b>Revenue and Expenditure</b></p>	<ul style="list-style-type: none"> <li>• The Municipality is funded budget for the entire 2026/27 MTREF period, with no immediate risk to its financial sustainability or going-concern position.</li> <li>• Address tariff tool misalignment, while implementing a phased approach to cost reflective tariffs with clear disclosure on how any under recovery is funded to ensure consistency, reliability and long term financial sustainability.</li> <li>• In addition, explore operational efficiencies in service delivery and assess alternative electricity supply options to ensure that tariff increases remain cost-reflective while still affordable to consumers.</li> <li>• Closely monitor the impact of the increase in the indigent revenue threshold, particularly in light of expanding housing projects and the potential rise in subsidised services over the medium to long term.</li> <li>• Furthermore, consider historical consumption patterns when developing revenue projections to enhance the credibility and accuracy of forecasts.</li> <li>• Enhance oversight over high growth expenditure items such as contracted services and ensure strict implementation of cost containment measures to protect operating surpluses.</li> <li>• Continuously assess the most appropriate funding mix to ensure alignment between capital planning, long term financial sustainability and cash flow capacity.</li> </ul>
<p style="text-align: center;"><b>Strategic Procurement</b></p>	<ul style="list-style-type: none"> <li>• Deviations from competitive procurement included in the SCM procurement policy require urgent review</li> <li>• Cost Containment Policy to be reviewed to align to more recent expenditure guidelines regarding consultants and travel</li> <li>• Generate a comprehensive procurement plan which includes capex and opex</li> <li>• Take a more strategic approach to procurement through the use of framework agreements and existing National Treasury contracts</li> </ul>

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## LIST OF ACRONYMS

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

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

## **SECTION 1: INTRODUCTION**

The 2026 SIME assessment summarises comments by the Western Cape Government (WCG) on the draft 2026/27 MTREF Budget, Integrated Development Plan (IDP), Spatial Development Framework (SDF) and other relevant policies and documents.

The assessment covers the following key areas; conformance with the Municipal Finance Management Act 56 of 2003 (MFMA), Municipal Systems Act 32 of 2002 (MSA), and Municipal Budget and Reporting Regulations (MBRR); an integrated, spatial and environmental planning analysis of the IDP and SDF, and the responsiveness, credibility, and sustainability of the tabled budget.

The WCG intends meeting the executives of your Municipality in May 2026, where the key findings and recommendations of this report will be presented and deliberated upon. The planned engagement will contextualise the Municipality's challenges and responses as presented in the draft budget, IDP, Local Economic Development (LED), SDF and as well as other strategic matters for discussion between the two spheres of government. All the information related to the assessment and analysis of the draft annual budget, IDP and SDF is found in the report below.

## **SECTION 2: INTEGRATED PLANNING**

### **2.1 Integrated Development Planning**

The Municipal Systems Act 32 of 2000 (MSA) requires every municipal council to review its Integrated Development Plan (IDP) annually, based on an assessment of its performance measurements, and to the extent that changing circumstances demand. The MSA further provides that a municipal council may amend its IDP by following the prescribed process set out in Regulation 3 of the Local Government: Municipal Planning and Performance Management Regulations, 2001 (MSA Regulations).

In compliance with these provisions, the Swartland Municipality (the Municipality) conducted the annual review of its IDP during the 2025/26 financial year. This represents the fourth and final review of the 2022 - 2027 IDP, and the Municipality resolved to adopt an amended IDP in May 2026.

#### **2.1.1 IDP Compliance**

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

#### **2.1.2 IDP Alignment**

Section 32(2) of the MSA provides for the Member of Executive Council (MEC) for local government to decide whether to make proposals to a municipal council to adjust an IDP, if such plan or amendment conflicts with or is not aligned with or negates any of the development strategies of other affected municipalities or organs of state. Section 26 of the MSA further requires that IDPs must be aligned with and not negate the national and provincial development plans and planning requirements binding on the Municipality in terms of legislation. To this end, sector departments have examined the draft amended IDP to determine the extent of alignment with their development strategies and plans, and the outcome is captured below for the Municipality to consider and incorporate into its IDP before adoption.

#### **Economic Development**

The proposed amendments to the IDP reflect alignment with the Western Cape Provincial Strategic Plan 2025 - 2030 and the Growth for Jobs strategy, with a focus on inclusive economic growth, infrastructure-led development, agriculture, tourism, logistics, red-tape reduction, and SMME support. The proposed amendments to the IDP further reflect that the Municipality has a Local Economic Development (LED) Strategy, informed by a regional analysis and structured around stimulating markets, strengthening industries, and addressing constraints. In support of these objectives, the proposed amendments to the IDP include several initiatives that support economic development, such as the De Zwartland Werf economic node, red-tape reduction measures, and investment in agro-processing, renewable energy, and rural tourism. The Department of Economic Development and Tourism recommends that the Municipality strengthen the linkage between economic priorities and available resources, as well as enhance the tracking of employment outcomes linked to municipal interventions.

With respect to agriculture, the proposed amendments to the IDP reflect measures that support agricultural development, including initiatives such as the fencing of land along major routes and references to land leased for agricultural purposes along the N7. The Municipality is encouraged to collaborate with the Department of Agriculture, particularly in relation to implementing appropriate biosecurity measures for the management of urban livestock farming in response to recent disease outbreaks.

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

The Department of Infrastructure recommends that the Municipality reflect the Western Cape Government Infrastructure Framework 2050 (WCIF 2050), including the associated Western Cape Infrastructure Strategy 2050 and Western Cape Infrastructure Implementation Plan 2050, in the proposed amendments to the IDP. The absence of reference to these limits alignment with provincial infrastructure planning frameworks and approach. The Municipality is encouraged to incorporate the WCIF 2050 suite into the IDP to strengthen infrastructure planning and alignment, particularly in the preparation for the next five-year IDP planning cycle.

The proposed amendments to the IDP reflect a structured approach to human settlements, the housing demand, urbanisation pressures and spatial transformation are outlined, supported by the Municipal Spatial Development Framework and Housing Pipeline. The proposed amendments to the IDP further reflect ongoing delivery, including key housing projects in Malmesbury, Moorreesburg and Darling, which demonstrate progress in addressing housing needs.

The Department of Human Settlements recommends that the Municipality align with the Western Cape Housing Demand Database and incorporate spatial targeting instruments such as Priority Human Settlement and Housing Development Areas and Restructuring Zones.

With respect to transport, the proposed amendments to the IDP reflect that the Municipality has an approved Integrated Transport Plan. The Department of Mobility recommends that the proposed amendments to the IDP clearly translate its transport vision into measurable outcomes, such as improved accessibility, reduced travel times, and modal shifts. While public transport, non-motorised transport, and rural mobility are identified as key community priorities, there may be scope to further strengthen the analysis of current service provision and to clarify planned interventions or improvements over the medium to long term.

## **Health, Social Services and Amenities**

The proposed amendments to the IDP reflect alignment with the objectives of the Department of Health and Wellness, particularly in relation to access to healthcare and community health priorities. Issues identified through community engagement processes align with those in the District Health Plan. The Department of Health and Wellness recommends that the Municipality explicitly reference the West Coast District Health Plan of 2026/27 - 2028/29 in the proposed amendments to the IDP to further strengthen alignment. In addition, the proposed amendments to the IDP reflect alignment with provincial priorities relating to social cohesion, sport, and cultural development, supported by the inclusion of a Sports Plan and Safety Plan.

## **Safe and Cohesive Communities**

The proposed amendments to the IDP reflect an integrated approach to community safety. The inclusion of a Safety Plan, together with its integration with spatial planning and technology, demonstrates a proactive approach. The proposed amendments to the IDP further reflect the use of crime statistics, the establishment of the Swartland Community Safety Forum, and investments in initiatives such as the automated number plate recognition cameras network and floodlighting, which support efforts to improve community safety.

## **2.2 IDP Implementation**

Section 41 of the MSA provides for a municipality to, in accordance with its performance management system, set performance measures with regard to its development priorities and objectives set out in the IDP. In addition, section 41 provides for the monitoring of performance, measuring and reviewing performance

at least once per year, implementing steps to improve performance, and setting up a regular reporting system.

Following the assessment of the Municipality's implementation of the IDP as part of the 2024/25 IDP assessment process, this section reflects on whether previously identified implementation risks have been addressed. For the assessment, the DLG has consulted the statutory reporting documents of the Municipality, including the 2024/25 Annual Report, the Section 72 Report, and the 2025/26 Technical Integrated Municipal Engagement (TIME) Report. The Municipality is encouraged to take these analyses into account to address identified shortcomings over the remainder of the term of office and to inform planning processes for the upcoming 2027 - 2032 IDP cycle.

The Municipality adopted its 2022 - 2027 IDP in 2022, which was subsequently amended during the 2023/24 financial year. The amendment introduced six strategic focus areas and five revised strategic goals (SGs). The five amended SGs are as follows:



The Service Delivery and Budget Implementation Plan (SDBIP) included 41 key performance indicators (KPIs) during the 2022/23 financial year. The number of KPIs increased to 57 following the 2023/24 IDP amendment, where strategic goals were revised and additional programmes incorporated. The Municipality also introduced a Top Layer SDBIP in 2023/24, incorporating a five-year planning horizon with annual targets.

### **Performance Trends Across the IDP Cycle**

The Municipality's performance trajectory across the IDP cycle reflects a consistently improving trend, with overall KPI achievement increasing from 80 per cent in 2022/23 to 90 per cent in 2023/24, and further improvement reflected in 2024/25. The table below provides a summary of the Municipality's performance across the completed financial years of the 2022 - 2027 IDP cycle:

During the 2022/23 financial year, the Municipality achieved 80 per cent of its 41 KPIs overall. While most SGs indicated positive performance, three areas presented minor challenges. SG1 (Improved quality of life for citizens), 9 per cent of KPIs were not met, primarily relating to delays in the development of the animal pound by-law, which required the appointment of a service provider. SG4 (Caring, competent and responsive institution) reflected some pressure, with 17 per cent of KPIs almost met and 8 per cent not met, indicating areas for strengthening in institutional and administrative processes. SG5 (Sufficient, affordable and well-run services), 8 per cent of KPIs were almost met.

Performance improved in 2023/24, with the Municipality achieving 90 per cent of its expanded set of 57 KPIs. The Municipality achieved all KPIs under SG1, SG2, and SG 4. However, there were challenges under SG3, where 8 per cent of KPIs were not met, and 15 per cent were almost met, indicating ongoing service delivery pressures, particularly in relation to infrastructure-linked outputs. SG5 also reflected areas for further

development, with 25 per cent of KPIs almost met, suggesting that digital transformation and innovation initiatives are still in progress.

The 2024/25 Annual Report reflects a positive performance year, with most strategic initiatives due in 2024/25 achieved. These include the adoption of the Social Regeneration Strategy, the conclusion of a twinning agreement, the hosting of the SMME Indaba in 2025, the submission of the ICT Masterplan and Smart City Framework to the Mayoral Committee, the approval of the Wheeling Framework, and the review and updating of all infrastructure master plans. The Municipality also exceeded its LED job creation target, generating 194 jobs against a target of 150, and achieved 99.97 per cent in terms of spending its training budget. Furthermore, all general regulatory KPIs relating to access to services were met, with service connections for water, sanitation, refuse removal, and electricity surpassing annual targets.

The primary unmet statutory KPI in 2024/25 relates to capital expenditure, which was recorded at 91.52 per cent against a 95 per cent target, reflecting a decline from the 96 per cent achieved in 2023/24, which was attributed to ongoing court proceedings relating to the Silvertown land purchase and the late receipt of the Municipal Disaster Response Grant following the Riverlands disaster.

The Municipality demonstrates a consistently positive and improving performance trajectory across the 2022 - 2027 IDP cycle, supported by sound financial management and consistent service delivery outcomes. The 2025/26 TIME Report provides an assessment of the Municipality's performance in the mid-financial year. The assessment was conducted against the Top Layer SDBIP, comprising 11 KPIs monitored during the second quarter. This indicates a positive performance trajectory and reflects continued institutional stability, strengthened governance, and consistent service delivery outcomes.

## **2.3 Key findings and recommendations**

### **2.3.1 Key Findings**

Based on the above assessment, below is a summary of key findings:

- The Municipality demonstrates a consistently positive and improving performance trajectory across the IDP cycle. However, implementation pressures remain under SG3 and SG5, reflecting ongoing infrastructure-related service delivery constraints and digital transformation challenges. Capital expenditure performance below target in 2024/25, although influenced by external factors, remains a key implementation risk to infrastructure delivery and service continuity.

### **2.3.2 Recommendations**

It is recommended that the Municipality:

- Consider the input and recommendations received from sector departments captured under section 2.1.2 of this report, dealing with IDP alignment.
- Implement targeted interventions to address challenges under SG3, with specific focus on infrastructure performance and capital expenditure management, including enhancing project preparation and procurement processes; and
- Utilise the positive performance trajectory as a structured transition to the 2027 - 2032 IDP cycle, by strengthening the structuring of the Top Layer SDBIP, ensuring targets are appropriately distributed across quarters and aligned to strategic goals, and using identified implementation challenges as baseline conditions for adequately resourced future planning.

## 2.4 Environmental and Planning Analysis

### 2.4.1 Provincial Priority Focus Areas for Planning and Environment

The DEA&DP utilises a comprehensive index framework to monitor spatial performance across all districts, tracking shifts in human welfare, liveability, and environmental systems. This data-driven, indicator-led approach serves as a critical decision-making tool to advance the Provincial and Departmental Strategic Plans' spatial transformation goals while strengthening governance through evidence-based research and growth analysis.

The Municipality displays medium to high results across human welfare, natural resources access, and liveability outcomes, indicating that access to spatial advantage and prosperity is relatively equally / uniformly shared, although opportunities for improvement exist throughout. Swartland also shows strong performance overall in its built environment and human wellbeing systems, but observed vulnerabilities in the natural environment's system. Opportunities for improvement across all outcome areas and systems need to be the focus to improve further on overall spatial performance and continued healthy growth potential over the next 5-year IDP cycle. In 2018, the overall Growth Potential for Swartland showed improvement, and the overall measured potential ranked in the high growth potential category. The updated Growth Potential report (GPS 24) will become available for distribution early in May 2026 for consideration in the final IDP.

The overall spatial performance for Swartland highlights the importance of leveraging MSDF and CEF to ensure that infrastructure investment, and programmes in the municipality improve on sound foundations that exists, and deliver even better access to basic services, economic opportunities, and quality living environments across. Vulnerabilities in the natural environment system (e.g. water security-related aspects) highlight the importance of leveraging ecological infrastructure, and importantly, giving effect to Climate Change responsiveness.

### 2.4.2 Spatial Transformation and Managed Urbanization

The purpose of this assessment is to evaluate the extent to which municipal planning and budgeting instruments are aligned to give practical effect to the municipality's spatial vision and development trajectory. In particular, it seeks to determine whether the draft IDP and MTREF reflect and implement the spatial priorities set out in the MSDF and, where applicable, the Capital Expenditure Framework, so that investment decisions are directed in a manner that supports spatial transformation, restructuring, and more efficient urban form. The assessment focuses on whether municipalities are moving beyond policy intent toward **plan-led budgeting and implementation**, where spatial plans inform capital allocation, infrastructure sequencing, and development outcomes. In doing so, it aims to identify gaps between spatial planning and budgeting, highlight areas requiring municipal action, and support a more deliberate translation of spatial strategies into funded, implementable programmes that advance inclusive, well-located, and sustainable human settlements.

This approach enables a clear theory of change for spatial transformation. Spatial plans, on their own, do not change spatial outcomes; they must shape where and how public investment is directed. When MSDF priorities are translated into a prioritised capital investment pipeline, and that pipeline is reflected in the MTREF and annual budgets, infrastructure and service delivery begin to reinforce the intended spatial structure. Over time, this shifts growth toward priority nodes and corridors, improves access to well-located land and opportunities, and reduces inefficient and fragmented development patterns. Without this link between planning and budgeting, spatial transformation remains aspirational rather than implementable.

### **2.4.3 Municipal Spatial Development Framework Performance Review**

No evidence was found that the municipality has undertaken an annual performance review of its MSDF in the last year in line with Section 34(a)(i) and 41(1)(c) of the Municipal Systems Act. This limits the municipality's ability to systematically assess whether the draft IDP and budget are giving effect to the MSDF, i.e. whether planning and budgeting are aligned, and whether any amendments to the MSDF are required in response to changing conditions or implementation constraints.

Further information on the Annual Performance Review of the Implementation of SDF's can be found in the Practice Note which accompanied Provincial Circular 0005 / 2023.

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

### **2.4.4 Capital Expenditure Framework and Alignment of Budget with MSDF Priorities**

Swartland Municipality participated in the first round of the Capital Expenditure Framework (CEF) programme initiated by DEA&DP, culminating in a comprehensive CEF in 2023. Following the 2025 amendment of the MSDF, the CEF was updated to ensure alignment with the revised spatial framework.

The MSDF directs investment toward Priority Human Settlement and Housing Development Areas (PHSHDAs) to address spatial fragmentation. Key focus areas include Malmesbury (Wards 8-11) as a primary node for social and economic integration; Abbotsdale and Kalbaskraal (Ward 7) for strengthening social infrastructure; and Darling (Ward 6) and Yzerfontein (Ward 5) for tourism and residential growth. The CEF supports these priorities by targeting bulk infrastructure investment to unlock development, particularly water and sewer upgrades in areas such as Chatsworth and Riverlands. A major catalytic project is the De Hoop housing development in Malmesbury, which depends on significant upgrades to electrical capacity and bulk water and sanitation systems. Additional priorities include water resource augmentation, such as the Swartland system, and the replacement of ageing electrical infrastructure in Darling and Moorreesburg.

There is strong alignment between the capital budget and the CEF. The municipality's largest capital projects, accounting for a substantial share of total expenditure, directly support MSDF priorities. Notably, the De Hoop development is backed by significant investment, including a R30 million substation, R23.6 million for serviced sites, and R17.8 million for bulk electrical supply. The Highlands landfill extension is also identified as a key investment.

The draft capital budget demonstrates spatial referencing, with investments broadly aligned to the priority areas identified in the MSDF and CEF. While the MSDF and CEF define investment at both municipal and sub-area levels, the IDP and budget reflect this through a settlement-level allocation of resources, which appears consistent with the intended spatial development pattern.

Overall, Swartland Municipality's draft 2026/27 budget reflects a well-developed integration of spatial planning and financial strategy. The use of the CEF as a guiding instrument, including its 10-year project pipeline and budget scenario modelling, supports the sequencing of infrastructure investment and ensures that capital expenditure is directed toward priority spatial areas, particularly the Malmesbury/De Hoop node and associated bulk infrastructure upgrades.

#### 2.4.5 Incremental Upgrading of Informal Settlements

The MSDF spatially identifies areas for incremental upgrading and formalisation, including specific informal settlement locations and catalytic nodes such as Blocks A and B in Ilinge Lethu and the Phola Park area within the De Hoop development.

These priorities are supported in the budget through targeted allocations, including R500 000 for electrical bulk supply and connections to formalise 220 erven in Ilinge Lethu, and R1.86 million for shared services in Phola Park. In addition, R77.7 million from the Equitable Share is allocated over the MTREF period for community services and the servicing of informal settlements.

Swartland Municipality's draft 2026/27 budget and IDP, therefore give effect to incremental upgrading by aligning spatial priorities with funding instruments, including the Informal Settlements Upgrading Partnership Grant (ISUPG) and Equitable Share allocations. While current investment is largely focused on Malmesbury, the MTREF indicates a phased expansion of upgrading interventions across the municipal area.

#### 2.4.6 Inclusionary and Affordable Housing Policy Responsive and Use of Housing Market Evidence

A Housing Market Study (HMS) was prepared for Swartland Municipality in 2024 to assess market dynamics, affordability constraints, and housing demand. The study provides an evidence base to identify market gaps and inform targeted housing interventions, including the need for affordable and inclusionary housing measures.

The HMS identified two key underserved segments across the municipality:

**Lower-end market:** There is a severe undersupply of properties below R300 000. For example, in Moorreesburg, 2,096 households can afford this segment, yet only 1 475 properties are available.

**"Missing middle":** A significant gap exists in the R300 000 - R600 000 range, while stock in the higher R600 000 - R900 000 bracket remains unaffordable to most middle-income households.

These findings are partially reflected in the draft IDP, which highlights a substantial housing backlog (approximately 16,956 people as of May 2025) and the need for a wider range of housing typologies to address spatial fragmentation. While the IDP aligns broadly with the HMS by promoting social and GAP housing, the study's detailed quantitative analysis is not yet clearly embedded as a direct informant of sector-specific policy or implementation mechanisms.

The municipality demonstrates commitment to addressing housing affordability through several initiatives:

**Social housing:** A target has been set to appoint a social housing institution by June 2026 to manage developments in restructuring zones.

**Affordable housing enablement:** Efforts are underway to secure land use rights for mixed housing developments and support access to FLISP and GAP housing.

**Spatial targeting:** The MSDF identifies Integration Zones and Social Housing Restructuring Zones to support urban integration.

However, these interventions have not yet been consolidated into a formal Affordable Housing Policy. While implementation is being advanced through partnerships and catalytic projects such as De Hoop, the absence of a municipal-wide policy limits the ability to provide a coherent and coordinated framework for affordable housing delivery. In particular, it constrains the systematic alignment of land release, bulk infrastructure investment and intergovernmental funding with clearly defined housing objectives and spatial priorities.

## 2.4.7 Climate Change Resilience

During 2025/26, Municipalities continue to experience the impact of climate-linked extreme weather events like extreme heat, extensive veld fires, and flooding across the province.

Climate change, however, should not be seen only in a negative light and as a disaster management issue but also from an opportunity perspective. While extreme weather events are important to plan for, municipalities also need to consider longer-term and less visible impacts. Conditions like extended fire seasons, persistent water security concerns as well as coastal erosion impact significantly on municipal resources and increasingly do so in the near future.

The most effective way to deal with these impacts is to shift from disaster response to proactive risk reduction, or what is referred to as climate change resilience. As indicated, resilience is a key focus of the WCSDF and revolves around reducing existing and structural vulnerabilities that make communities, economic activities, systems, and infrastructure sensitive to climate related threats. This could include economic impacts such as reduced demand for our carbon-intensive products, and how climate change will gradually affect land use, infrastructure, and settlement patterns over time.

**Key recommendations for integration of climate change considerations into the operations of the Municipality are:**

- **Risk Assessments:** The assessment of risks to municipal operations and services, including but not limited to disaster risks, is already a well-entrenched mechanism to ensure accountability, responsible investment, and change management. The same mechanism should recognise the short- and long-term risks exacerbated by changing climatic conditions, and accordingly inform and direct municipal planning and spending.
- **Communication and Awareness:** Surveys indicate poor climate change awareness in the Western Cape. This likely inhibits the rate of behaviour change towards climate responses and decisions. WCG is working towards consolidated climate change messaging and encourages Municipalities to do the same within their communications and environmental education spheres. A recently launched WCG resource for climate change-related communication materials can be accessed here: <https://museumstories.co.za/climate-change/>
- **Focus on vulnerability:** There are many resources available to assess vulnerability to climate-related stresses. These should be accessed to guide municipal planning and interventions to areas or situations where exposure to physical, economic, or well-being threats is the greatest. DEA&DP can assist municipalities in many of these aspects.
- **Focus on Energy Resilience:** There are opportunities for municipalities to improve energy resilience within their operations and for their customers through promotion of energy efficiency and renewable energy opportunities at both the small and large scale.

With improved energy resilience, the Western Cape will be able to manage energy-related disasters (including loadshedding) more effectively and work towards a more secure, decarbonised and sustainable energy system for the Western Cape. A number of WCG departments, including DEA&DP, DoTP through the Energy Resilience Programme and Dol, can assist municipalities in implementing interventions that support energy resilience.

Municipal officials must remain aware of the prescripts of the Climate Change Act, especially those related to the compilation of Climate Change Needs and Response Assessments for District Municipalities. Although the obligations are currently deferred, the Department of Forestry, Fisheries, and the Environment (DFFE) is developing guidelines to support its development and implementation. The WCG's Climate Change Directorate is assisting Districts with pre-emptive work on revised climate change response plans and

encourages broad collaboration between the Districts and Local Municipalities, as well as participation by technical departments within municipalities to ensure effective mainstreaming of climate change responsiveness.

## **2.4.8 Environmental Quality**

### **2.4.8.1 Adoption of the Western Cape Provincial Biodiversity Strategy and Action Plan 2025 - 2030**

The Provincial Biodiversity Strategy and Action Plan is the strategic umbrella for coordinated action across government, civil society and business, with explicit alignment with both national and international biodiversity aspirations and agreed upon targets. Municipalities play a vital role in the achievement of these biodiversity targets and should take note of this recent adoption in relation to their own strategies and biodiversity management targets.

### **2.4.8.2 Ecological Infrastructure Investment Framework and Plans**

Ecological infrastructure entails naturally functioning ecosystems that provide services to people and the economy. When ecological infrastructure functions correctly, it supports municipal service delivery by providing a reliable, good-quality raw water supply, disaster risk reduction (especially protection against wildfire risks and inland/coastal flooding), climate regulation, etc.

Municipalities are encouraged to include ecological infrastructure into strategic plans and budgets. Some practical steps include:

- Incorporate the Western Cape Biodiversity Spatial Plan (WCBSP 2023) outcomes into MSDFs. Where appropriate, ensure alignment with Municipal Land Use Schemes by assigning the correct zoning to secure protection of ecological infrastructure and incorporating these areas as part of a wider municipal open space system;
- Incorporate ecological infrastructure as part of asset management plans and budgets;
- Draft and secure approval for strategic Maintenance Management Plans to ensure compliance with legislation; and
- Collaborate with other stakeholders by participating in programmes such as Working for Water, Working for Wetlands, Boland Groot Winterhoek Collective, Outeniqua to Tsitsikamma Water Working Group, etc.

To guide municipalities in investing in Ecological Infrastructure, the Western Cape Government developed the Western Cape Ecological Infrastructure Investment Framework. Guiding materials and examples are also available from the DEA&DP. Municipalities are urged to tailor ecological infrastructure investment to their local context as a complementary strategy to enhance service delivery and human wellbeing within their administrative domains. When designed carefully, these strategies could be used to attract external funding and boost service delivery effectiveness.

Ecological Infrastructure Management Programmes are currently being developed by municipalities in the Western Cape, and a dedicated programme to roll out these EIMPrs within strategically important municipalities will be undertaken over the Medium-Term Expenditure Framework.

## **2.4.9 Waste Management**

Over the past five years, the municipality has demonstrated a steady commitment to evolving its waste management landscape, balancing high-performing disposal facilities with an ambitious, though still developing, diversion strategy.

#### 2.4.9.1 Operational Performance and diversion

The municipality's operational footprint is extensive, comprising **14 active facilities**, including the Highlands Waste Disposal Facility (WDF), a Materials Recovery Facility (MRF), and a network of transfer stations and drop-off points across Darling, Moorreesburg, and several smaller villages. Data management has become more rigorous during this period, with four key sites registered and reporting to the Integrated Pollutant and Waste Information System (IPWIS). While the Highlands sites utilize weighbridges for precise tracking, the remaining facilities rely on waste calculators to estimate volumes.

In the 2024 calendar year, the municipality handled a total volume that saw **39 897 tonnes** sent to landfill, while successfully diverting **34 583 tonnes**. This reflects a notable waste diversion rate of **46 per cent**. Current diversion efforts are largely driven by the Highlands MRF, wood chipping, and the repurposing of construction and demolition (C&D) waste as landfill cover. Furthermore, the municipality has maintained a high level of service delivery, with the 2024 Socio-Economic Profile indicating that **86.7 per cent** of households receive formal waste collection services.

#### 2.4.9.2 Strategic Planning and Governance

Governance structures were strengthened early in this five-year cycle with the designation of a Waste Management Officer in February 2020. This leadership paved the way for the development of the Integrated Waste Management Plan (IWMP) 2022 - 2027, which received formal endorsement from the DEA&DP and Council approval in 2023. Additionally, the municipality finalized its Organic Waste Diversion Plan (OWDP) in 2021 to align with provincial mandates.

While the municipality remains compliant with the National Environmental Management: Waste Act (NEMWA) through regular annual reporting, there is a recognized need for better integration between planning and finance. Currently, the draft Integrated Development Plan (IDP) lacks a granular breakdown of budgeted IWMP projects. To bridge the gap between policy and public participation, the municipality has launched a multi-channel awareness campaign involving social media, billboards, and direct councillor-led community engagement.

#### 2.4.9.3 Key Challenges and compliance

Compliance remains a primary strength of the municipality's waste operations. The most recent 2025 audit scores reflect exemplary management standards at the main disposal sites:

- **Darling WDF:** 94.43 per cent
- **Highlands WDF:** 92.58 per cent
- **Moorreesburg WDF:** 91.94 per cent

Despite these high scores, significant challenges persist in the transition toward a circular economy. A core challenge is the stalled implementation of the Organic Waste Diversion Plan; as of 2025, primary strategies such as **home composting, dedicated garden waste collection, and Mechanical Biological Treatment (MBT)** remain largely inactive. Furthermore, a formal "separation at source" program has yet to be established.

To address these hurdles, the municipality is moving toward expanding the lifespan of the Highlands WDF through the development of a new cell, opting to maintain local capacity rather than utilizing regional facilities. Moving forward, the strategic focus is shifting toward exploring **Public-Private Partnerships (PPPs)** to secure the capital required for organic waste infrastructure and investigating leaner operational models to reduce the costs associated with outsourced waste services.

#### 2.4.9.4 Western Cape Integrated Waste Management Plan 2027 - 2032 & Budget Facility for Infrastructure

The Western Cape Department of Environmental Affairs and Development Planning (DEA&DP) has launched a strategic **R3.1 billion** initiative under the Budget Facility for Infrastructure (BFI). This program is designed to systematically modernize waste management across the province's municipalities by transitioning from traditional disposal to a resource-recovery model.

Core Strategic Pillars:

- **Infrastructure Backlog & Lifecycle Planning:** The initiative targets a **R3.1 billion** funding gap. Crucially, it shifts the planning burden onto municipalities to account for **full lifecycle costs**-ensuring that facilities are not just built, but are financially sustainable over their entire operational life.
- **Green Initiatives & Circularity:** The strategy pivots toward aggressive sustainability targets, specifically **organic waste diversion** (aiming for 100 per cent diversion by 2027), large-scale recycling, and the development of **waste-to-energy** technologies.
- **Integration with Provincial Growth:** This waste-specific funding is a vital subset of the **R132 billion long term infrastructure pipeline** announced in April 2026. It positions waste management as a "catalytic" sector for economic growth rather than just a basic service.
- **Priority Projects:** Immediate implementation is focused on regionalization, such as the **Karwyderskraal Regional Landfill Facility expansion** (specifically Cell 5A), which serves as a blueprint for shared municipal infrastructure.
- **Alternative and Blended Finance (ABF):** To circumvent national fiscal limitations, the province is utilizing the **ABF Framework**. This model leverages public funds to de-risk projects, attracting private sector investment to ensure long-term capital stability.

The BFI initiative serves as the primary financial engine for the 4<sup>th</sup> Generation Western Cape Integrated Waste Management Plan (WCIWMP) 2027 - 2032.

- **Strategic Alignment:** While the WCIWMP sets the regulatory and policy targets (the "what"), the BFI application provides the capital (the "how"). The plan explicitly incorporates the R3.1 billion backlog data into its **Phase 1 Situational Analysis**, which was finalized in early 2026.
- **Implementation Progress:** As of April 2026, the transition from Phase 1 to **Phase 2 (Implementation Plan)** is underway. The progress is currently focused on "bankable" project preparation, ensuring that municipal projects meet the technical and financial criteria required by the BFI and the Blended Finance Framework.

## SECTION 3: ECONOMIC and FINANCIAL SUSTAINABILITY

### 3.1 Introduction

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

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

The revenue and expenditure analysis and risks section provides a gap analysis with regard to trading services, analysing the credibility and tariff structure of the Municipality's budget.

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

### 3.2 Sustainable Economic Development

#### 3.2.1 Socio-economic context

**Table 1 Socio-economic indicators**

Population & Population growth 2025	Unemployment 2024	Poverty: Food Poverty Line 2024	WCD/ Economic Growth 2023 - 2024	Basic Services: Access levels 2024
150.551	13.8%	53.9%	1.3%	<ul style="list-style-type: none"> <li>Electricity: 98.4%</li> </ul>
Growth 2024 - 25: 2.0%				<ul style="list-style-type: none"> <li>Water: 99.3%</li> <li>Sanitation: 97.1%</li> <li>Refuse: 93.2%</li> </ul>
Education 2024	Health 2024/25		Crime: Actual Numbers Reported Swartland 2024	Crime: per 100 000 Population Swartland VS WCD 2024
Matric pass rate: 88.7%	<ul style="list-style-type: none"> <li>Immunisation rate: 59.7%</li> <li>Child malnutrition: 1.9 per 100 000 population</li> </ul>		Murders: 36	24 vs 29
Learner retention Rate (Gr 10 - 12): 73.8%	<ul style="list-style-type: none"> <li>Teenage pregnancy rate: 16.9%</li> </ul>		Common assault: 773	524 vs 568
	<ul style="list-style-type: none"> <li>Termination of pregnancy rate: 0.3%</li> </ul>		Drug-related crime: 996	675 vs 939
			Malicious damage to property: 462	313 vs 307

Source: 2025/26 Municipal Economic Review & Outlook – West Coast/ Swartland

#### Comments

The municipality presents a mixed but generally positive socio-economic profile, with clear strengths alongside persistent structural challenges.

On the positive side, economic diversification reduces reliance on a single sector and enhances resilience to economic shocks. Combined with population growth, this creates favourable conditions for local economic expansion, increased labour demand, and broader market activity. The strong matric pass rate further supports human capital development, which is essential for long-term economic competitiveness.

However, population growth is a double-edged sword. While it stimulates demand and economic activity, it also places strain on housing, infrastructure, and service delivery systems. If not managed proactively, this can lead to the growth of informal settlements, increased inequality, and declining living standards in certain areas.

The persistence of poverty, despite relatively strong economic fundamentals, points to uneven distribution of economic benefits. This suggests that growth may not be sufficiently inclusive, with certain groups or areas not fully participating in or benefiting from economic opportunities. Addressing this requires not just economic growth, but targeted interventions to improve income distribution and access to opportunities.

Crime trends introduce an additional layer of economic and social risk. While the decline in murder rates is positive, increases in other forms of crime, particularly those affecting households and businesses, can undermine social stability and deter investment. This, in turn, can limit economic growth and job creation.

Overall, the key implication is that while Swartland is relatively well-positioned for growth, its long-term socio-economic sustainability will depend on how effectively it manages population growth, addresses inequality, and mitigates social risks such as crime and poverty.

### 3.2.2 Budget alignment to IDP Strategic Objectives

**Table 2 Strategic Objectives for the 2026/27 Medium Term Revenue & Expenditure Framework**

Strategic Objective	2025/26 Medium Term Revenue & Expenditure Framework OPEX				2025/26 Medium Term Revenue & Expenditure Framework CAPEX			
	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29	Average Annual Growth	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29	Average Annual Growth
SG1 Community safety and well being	150 701	161 968	174 005	7.5%	12 061	2 731	38 696	79.1%
SG2 Economic Trnsformation	300	300	300	0.0%	1 100	-	-	-100.0%
SG3 A healthy and sustainable environment	206 758	92 456	145 513	-16.1%	45 936	60 990	34 427	-13.4%
SG4 A connected and innovative local government	206 883	219 653	232 996	6.1%	6 006	3 462	4 672	-11.8%
SG5 Quality and reliable services.	1 120 583	1 102 538	1 215 972	4.2%	175 750	225 462	269 958	23.9%
<b>Total Expenditure</b>	<b>1 685 226</b>	<b>1 576 915</b>	<b>1 768 787</b>	<b>2.4%</b>	<b>240 853</b>	<b>292 645</b>	<b>347 752</b>	<b>20.2%</b>

Source: Swartland 2026/27 MTREF Budget

- Swartland Municipality acknowledges the significant socio-economic challenges within its jurisdiction, including high unemployment, persistent poverty, and increasing demand for housing, basic services, and infrastructure. The strategic priorities outlined in supporting schedules SA5 and SA6 of the 2025/26 Medium-Term Revenue and Expenditure Framework (MTREF) are aligned with the Integrated Development Plan (IDP) and reflect tangible financial commitments across all five strategic goals.
- A substantial share of the 2026/27 operating budget is directed toward Strategic Goal 5, which focuses on the provision of “Quality and Reliable Services.” This priority receives R1 120 583 billion, accounting for 66.5 per cent of the total operating budget for the year, with similar allocations projected over the subsequent two financial years. Over the MTREF period, funding for this goal is expected to grow at an average annual rate of 4.2 per cent.

- This strategic goal emphasises equitable access to essential services and the planning, development, and maintenance of sustainable bulk infrastructure. It encompasses core municipal services such as water, electricity, and sanitation, as well as transport infrastructure like roads. The 2026/27 budget clearly demonstrates a strong prioritisation of resources toward achieving these service delivery objectives.
- Although the total capital budget of R240.853 million reflects a decline of 15.8 per cent compared to the 2025/26 adjustment budget, a significant portion of R175.750 million (72.9 per cent) is allocated to the same strategic objective of "Quality and Reliable Services." This indicates a continued focus on investing in infrastructure that directly supports service delivery and economic sustainability.
- From a socio-economic standpoint, the Municipality's budget reflects a service-delivery-led development model, where improving access to basic services is seen as a foundation for reducing poverty and inequality. The strong allocation toward "Quality and Reliable Services" suggests a recognition that deficits in water, sanitation, electricity, and transport infrastructure are key constraints on both household welfare and economic participation.

### 3.2.3 Budget Responsiveness to Services, Socio-Economic Environment & Growth

Service area	Municipal challenges/risks	<b>Budget responsiveness</b> Budget responsiveness to services challenges/risks and the socio-economic environment Capital budget responsiveness - current need vs geared for growth
Water	<ul style="list-style-type: none"> <li>● Ageing infrastructure</li> <li>● In-migration, population growth, and land invasion - pressure on service delivery.</li> <li>● Growing population of non-paying consumers.</li> <li>● Portions of the water network are outdated and need to be upgraded.</li> </ul>	<ul style="list-style-type: none"> <li>● Ageing infrastructure remains one of the key challenges facing the municipality.</li> <li>● The Municipality has allocated R122.579 million in operating expenditure to targeted priority interventions designed to strengthen infrastructure and enhance service delivery across the region. This funding represents a deliberate response to existing service delivery constraints, particularly those arising from deteriorating infrastructure. By directing operational resources toward these interventions, the Municipality emphasizes maintenance, repairs, and efficiency improvements-areas likely to generate relatively rapid and tangible benefits for local communities.</li> <li>● Acknowledging ageing infrastructure as a critical constraint, Swartland Municipality has earmarked R46.672 million in capital expenditure for water infrastructure for the 2026/27 financial year. This investment is projected to increase over the MTREF, rising to R95.682 million in 2027/28 and further to R97.880 million in 2028/29.</li> <li>● In economic terms, this allocation supports capital investments, aimed at expanding and upgrading the municipality's productive infrastructure base. Investment in water infrastructure is a form of public capital formation, which enhances the capacity and reliability of essential services that underpin both household welfare and economic activity.</li> </ul>

Service area	Municipal challenges/risks	<b>Budget responsiveness</b> Budget responsiveness to services challenges/risks and the socio-economic environment Capital budget responsiveness - current need vs geared for growth
Water		<ul style="list-style-type: none"> <li>● Notable capital budget investments include R10. 754 million earmarked for Malmesbury SMW1.3 Wesbank Reservoir to Malm/Abb pipeline, R7.0 million for pipe replacement, R4.5 million for upgrading Ongegund water supply system, R4.337 for Malmesbury De Hoop Serviced Sites Phase 1 (Water) R4.0 million for upgrading and replacement of water networks, R2.5 million for upgrading of bulk water system, R2.400 million for upgrading of bulk water supply in Chatsworth/Riverlands, R1.717 million for Malmesbury SMW1.3 Wesbank Reservoir to Malm/Abb pipe and R1.500 for the upgrade and capacity extension of Swartland WTWU.</li> <li>● Over the two outer years of the MTREF, the Municipality has allocated funding across several water infrastructure projects. This includes R15.0 million and R5.0 million for the Chatsworth/Riverlands bulk water supply upgrade; R11.979 million. Additional allocations comprise R8.020 million for the upgrading and replacement of water networks, R7.0 million for pipe replacement along Bokomo Road, and R6.753 million for Phase 1 of the Malmesbury De Hoop serviced sites (water). Further funding of R5.0 million and R3.187 million is directed toward the Swartland Bulk Water Supply System, while R2.174 million has been set aside for Phase 2 of the Vredendal bulk water upgrade.</li> <li>● Economically, this distribution of funds reflects a portfolio approach to infrastructure investment, where resources are spread across multiple projects to address both capacity expansion and system rehabilitation. The mix of bulk supply upgrades, reservoir construction, and network replacements indicates a strategy that targets different points along the water value chain, improving overall system efficiency.</li> </ul>
Electricity	<ul style="list-style-type: none"> <li>● Street lighting inadequate, especially in rural towns</li> <li>● Old and obsolete mini-substations and oil-filled switchgear.</li> <li>● Street lighting inadequate</li> <li>● Replacement of obsolete substations and networks.</li> <li>● Upgrading of supply capacity subject to Eskom network expansion.</li> <li>● Supply capacity inadequate for major developments.</li> <li>● Upgrading of supply capacity subject to Eskom network expansion.</li> </ul>	<ul style="list-style-type: none"> <li>● Swartland remains the most populous municipality in West Coast region. It is essential for the Municipality to ensure that all households have access to electricity. The 2025 Socio-Economic Profile by the Provincial Government indicates that 98.4% of households in the Municipal area have access to electricity.</li> <li>● The Municipality has increased its operating budget for energy provision by R97.762 million (a 16.6% rise) for the 2026/27 financial year, exceeding the inflation projections over the MTREF period. Amid ongoing energy-related challenges, the additional allocation demonstrates the Municipality's financial responsiveness to tackling the electricity crisis, as it aligns with the concerns/challenges outlined in both the Annual Report and the IDP.</li> <li>● Swartland Municipality has allocated R55.676 million in capital expenditure to energy infrastructure. This represents 22.0% of the total capital budget dedicated to trading services.</li> <li>● From an economic standpoint, this allocation reflects a prioritisation of capital investment in productive infrastructure, specifically within the energy sector. Energy infrastructure is a critical input in economic activity, and investment in this area supports productive efficiency by ensuring reliable electricity supply for households, businesses, and public services.</li> </ul>

Service area	Municipal challenges/risks	<b>Budget responsiveness</b> Budget responsiveness to services challenges/risks and the socio-economic environment Capital budget responsiveness - current need vs geared for growth
Electricity	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Notable capital budget investments include R18.093 million earmarked for Malmesbury De Hoop Serviced Sites (2000) -INEP, R6.660 million for Moorreesburg Development 600 IRDP erven electrical infrastructure, R5.106 million for Darling 394 IRDP erven (Phase 2) electrical bulk supply infrastructure, R3.207 million for R2.000 million for De Hoop to Industrial Area: 11 kV Cable, R1.500 million for Protection and Scada Upgrading and R1.380 million for electricity meter connections.</li> <li>• Over the outer years of the MTREF, the Municipality has made several capital allocations toward energy infrastructure projects. These include R21.811 million and R22.797 million for the Malmesbury De Hoop Serviced Sites (2000) under the Integrated National Electrification Programme (INEP), as well as funding for the upgrade of the Vredendal substation. Additional allocations comprise R6.0 million and R7.5 million for bulk infrastructure upgrades from the Eskom supply point to the Yzerfontein network, R4.8 million for the Moorreesburg bulk municipal network, and R4.20 million in each year for Malmesbury medium-voltage (MV) lines from the Eskom main In economic terms, these allocations represent a targeted expansion and strengthening of energy distribution infrastructure, which is essential for supporting both current demand and future growth. Investments in substations, bulk supply lines, and medium-voltage networks contribute to capital deepening, increasing the capacity and reliability of electricity supply across the municipality.</li> </ul>
Wastewater	<ul style="list-style-type: none"> <li>• Growing population of non-paying consumers.</li> <li>• Inadequate funding to address infrastructure needs.</li> <li>• Sewer reticulation network poorly developed and must be extended.</li> <li>• Localised frequent blockages in sewer collection systems.</li> <li>• Wastewater Treatment Works is overloaded and must be upgraded.</li> <li>• Illegal discharge of stormwater in sewer collection system results in overloading a failure during storm events.</li> </ul>	<ul style="list-style-type: none"> <li>• Sustaining and expanding wastewater infrastructure remains a central priority for the Municipality as it seeks to accommodate the pressures of population growth and rising household formation. While Swartland's sanitation system is relatively well developed in certain areas, it continues to require ongoing maintenance and improvement.</li> <li>• Currently, 97.1% of households have access to flush toilets, reflecting a high level of service provision. This access is essential not only for safeguarding public health but also for enhancing the region's appeal to businesses and prospective investors.</li> <li>• To support this objective, the Municipality has allocated R96.493 million from its operating budget for wastewater management in the 2026/27 financial year. This expenditure is expected to increase to R101.872 million in 2027/28 and further to R107.675 million in 2028/29, signalling a continued commitment to addressing service delivery challenges in this sector.</li> <li>• In response to ageing infrastructure being identified as a key constraint, Swartland Municipality has allocated R14.008 million in capital expenditure toward wastewater infrastructure for the upcoming budget cycle. This investment is expected to increase over the MTREF, rising to R33.272 million in 2027/28 and further to R37.016 million in 2028/29.</li> </ul>

Service area	Municipal challenges/risks	<b>Budget responsiveness</b> Budget responsiveness to services challenges/risks and the socio-economic environment Capital budget responsiveness - current need vs geared for growth
Wastewater		<ul style="list-style-type: none"> <li>● In economic terms, this allocation represents a commitment to capital renewal and infrastructure upgrading, aimed at restoring and expanding the functionality of essential public assets. Wastewater infrastructure is a core component of urban economic systems, and investment in this sector supports productive efficiency by ensuring reliable sanitation services for households and businesses.</li> <li>● Capital budget investments include R6.0 million for Pipe Replacement Obsolete Infrastructure, R5.150 million for Malmesbury De Hoop Serviced Sites Phase 1 (Sewerage) and R1.5 million for Sewerage Works Darling (CRR).</li> <li>● For the outer years of the MTREF, the Municipality has allocated funding to a range of wastewater and sanitation projects. These include R8.020 million for Phase 1 of the Malmesbury De Hoop serviced sites (sewerage), R6.5 million for membrane replacement at the Malmesbury Wastewater Treatment Works (WWTW), and R5.0 million and R15.0 million for sewerage works in Darling (CRR). Additional allocations comprise R4.7 million for the acquisition of a sewer jet truck (jet-vac combination) to address blockages, as well as R3.000 million and R4.0 million for the replacement of obsolete pipeline infrastructure.</li> <li>● These investments support long term economic sustainability by improving service reliability, enabling urban expansion, and reducing the future cost burden associated with infrastructure deterioration.</li> </ul>
Waste/Refuse	<ul style="list-style-type: none"> <li>● Illegal dumping remains a problem throughout the Municipal area.</li> <li>● Promotion of recycling.</li> <li>● Provision of more refuse bins.</li> </ul>	<ul style="list-style-type: none"> <li>● The 2025 Socio-Economic Profile shows that 93.2% of households have access to at least a basic level of refuse removal services. This aligns with the municipal data in Table A10, which indicates that only 6.8% of households lack access to a minimum standard of service. To ensure that all households have access to refuse removal, the Municipality has allocated R71.468 million to waste management in the 2026/27 operating budget. This funding is expected to rise to R76.595 million in 2027/28 and R87.286 million in 2028/29, reflecting a continued commitment to improving waste management services.</li> <li>● In addition, the Municipality has earmarked R6.011 million in capital funding for 2026/27 to expand refuse removal infrastructure and services. This investment is expected to grow over the MTREF, reaching R8.642 million in 2027/28 and R23.195 million in 2028/29, reinforcing efforts to ensure universal access to refuse removal across the municipal area.</li> <li>● Capital budget investments include R3.681 million for new compactor to extend capacity.</li> <li>● For the outer years of the MTREF, the Municipality has prioritised capital investment to strengthen waste management capacity and address service delivery challenges. This includes R4.049 million for a new compactor to increase operational capacity, as well as allocations of R2.000 million and R17.000 million for the development of a Waste Diversion: Dirty Material Recycling Facility.</li> </ul>

Service area	Municipal challenges/risks	<b>Budget responsiveness</b> Budget responsiveness to services challenges/risks and the socio-economic environment Capital budget responsiveness - current need vs geared for growth
Waste/ Refuse		<ul style="list-style-type: none"> <li>Additional investments include R2.651 million and R1.031 million for CK49955 Nissan UD36 vehicles, R2.0 million for a Tractor Loader Backhoe (TLB) to manage illegal dumping, and R1.3 million for a tipper truck to further support illegal dumping interventions. These allocations reflect a targeted approach to improving waste collection efficiency and mitigating environmental risks.</li> <li>These capital allocations indicate a shift toward both capacity expansion and waste diversion, which are important in a socio-economic context. The investment in a recycling facility is particularly significant, as it supports the transition toward a circular economy. If implemented effectively, it could create local employment opportunities, especially for informal waste pickers, while reducing landfill dependence.</li> </ul>
Housing	<ul style="list-style-type: none"> <li>Influx of people and illegal occupation of municipal land.</li> <li>informal dwellings, backyard structures,</li> <li>Inadequate funding to address housing needs.</li> <li>In-migration, population growth and land invasion - pressure on service delivery</li> </ul>	<ul style="list-style-type: none"> <li>According to the 2025 SEP-LG that the majority of households in Swartland (78%) live in formal brick dwellings, reflecting relatively strong access to formal housing. This points to progress toward achieving the constitutional objective of adequate housing and highlights the effectiveness of sustained municipal and provincial housing initiatives over time.</li> <li>However, the continued influx of people, along with the illegal occupation of municipal land and the growth of informal and backyard dwellings, highlights persistent challenges related to housing affordability, urbanisation pressures, and unequal access to well-located, serviced land.</li> <li>Swartland Municipality has allocated R180.2 million in operating expenditure for housing in the 2026/27 financial year, however this allocation declines in the two outer years of MTREF.</li> </ul>
Economic Infrastructure	<ul style="list-style-type: none"> <li>Securing sufficient funding for the maintenance of roads remain a challenge</li> <li>Many roads are not constructed with kerbstone and formal sidewalks.</li> <li>Backlog in resealing programme with accompanied by deterioration of road infrastructure.</li> <li>Gravel roads need to be upgraded.</li> </ul>	<ul style="list-style-type: none"> <li>Road infrastructure plays a critical role in enabling economic activity.</li> <li>In the 2026/27 financial year, Swartland Municipality has allocated R81.448 million towards operating expenditure for road transport infrastructure. This allocation decreases marginally in the 2027/28 financial year, before rising again in 2028/29. To respond to the challenges posed by aging road infrastructure, the Municipality has committed R78.447 million in capital expenditure for the 2026/27 financial year. The allocation declines to R54.877 million in 2028/29. From an economic standpoint, this capital allocation represents an investment in maintaining and enhancing productive infrastructure. Well-maintained road networks reduce transport and logistics costs, improve travel efficiency, and support local economic activity by enabling the movement of goods, services, and labour.</li> <li>Capital investment in road infrastructure comprises R27.015 million allocated for the construction of new roads, R17.218 million for the De Hoop Serviced Sites Phase 1 project, and a further R13.298 million for additional road construction. Provision has also been made for the preservation of existing assets, with R11.759 million and R1.628 million allocated to the resealing of roads. This allocation reflects a combination of asset expansion and asset maintenance, both of which play distinct but complementary roles in supporting economic activity.</li> </ul>

Service area	Municipal challenges/risks	Budget responsiveness
		Budget responsiveness to services challenges/risks and the socio-economic environment Capital budget responsiveness - current need vs geared for growth
Economic infrastructure		<ul style="list-style-type: none"> <li>For the outer years of the MTREF, the Municipality has prioritised capital investment in key infrastructure projects. These include R26.813 million for De Hoop Serviced Sites Phase 1, allocations of R20.0 million and R30.0 million for the resealing of roads, and R10.0 million and R5.0 million for the construction of new roads. In addition, R3.685 million and R12.912 million have been earmarked for roads and stormwater infrastructure associated with the Darling Serviced Sites (394 units) development.</li> <li>From a socio-economic standpoint, these allocations reflect a dual focus on service delivery expansion and infrastructure sustainability, both of which are critical for improving living conditions and supporting inclusive development.</li> </ul>

### 3.3 Revenue and Expenditure Analysis and Risks

#### 3.3.1 Budget Overview

Table 3 Budget overview for the 2026/27 MTREF Budget: Swartland Municipality

Swarthland Description R thousand	CURRENT YEAR			MTREF 2026/27					
	2025/26	2025/26	2025/26	2026/27	2026/27	2027/28	2027/28	2028/29	2028/29
	Original Budget	Adjusted Budget	Treasury Calculation	Budget Year +0	Treasury Calculation	Budget Year +1	Treasury Calculation	Budget Year +2	Treasury Calculation
<b>Total Operating Revenue (excluding capital transfers and contributions)</b>	1,485,925	1,583,700	<b>1,583,700</b>	<b>1,697,821</b>	<b>1,697,821</b>	<b>1,686,919</b>	<b>1,686,919</b>	<b>1,891,609</b>	<b>1,891,609</b>
<b>Total Operating Expenditure</b>	1,458,809	1,515,385	<b>1,557,541</b>	<b>1,685,226</b>	<b>1,730,050</b>	<b>1,576,915</b>	<b>1,626,116</b>	<b>1,768,787</b>	<b>1,823,896</b>
<b>Surplus/(Deficit)</b>	<b>27,116</b>	<b>68,316</b>	<b>26,159</b>	<b>12,595</b>	<b>(32,229)</b>	<b>110,004</b>	<b>60,803</b>	<b>122,822</b>	<b>67,713</b>
<b>Non Cash Items</b>									
Depreciation & asset impairment	133,697	125,306	125,306	<b>117,434</b>	117,434	<b>125,089</b>	125,089	<b>132,496</b>	132,496
<b>A4: Total Operating Budget Restated Result</b>	<b>160,813</b>	<b>193,622</b>	<b>151,466</b>	<b>130,029</b>	<b>85,205</b>	<b>235,094</b>	<b>185,892</b>	<b>255,318</b>	<b>200,209</b>
<b>A5: Total Capital Expenditure</b>	<b>293,799</b>	<b>280,050</b>	<b>286,362</b>	<b>240,854</b>	<b>240,822</b>	<b>292,645</b>	<b>292,645</b>	<b>347,752</b>	<b>347,752</b>
<b>Funded by:</b>									
Transfers recognised - capital	120,287	141,520	147,832	<b>97,016</b>	96,984	<b>112,983</b>	112,983	<b>123,532</b>	123,532
Borrowing	30,000	-	-	-	-	-	-	-	-
Internally generated funds	143,512	138,530	<b>138,530</b>	<b>143,838</b>	<b>143,838</b>	<b>179,662</b>	<b>179,662</b>	<b>224,219</b>	<b>224,219</b>
<b>A7 - Cash/cash equivalents at the year end:</b>	<b>895,335</b>	<b>1,065,074</b>	<b>790,729</b>	<b>1,092,476</b>	<b>817,878</b>	<b>1,123,556</b>	<b>892,180</b>	<b>1,120,237</b>	<b>960,854</b>
<b>A8 - Surplus / (shortfall) after application of cash and investments</b>	<b>576,109</b>	<b>668,957</b>	<b>658,468</b>	<b>602,272</b>	<b>586,588</b>	<b>576,871</b>	<b>544,572</b>	<b>474,529</b>	<b>422,534</b>
<b>BUDGET FUNDING POSITION</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>	<b>FUNDED</b>

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

- The Municipality is commended for tabling a funded budget for the entire 2026/27 MTREF period, in compliance with Section 18 of the MFMA, with no immediate risk to its financial sustainability or going-concern position.
- The Municipality tabled increasing operating surplus budgets over the 2026/27 MTREF period. However, the Treasury recalculation for the 2026/27 financial year indicates a projected deficit of R32.23 million, mainly due to differences in the treatment of debt impairment. The Treasury approach applies the full

4 per cent, based on a 96 per cent collection rate, as debt impairment prior to the reversal of impairment losses, and this methodology is consistently applied to both service charges and fines. This results in a more conservative reflection of revenue realisation and highlights the sensitivity of the funding position to collection rate assumption.

- Notwithstanding the above, when non-cash items such as depreciation and asset impairment are adjusted for, the restated position reflects an operating surplus of R151.47 million based on the Treasury recalculation.
- The Municipality's total operating expenditure increased from R1.58 billion in the 2025/26 adjustment budget to R1.7 billion in the 2026/27 tabled budget, representing a growth of 7.2 per cent, which exceeds the moderate revenue growth of 6.4 per cent. In contrast, operating expenditure increased with 11.2 per cent. This deviation indicates growing pressure on the operating budget, where expenditure growth is not fully supported by revenue performance, potentially weakening long term financial sustainability.
- The Municipality's funding mix reflects a low risk, predominantly self-funded capital strategy, characterised by declining grant dependency (R97 million in 2026/27), no reliance on external borrowing, and an increasing utilisation of internally generated funds over the MTREF (R143.84 million, R179.66 million and R224.22 million respectively), which supports financial independence but may place pressure on internal reserves if sustained over time.
- While this direction seems financially prudent but somewhat conservative, a more balanced approach could include selective borrowing for strategic infrastructure, particularly where assets have long useful lives and stable revenue backing.
- The Municipality reported an increasing year-on-year positive cash and cash equivalents balance over the MTREF period of R1 092.47. billion in 2026/27, R1 123 .55 million in 2027/28, and R1 120.23 million in 2028/29, respectively. The budgeted financial position in table A6 analysis, projects that the Municipality will realise a positive working capital over the MTREF period, indicating that the Municipality will have sufficient funds to meet its short-term liabilities, and will be able to sustain its financial health position.
- The Municipality has demonstrated that it maintains sufficient cash resources to meet its monthly fixed operating obligations from available cash and investments. In this regard, due consideration has been given to the necessary commitments against the reported cash and investment balances reflected in Table A8. However, the Municipality is cautioned that any omissions or failure to account for committed expenditures may result in a distorted representation of the net surplus cash position. It is therefore critical that all commitments are accurately reflected in order to ensure a true and reliable view of the Municipality's actual cash position.
- The Municipality projects a gradual decline in its liquidity ratio over the MTREF period, from 3.14:1 in 2026/27 to 2.16:1 in 2027/28, and further to 1.58:1 in 2028/29. Despite this downward trend, the Municipality expects to retain sufficient financial capacity to meet its short term obligations as they fall due. Overall, the reported liquidity ratios remain above acceptable levels and are aligned with the National Treasury benchmark of at least 1:1, indicating no immediate liquidity risk over the MTREF period.
- The Municipality projects a cost coverage ratio of 9 months in 2026/27, 10 months in 2027/28 and 8 months in 2028/29 over the MTREF period, demonstrating that the Municipality has adequate cash resources to meet its monthly fixed operating commitments from available cash without collecting any additional revenue. The anticipated cash coverage ratio is above the NT acceptable norm of between 1-3 months.

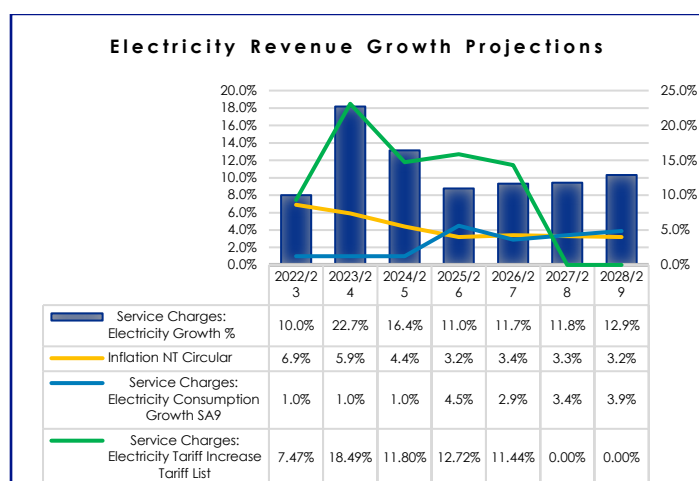
- Property rates of R213.84 million are reported in the 2026/27 budgeted monthly cash flow statement (SA30), compared to R233.16 million in the budgeted financial performance (A4), reflecting a 99.0 per cent collection rate and is realistic. Services charges reported R861.87 million, compared to R876.27 million, reflecting a 98 per cent collection rate and is realistic. While this may improve short term cash flow, it is important to evaluate the sustainability of these collections to ensure it does not distort the Municipality's financial position.
- Disclaimer: it should be noted the bank overdraft and financial liabilities under current liabilities on A6 were not added to the gearing ratio. This could distort the true reflection of the ratio.

### 3.4 Trading Services

#### 3.4.1 Energy Services

##### 3.4.1.1 Energy Services Credibility and Sustainability

Diagram 1 Energy trading service trends



	Direct and Indirect	2026/27	2027/28	2028/29
Cost Recovery	Revenue Required	R617 501 633	R595 337 586	R639 128 903
	Revenue	R548 245 911	R587 051 239	R625 858 592
	Surplus/ Deficit	-R69 255 722	-R8 286 347	-R13 270 311

Source: AI schedules

2026/27 Tariffs	Basic Charge	Basic Charge (WC Avg)	Tariff Increase (Mun)	Tariff Increase (WC Avg)
Business	R3 161.14	R1 225.85	11.44%	9.74%
Households	R517.70	R475.99	11.44%	9.74%

Source: Municipal Budget Assumptions

Basic Service Delivery	Number of Households (LGES)	Operational Cost of Electricity Services (R'000)		
		2026/27	2027/28	2028/29
Indigent (A10,SA1)	9 162	R9 861	R10 649	R11 501
Indigent (LGES)	49 849	R43 659	R46 198	R46 847

Source: AI schedules

Source: NT GoMuni 2026/27 Draft Budget

- Electricity revenue remains the most significant contributor to the Municipality's operating income, accounting for 37.7 per cent of total operating revenue over the 2026/27 financial year. This underscores the critical role electricity revenue plays in supporting the Municipality's financial sustainability.
- In the 2026/27 financial year, electricity revenue is projected to increase by 11.7 per cent. This growth is primarily driven by the proposed municipal tariff increases of 11.44 per cent linked to NERSA approved Eskom tariff increase of 9.01 per cent. This represents a slight improvement in revenue from the 11 per cent in the current year with an average growth of 12.1 per cent projected over the 2026/27 MTREF. The proposed tariff increase is above the inflation benchmark of 3.7 per cent
- The higher municipal increase is driven by a combination of factors, including Eskom bulk purchase increases, significant network and substation upgrades (De Hoop, Darling and Yzerfontein), the reclassification of certain Eskom-related infrastructure expenditure as operating expenditure and Council's conscious decision to avoid immediate and excessive pass-through of capital cash outflows to consumers, resulting in compressed electricity surplus margins for 2026/27.
- The electricity tariff structure applies a uniform percentage increase to both households and businesses, but the underlying tariff design remains differentiated. Residential consumers benefit from an inclining block tariff (IBT) structure with subsidised network charges for registered indigent households and free basic electricity allocations. Business and commercial consumers are subject to higher fixed network charges, capacity-based tariffs and demand charges.

- While this structure is broadly consistent with cost-causation principles, the absence of a recently updated Cost of Supply study limits transparency regarding the extent of cross-subsidisation between customer categories and the long-term sustainability of municipal electricity margins in a declining consumption environment. The municipality highlights that electricity consumption growth has weakened, partly due to load-shedding and increased adoption of alternative energy sources, which poses a material revenue risk over the medium term.
- The tariff trajectory is influenced by anticipated cost pressures within the electricity service, which highlight the need for the planned review of the Cost of Supply study in 2026/27. This review is expected to incorporate key developments such as the commissioning of the De Hoop substation, upgrades to notified maximum demand in Yzerfontein and Darling, potential procurement of renewable energy from the Klipkoppie 10 MW project, and the future of the power purchase agreement with Darling Green Utility beyond March 2028. These factors, together with the required public participation process, may result in further tariff restructuring over the MTREF, in the outer years.
- It should also be noted that the 2026/27 budget includes Eskom's portion of the De Hoop substation feed, classified under contracted services (construction contracts), which is partially funded through INEP (R14.28 million), leaving a funding shortfall of R44.67 million to be absorbed by the Municipality. In addition, provision has been made for the Substation Bulk Upgrade for Yzerfontein and Darling, amounting to R36.5 million. These infrastructure investments place additional pressure on the operating budget and contribute to a reduced surplus position, as Council has elected not to fully pass these costs onto consumers through tariff increases in the 2026/27 budget year.
- The Municipality should prioritise the implementation of a revised Cost of Supply study to ensure that electricity tariffs are progressively aligned to the full cost of service delivery, while considering a phased approach to mitigate affordability pressures
- The projected revenue budget for electricity is R548.25 million (inclusive of availability charges and indirect revenue), with estimated expenditure amounting to R617.5 million, resulting in a deficit of R69.3 million for the 2026/27 reporting period, as per the NT tariff tool. This appears to be inconsistent with the municipal budget assumptions (page 27) which indicate a deficit of R15.59 million. The full cost recovery of a tariff service is an important strategy to ensure financial stability, as it ensures sufficient and stable financing for the service in the future and is key indicator of financial health and overall performance of that particular service. This also ensures alignment with Section 74 of the Municipal Systems Act.
- The municipality is encouraged to review the accuracy of the tariff tool population to ensure alignment with the approved budget allocations for the electricity revenue.
- The municipality's tariff increase is above the Western Cape average, signalling an effort to address rising costs however the increase is insufficient in 2026/27 to close the cost-recovery gap. Therefore, tariffs appear constrained by affordability considerations rather than purely sustainability.
- The Municipality achieved electricity distribution losses of 5.73 per cent in 2023/24 and further improved to 3.2 per cent in 2024/25, both of which are well below the National Treasury benchmark range of 7 to 10 per cent. This reflects strong operational control and effective revenue protection measures, indicating a well-maintained network and proactive management of both technical and non-technical losses, which supports the sustainability of the electricity service.
- The Municipality's 2024/25 AFS indicate an increase in the number of units sold of 10.7 per cent. It is unclear whether any consumption patterns were considered in the 2026/27 MTREF revenue projections, as the SA9 schedule was not submitted. The Municipality is encouraged to assess the growth in consumption patterns for the 2026/27 MTREF to determine any potential impact on revenue projections.

- The Municipality does not fully comply with the MFMA circular 132 with emphasis on cost reflective tariffs, as evidenced by the planned under recovery in the electricity service in 2026/27. While this appears to reflect a deliberate effort to balance affordability considerations, it raises the need to ensure that tariff decisions remain firmly anchored in long term financial sustainability principles. The approach introduces a risk of implicit cross subsidisation, as the funding source for the shortfall is not explicitly quantified or formalised.
- While the National Treasury's current focus on trading service reform is primarily directed at metropolitan municipalities, it remains important for the municipality to progressively align with the principles of financial sustainability and cost recovery underpinning the reform agenda. The program seeks to transform trading services into self-sufficient, ring-fenced business units, ensuring that revenue generated is reinvested directly into service maintenance and infrastructure upgrades.
- The alignment with the cost recovery strategy and the setting of tariffs to fully recover costs should not be pursued in isolation. This approach should be supported by a comprehensive assessment that includes exploring alternative energy supply options, improving operational efficiencies, and evaluating the affordability implications of higher tariff increases on consumers.

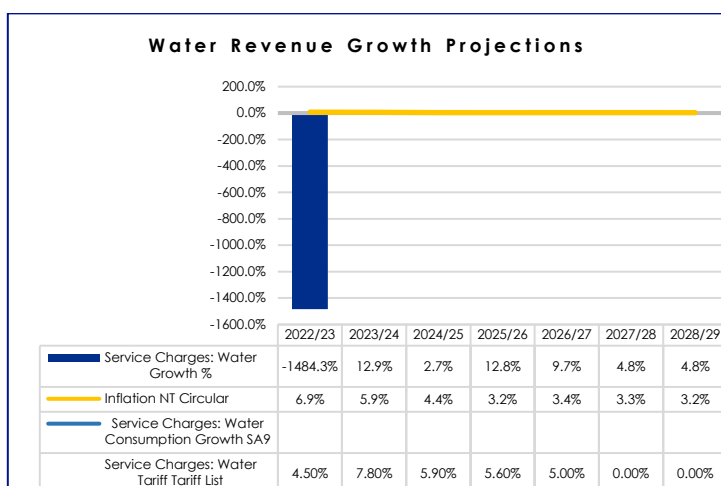
#### **Policy Implications: Electricity Regulation Reform**

- South Africa's evolving electricity sector, particularly under the Electricity Regulation Amendment Act, introduces significant reforms, including:
  - Establishment of a competitive electricity market.
  - Separation of generation, transmission, and distribution functions.
  - Increased role for independent power producers (IPPs).
  - Enhanced regulatory oversight of tariffs.
- The proposed electricity tariff adjustments must then be considered within this changing policy environment. Municipalities will be required to align tariffs more closely with actual cost structures, particularly in distribution, meaning the NT cost reflective tariffs tool and accurate cost of supply data becomes essential for tariff setting and regulatory compliance. Increased market transparency will limit the ability for municipalities to cross-subsidise between customer categories without clear justification. Because of increased competition and customer choice, large customers may seek alternative electricity suppliers, reducing municipal revenue if tariffs are not competitive. The potential decline in municipal electricity revenue poses a significant risk, given its critical role in cross-subsidising other trading services.

## 3.4.2 Water Services

### 3.4.2.1 Water Services Credibility and Sustainability (LGPF)

Diagram 2 Water trading service trends



Source: NT GoMuni 2026/27 Draft Budget

	Direct and Indirect	2026/27	2027/28	2028/29
Cost Recovery	Revenue Required	R136 313 148	R118 976 092	R129 880 020
	Revenue	R103 604 676	R109 702 472	R116 159 149
	Surplus/ Deficit	-R32 708 472	-R9 273 620	-R13 720 871

Source: A1 schedules

2026/27 Tariffs	Basic Charge	Basic Charge (Avg)	Tariff Increase (Mun)	Tariff Increase (WC Avg)
Business	R168.68	R289.86	5.0%	6.1%
Households	R100.59	R170.62	4.7%	6.1%

Source: Municipal Budget Assumptions

Basic Service Delivery	Number of Households (LGES)	Operational Cost of Water Services (R'000)		
		2026/27	2027/28	2028/29
Indigent (A10,SA1)	9 162	R17 102	R18 128	R19 216
Indigent (LGES)	49 849	R62 888	R66 545	R67 480

Source: A1 schedules

- Revenue generated from water services (excluding indirect revenue) is projected at R103.60 million in 2026/27, R109.70 million in 2027/28, and R116.16 million in 2028/29. This represents a moderate and steady growth trajectory of 6 per cent per annum over the MTREF, largely driven by tariff increase of 5.0 per cent, which remains below the Western Cape average of 6.1 per cent, coupled with rising operational costs and growing indigent service obligations. The operational cost of providing basic water services to indigent households increases steadily across the MTREF.
- The revenue increase is purely driven by a tariff increase of 5.0 per cent, as no growth in consumption patterns was considered in the budget assumptions. The 2024/25 AFS reflects a 5.6 per cent increase in units sold. These consumption increases should be considered in the budget assumptions.
- The tariff increase is above the inflation benchmark of 3.7 per cent but below the provincial average, which is 6.05 per cent. The above inflation increase is motivated by rising bulk water costs from the West Coast District Municipality, persistent system losses, extensive medium-term bulk water infrastructure investments and heightened water security risks.
- The residential water tariff structure retains a strong inclining block tariff (IBT) design, with free basic water provision (6 kl) for registered indigent households, lower network charges for residential users and steeply increasing marginal tariffs at higher consumption levels. This structure aligns with pro-poor principles and demand management objectives. However, increases in fixed network charges, although modest relative to consumption charges, may still have affordability implications for low-income households due to their unavoidable nature.
- Commercial and business water tariffs are structured on a flat volumetric basis from the first kilolitre, combined with higher network charges. While this suggests deliberate cross-subsidisation in favour of households, the lack of a consolidated NT Cost Reflective Tariff Tool limits the ability to confirm full cost recovery by customer category.
- As per the municipal cost reflective tool, when indirect revenue and availability charges are taken into account, the projected revenue remains insufficient to fully recover the total direct and indirect costs of the water service. The total revenue requirement for water services exceeds billed revenue by R32.71 million in 2026/27, improving to a smaller deficit of R9.27 million in 2027/28, before widening again to R13.72 million in 2028/29. This indicates that water services are not fully cost-reflective over the MTREF,

with the largest affordability driven gap occurring in 2026/27. This appears to be inconsistent with the municipal budget assumptions which indicate a surplus of R16.29 million in the municipal budget document (page 25). The full cost recovery of a tariff service is an important strategy to ensure financial stability, as it ensures sufficient and stable financing for the service in the future and is key indicator of financial health and overall performance of that particular service. The municipality is encouraged to review the accuracy of the tariff tool population to ensure alignment with the approved budget allocations for the electricity revenue.

- Reported water losses increased marginally from 18.79 per cent in 2024 to 19.66 per cent in 2025, with current forecasts at 21 per cent. While still within the NT benchmark of 15 to 30 per cent, the marginal upward trend suggests that mitigating measures previously implemented may not have been as efficient as projected. Furthermore, it signals underlying inefficiencies, including ageing infrastructure, leaks, metering inaccuracies, and potential non-technical losses.

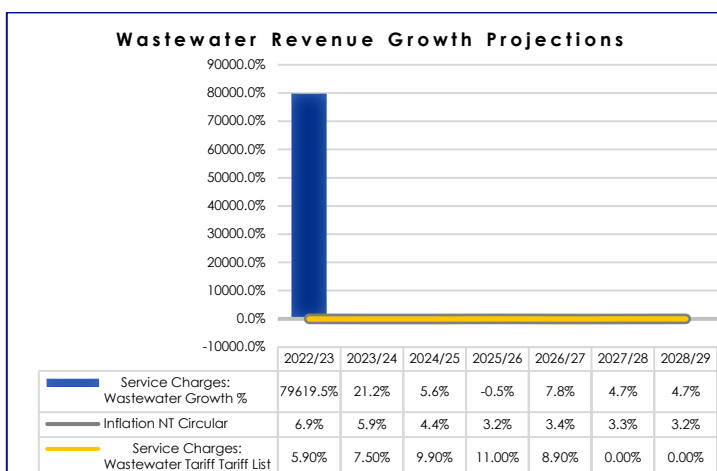
### Water Sector Reform: National Water Amendment Bill

- The National Water Amendment Bill introduces significant reforms aimed at strengthening water resource management, institutional arrangements, and financial sustainability within the water sector.
- Key policy objectives are to strengthen water resource management Institutions by enhancing the role of Catchment Management Agencies (CMAs) and oversight of water allocation and usage. More emphasis on cost recovery, efficient pricing and alignment of tariffs with the actual cost of supply and infrastructure maintenance. Stronger compliance requirements for water service authorities including municipalities, and Improved monitoring of financial and operational performance. Focusing on Water Security and Demand Management, Incentivising efficient water use through pricing mechanisms and addressing non-revenue water and infrastructure losses.

### 3.4.3 Wastewater Services

#### 3.4.3.1 Wastewater Services Credibility and Sustainability

Diagram 3 Wastewater trading service trends



Cost Recovery	Direct and Indirect	2026/27	2027/28	2028/29
	Revenue Required	R58 796 736	R58 213 342	R61 882 106
	Revenue	R61 127 654	R65 050 840	R69 221 457
	Surplus/ Deficit	R2 330 918	R6 837 498	R7 339 351

Source: AI schedules

2026/27 Tariffs	Basic Charge	Tariff Increase (Mun)	Tariff Increase (WC Avg)
Business	Yes	4.9%	6.2%
Households		5.9%	6.2%

Source: Municipal Budget Assumptions

Basic Service Delivery	Number of Households (LGES)	Operational Cost of Wastewater Services (R'000)		
		2026/27	2027/28	2028/29
Indigent (A10.SA1)	9 162	R33 953	R35 990	R38 150
Indigent (LGES)	49 849	R37 608	R39 795	R40 354

Source: AI schedules

Source: NT GoMuni 2026/27 Draft Budget

- For the 2026/27 financial year, the cost of providing wastewater services is projected at R58.80 million (inclusive of availability charges and indirect revenue) against expected revenue of R61.13 million, resulting in an operating surplus of R2.33 million, which increases to R6.84 million in 2027/28 and R7.34 million in 2028/29. This reflects a stable and improving financial position, at functional/ vote level, driven by revenue growth exceeding cost increases. However, this appears to be inconsistent with the municipal budget assumptions which indicate surplus of R36.53 million as reflected municipal budget

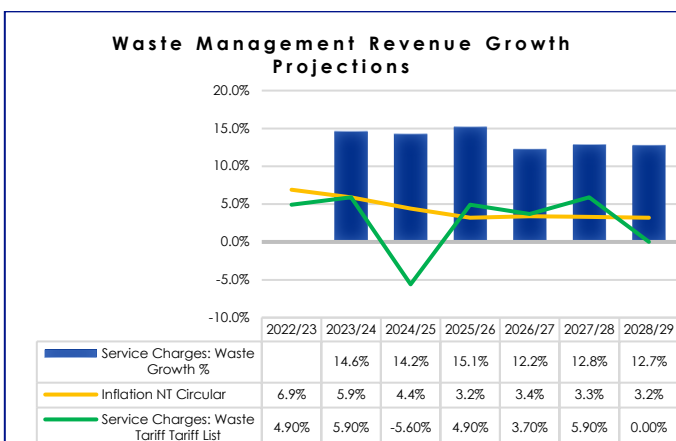
document (Page 24), indicating a potential misalignment that requires further verification. The Municipality is therefore encouraged to review the accuracy of the tariff tool population to ensure alignment with the approved budget.

- Wastewater tariffs increases for businesses is 4.9 per cent and households are 5.9 per cent, which is both below the Western Cape average increase of 6.2 per cent. Despite this, the service remains cost-reflective and maintains a surplus position, indicating that current tariff levels are sufficient to sustain operations. However, the Municipality should continue to monitor cost pressures and periodically review tariffs to ensure that cost reflectivity is maintained over the medium to long term.
- Whilst the proposed tariff increase is above inflation of 3.7 per cent, it is justified by rising operational and maintenance costs, planned upgrades to wastewater treatment works operating near capacity, and long-term environmental compliance obligations.
- Residential sanitation tariffs consist predominantly of fixed monthly charges, providing predictability and affordability, with full subsidies applied to registered indigent households. Business and industrial sanitation tariffs include higher fixed charges per business unit, additional charges linked to the number of toilets, and pollution-based charges for wet industries in line with the polluter-pays principle. The sanitation service generates a relatively strong operational surplus, which plays a critical role in funding capital replacement and ensuring long-term compliance with water quality standards.
- Operational costs associated with wastewater services increase steadily over the MTREF, driven primarily by input cost pressures. The cost of providing wastewater services to indigent households at the A10 service level increases from R33.95 million in 2026/27 to R38.15 million in 2028/29, while the estimated costs related to LGES-supported households rise from R37.61 million to R40.35 million over the same period.
- The annual average growth in free basic services costs relating to wastewater for indigents is projected at 4 per cent. The municipality has expanded its indigent income threshold from R4 460 to two times the old age pension plus 10 per cent, estimated at R5 324.
- While no immediate concerns are noted in the surplus projections, the growth in the number of indigent households over the MTREF outpaces the projected growth in the LGES. This disparity could place increasing pressure on the municipality's financial sustainability.
- The municipality should therefore carefully assess the impact of the expanded indigent threshold and the projected growth in indigent households to ensure that the provision of free basic services remains financially sustainable over the long term.
- Overall, wastewater services present a sound and resilient financial profile, characterised by full cost recovery, which aligns well with the principles of MFMA Circular No. 134.

### 3.4.4 Waste Removal Services

#### 3.4.4.1 Waste Removal Services Credibility and Sustainability

Diagram 4



	Direct and Indirect	2026/27	2027/28	2028/29
Cost Recovery	Revenue Required	R49 750 718	R51 699 441	R54 487 739
	Revenue	R42 709 337	R47 964 901	R53 823 176
	Surplus/ Deficit	-R7 041 381	-R3 734 540	-R664 563

Source: AI schedules

2026/27 Tariffs	Basic Charge	Tariff Increase (Mun)	Tariff Increase (WC Avg)
Business	Yes	8.9%	3.7%
Households		11.5%	3.7%

Source: Municipal Budget Assumptions

Basic Service Delivery	Number of Households (LGES)	Operational Cost of Waste Services (R'000)		
		2026/27	2027/28	2028/29
Indigent (A10,SA1)	9 162	R23 235	R24 745	R26 353
Indigent (LGES)	49 849	R31 526	R33 360	R33 828

Source: AI schedules

Source: NT GoMuni 2026/27 Draft Budget

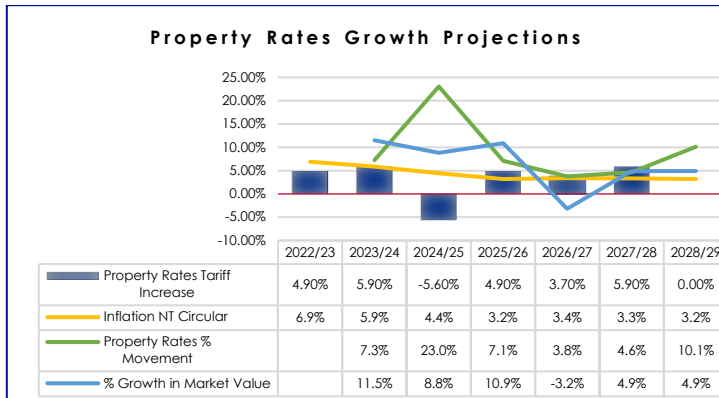
- The Municipality projects billed waste service revenue of R50.13 million, R56.56 million and R63.76 million over the 2026/27 MTREF, reflecting an average growth rate of 12.6 per cent per year. These projections are supported by approved tariff increases of 8.9 per cent for residential households and 11.5 per cent for businesses in 2026/27.
- The tariff increase is above inflation and the provincial average, which are 3.7 per cent and 6.16 per cent, respectively. This increase is motivated by the need to address historical under-recovery in refuse services, rising landfill compliance and rehabilitation costs, and increasing operational expenses related to illegal dumping and environmental management.
- Residential refuse tariffs include a standardised monthly charge, with free basic refuse services provided to registered indigent households. While the percentage increase is relatively high, the absolute impact on low-income households remains moderated by subsidies. Commercial refuse tariffs are structured on a volume and frequency basis, with higher charges for skips, bulk removals, and landfill disposal. This design aligns well with cost-reflective and environmental sustainability principles, as businesses are the largest contributors to landfill tonnage.
- It is noted that the service is operating at a large shortfall of R7.04 million, in the 2026/27 cost reflective tariff tool. However, this appears inconsistent with the municipal budget assumptions, which reflect a surplus of R 8.54 million in the municipal budget document (page 26). The Municipality is therefore encouraged to review the accuracy of the tariff tool population to ensure alignment with the approved budget and to support reliable financial planning.
- The Municipality's indigent policy allows for the free waste removal of up to four times per month, despite historically running the services at deficits. The Municipality is commended for its balanced approach to service delivery. The Municipality should continue to closely monitor the financial performance of the waste removal service to ensure its long-term sustainability without compromising service quality.
- The 2024/25 Annual Financial Statements show the provision for landfill rehabilitation recorded at R67.9 million. This liability is projected to increase to 87.3 million for the next 4 to 6 years. The upward trend reflects the growing future financial obligation associated with landfill rehabilitation and environmental compliance requirements. These provisions are recognised as non-current liabilities over the MTREF and are therefore excluded from the Provincial Treasury's short-medium term budget funding assessment. However, it remains important that the municipality ensures these provisions are adequately cash-

backed to guarantee the availability of funds for the rehabilitation of the landfill site when the obligation becomes due.

### 3.5 Revenue

#### 3.5.1 Property Rates

Diagram 5 Property rates



2025/26 Tariffs	Rate in Rand (Mun)	Rate in Rand (WC Avg)	Tariff Increase (Mun)	Tariff Increase (WC Avg)
Business	R 0.00972	R 0.01488	3.7%	R 0.01488
Households	R 0.00583	R 0.00905	3.7%	R 0.00905

Source: Municipal Budget Assumptions

Property Rates Rebates	Number of Indigent HH	Rebates		
		2026/27	2027/28	2028/29
Indigent (A10,SA1)	9 162	R8 998	R9 348	R9 722
Last GV date	2021/07/01			

Source: A1 schedules

Source: NT GoMuni 2026/27 Draft Budget

- For the 2026/27 financial year, the Municipality has approved an even increase of 3.7 per cent across property categories, reflecting an inflation aligned tariff setting. The billed revenue from property rates remains a significant source of own revenue and account for R223.16 million or 13.1 per cent of total operating revenue in 2026/27. Over the MTREF, this revenue source is projected to increase to R257.16 million in 2028/29.
- Provision for indigent rebates continues to increase over the MTREF, with the number of registered indigent households estimated at 9 162 and the value of rebates rising from R8.99 million in 2026/27 to R9.72 million by 2028/29. This reflects a sustained commitment to social support, while also introducing a growing financial obligation that reduces the net revenue available to fund operations.
- While this approach supports equity and access to basic services, it reinforces the need for careful long-term financial planning to ensure that affordability driven decisions and increasing rebate commitments remain sustainable without weakening the overall financial position.

#### 3.5.2 Other Revenue Risks

- The Municipality has projected revenue from **finer, penalties, and forfeits** at R42.95 million, R47.23 million and R51.94 million respectively, over the MTREF. This revenue stream constitutes 2.5 per cent of the total budgeted revenue for the 2026/27 financial year, making it a noteworthy contributor to the Municipality's overall revenue base.
- The implementation of the Administrative Adjudication of Road Traffic Offences (AARTO) legislation is set for implementation 1 July 2026. As such, the Municipality is advised to acknowledge AARTO as a strategic and operational risk in both the IDP and budget documentation.
- The Municipality has implemented an aggressive revenue management framework to improve cash inflows through better billing, credit control and debt collection, particularly for debt older than 60 days. While this is appropriate given current economic pressures, it will require consistent implementation and measurable improvement to ensure the funding position remains sustainable.

### 3.5.3 Government Debt Management

Treasury Circular Mun 10 of 2024 WCPT introduced a revised debt template and dashboard for Municipalities to track ageing debt per department. Together with the unbundling of government debtors, the template links municipal records to department asset registers and the MFMA s71 Age Analysis of Debtors (AD) mSCOA code.

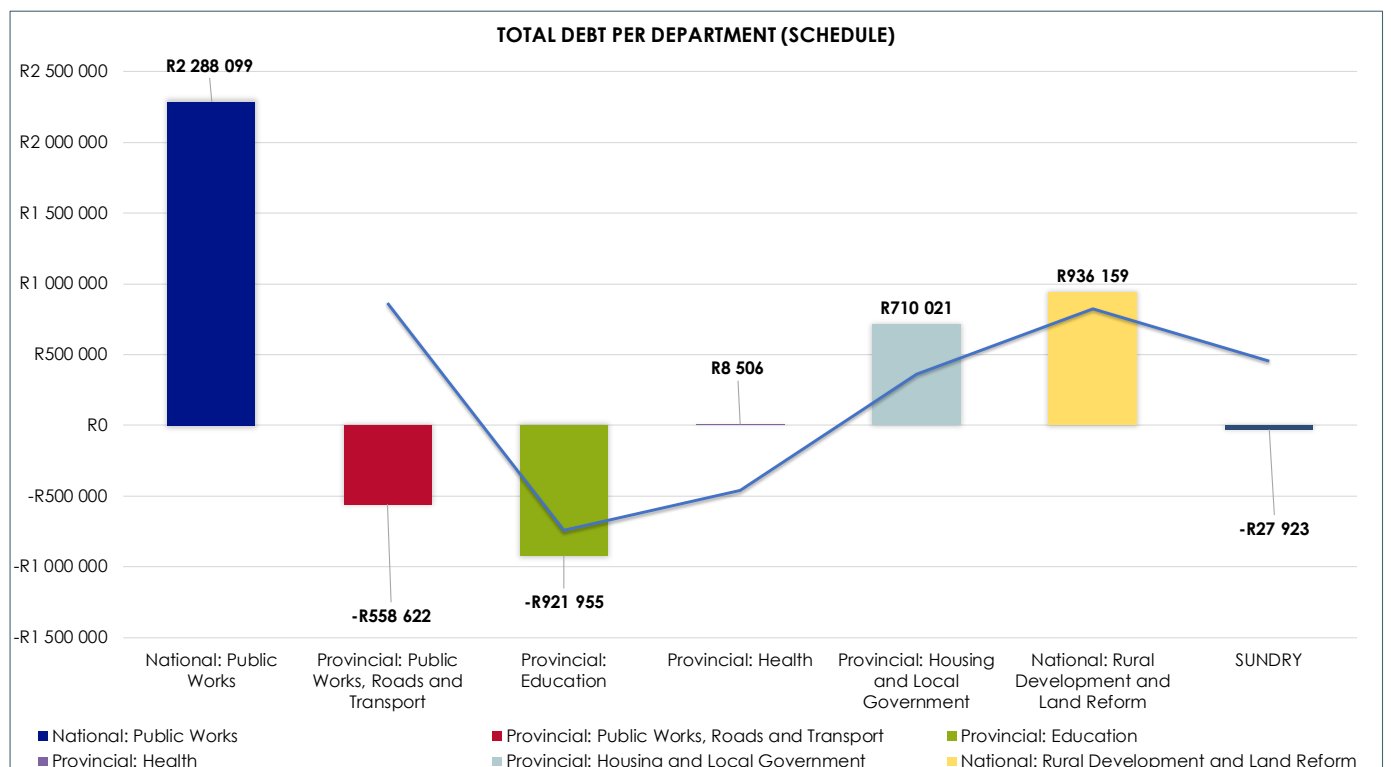
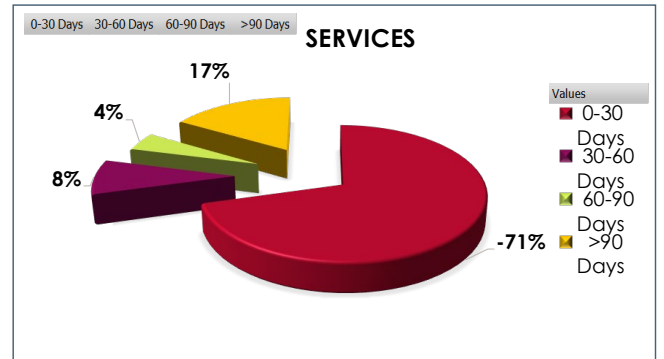
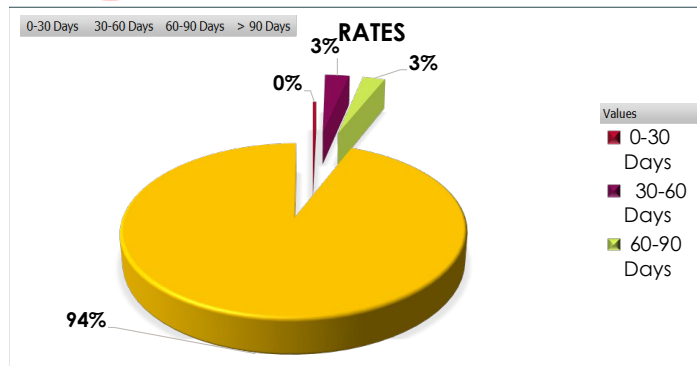
There are still some challenges with the full implementation of the template, including specification of ownership of Erf's. Given these challenges WCPT would like to encourage the Municipality to fully utilise the Government Debt Dashboard by implementing the following steps:

- Implement a focused **monitoring system**, using the debt dashboard to track ageing of debt for each department responsible, and the payment history.

## DEBT DASHBOARD

Reporting Month: February

TOP 5 Accounts			Account No	Debt >90	Total number of accounts	Debt 60-90 Days R'000	Debt >90 Days R'000	Total debt value R'000
1	National: Rural Development and	974006000033	R490 080	329	R137	R3 020	R2 434	
2	National: Public Works	773006410040	R348 956					
3	National: Public Works	974010920044	R219 456					
4	National: Public Works	977008820117	R190 305					
5	National: Public Works	973006410091	R110 769					



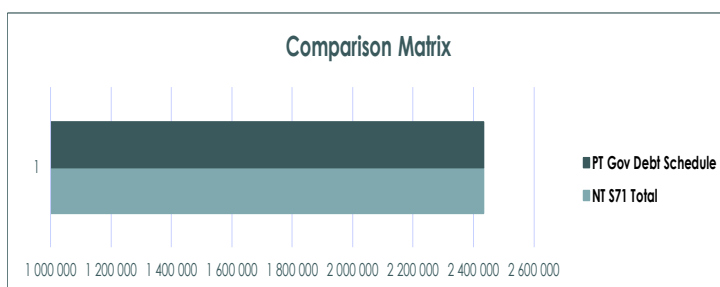
The Government Debt Dashboard displays the "top 5 accounts", for the over 90 days age category. The respective sector departments will be required to provide feedback/comments on the "top 5 accounts" on a monthly basis. The Municipality should therefore ensure that the "Municipal Comments" column is as detailed as possible (per guidance below) to enable constructive responses from departments.

- Data-cleansing exercise:** The purpose of asset verification process is to equip municipalities with the tools to correctly identify property ownership and ensure that invoices are directed to the appropriate department for payment. WCPT acts as a mediator in cases where properties are missing from the asset register, or where devolution/ transfers have occurred, but ownership was not properly recorded at the Deeds Office. However, this requires the municipality to actively undertake the data-cleansing exercise. In many cases this exercise provides sufficient information for the municipality to update its billing records with the correct department, thereby resolving the issue. Where WCPT's mediation is needed, municipalities should provide as much detail as possible in "**Municipal Comments**", including:
  - Verify if the erf/property of the accounts is on any of the departmental asset registers.
  - who is utilising the property? is it a multi-use property?
  - is it a vacant erf or is its undeveloped property?
  - which department made the last payment?

The details of the Municipality's monthly Government Debt schedule show that the Municipality has not yet fully utilised the provincial asset register data, as there are still misalignments between municipal and departmental records for some properties (as identified by erf numbers).

- Regular Reconciliation:** Furthermore, the monthly dashboard assists with credible data reporting to all spheres of government, via the comparison between National Treasury Age Analysis of Debtors (AD) for "Organ of State debt" and the Provincial Treasury Govt Debt Schedules.

Comparison Matrix between NT Section 71 (DB) and PT Govt Debt Schedule		
Municipality	NT S71 Total	PT Govt Debt Schedule
	2 434 288	2 434 285



The table above compares data for February 2026. The municipality is commended for the alignment between the National Treasury Age Analysis of Debtors (AD) return and the Government Debtor Schedules reported to WCPT, which will positively impact debt management and recovery.

The comparison matrix table highlights minor misalignments between the National Treasury Age Analysis of Debtors (AD) for 'Organ of State debt' and the Provincial Treasury Government Debt Schedules, attributable to rounding. While the amounts reconcile, the 'Property Account Name' and 'Property Account Address' fields should be accurately captured within the Government Debt Schedule. Leveraging the asset registers from the verification process will strengthen this accuracy and, in turn, enhance debt management effectiveness.

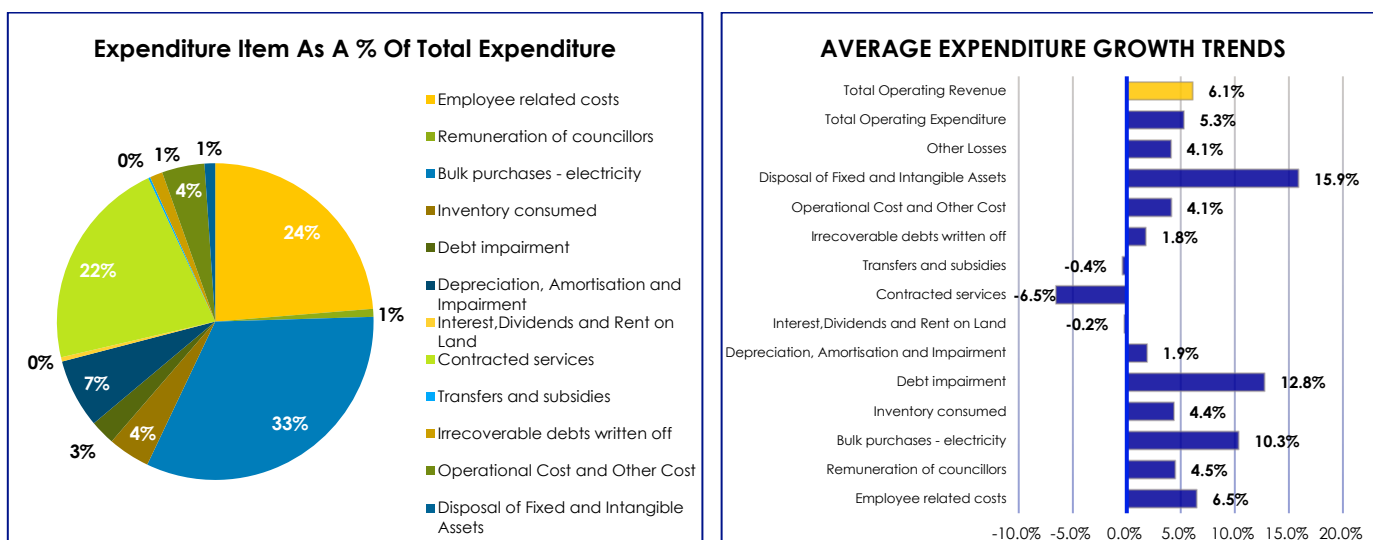
Comparison Matrix between MFMA s71 (DB) and PT Government Debt Schedule			
Municipality	Customer Group	NT S71 Total	PT Government Debt Schedule
Swarthland	National: Public Works	2 288 100	2 288 099
	National: Rural Development and Land Reform	936 159	936 159
	Provincial: Education	-921 956	-921 955
	Provincial: Health	8 507	8 506
	Provincial: Housing and Local Government	710 023	710 021
	Provincial: Other Departments	-27 923	-27 923
	Provincial: Public Works, Roads and Transport	-558 622	-558 622
<b>Total</b>		<b>2 434 288</b>	<b>2 434 285</b>

Given that the national Department of Public Works and Infrastructure has devolved all their tenants/client departments to pay all their service accounts (effective April 2026), WCPT will within the next two to three months create new sheets within the Govt Debt Schedule to reflect the devolution process. The Municipality need to ensure that invoices are forward to the correct department to ensure payment.

- **Structured Engagement:** WCPT aims to have quarterly intergovernmental meetings (municipality-provincial/ national departments) from July 2026, to have a collaborative platform for addressing municipal debt, leveraging the strengths and opportunities available, and ensuring that government departments meet their obligations to municipalities in a timely and transparent manner.
- Provincial Treasury is committed to working together to resolve outstanding amounts owed to the municipality.

### 3.6 Operating Expenditure

Diagram 6 Operating expenditure trends



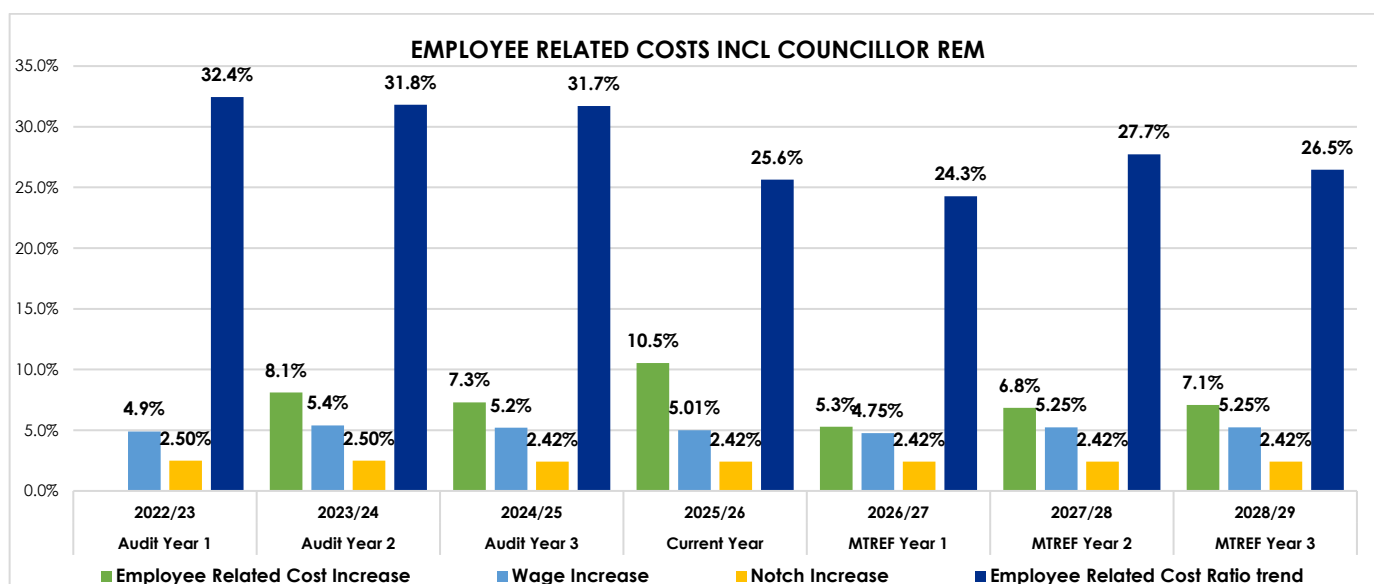
Source: NT GoMuni 2026/27 Draft Budget

- The operating expenditure is projected at R1.69 billion, R1.58 billion, and R1.77 billion for the 2026/27, 2027/28, and 2028/29 financial years, respectively, representing growth of 11.2 per cent, 6.9 per cent, and 7.2 per cent over the three-year period.
- The Municipality budgeted R543.16 million for **bulk electricity purchases** in the 2026/27 financial year, reflecting an increase of 9.6 per cent from the 2025/26 adjusted budget. The increase is primarily driven by Eskom tariff adjustments, which place upward pressure on the Municipality's operating expenditure and directly impact the cost of providing electricity services.

- While the Municipality has implemented tariff increases at 11.44 per cent, to respond to rising bulk electricity costs, and capital expansion, resulting in a projected under-recovery within the electricity service. This indicates that the Municipality is absorbing a portion of the cost increases, placing pressure on the operating budget and increasing reliance on other internal funding sources. Given the scale and volatility of bulk electricity costs, the Municipality remains exposed to external pricing risks beyond its control, which underscores the need to explore alternative energy sources to support long term cost sustainability.
- It is recommended that the Municipality monitor consumption trends and system losses to avoid over-expenditure or under-recovery risks, particularly in the context of rising operating costs and economic pressures on households.
- Contracted Services** are projected to increase by 37.6 per cent to R361.81 million in 2026/27, from the R262.96 million in the 2025/26 adjustment budget. Contracted services account for 21.5 per cent of the total operating expenditure for the 2026/27 financial year, which exceeds the National Treasury norm of between 2 and 5 per cent. The Municipality attributed the high projected increase to the Housing Top structure function that is resorting under Contracted services expenditure. However, even when these costs are excluded, the ratio remains high at 10.3 per cent. This indicates underlying pressure within this expenditure category and highlights the need for strengthened oversight to ensure value for money and adherence to cost containment measures.
- The Municipality is encouraged to continue implementing cost containment measures in line with its policy and to identify further efficiencies to support the achievement of the projected operating surpluses from 2026/27 as reflected in the Long-Term Financial Plan.

### 3.6.1 Employee Related Cost

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



Source: NT GoMuni 2026/27 Draft Budget

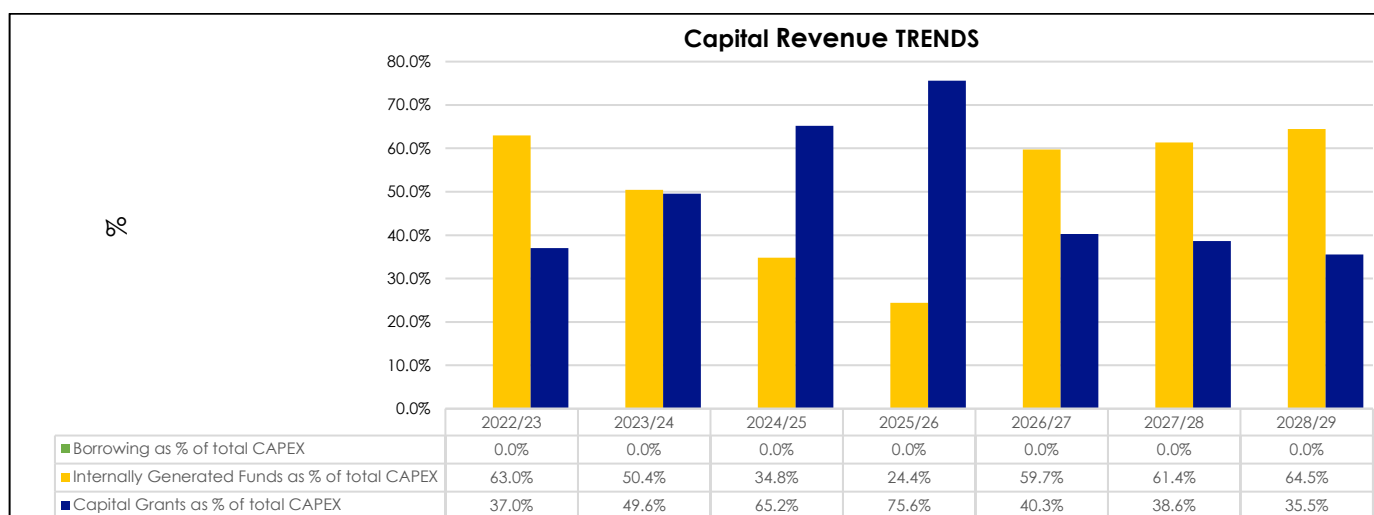
- The primary cost for 2026/27 is Employee-related costs (incl. councillors), which make up 24.3 per cent of the total 2026/27 MTREF. In line with the national norm of 25 - 40 per cent. The Municipality has budgeted R409.27 million for employee-related costs in 2026/27, growing to R468.2 million by 2028/29 and reflecting an average growth of 6.4 per cent over the MTREF.
- The above increase in 2026/27 is linked to the collective agreement salary and wage increase of 4.75 per cent and municipal notch increase of 2.415 per cent.

### 3.6.2 Other Expenditure Risks:

- The Municipality has increased its 2026/27 budget expenditure related to **disposal of Fixed and Intangible Assets** by 41.1 per cent or R5.28 million from the 2025/26 adjustment budget of R7.01 million. This is as a result of a R6.11 million increase in roads Infrastructure losses. This expenditure reflects an operational and often unpredictable nature, as evidenced by the 2024/25 AFS where actual expenditure amounted to R1.25 million against an approved budget of R77.763 million. In addition, the 2025/26 adjustment budget reflected a decrease of R5.79 million in roads infrastructure losses with no expenditure recorded to date, indicating the unpredictability.
- In the absence of a clearly articulated plan supporting this increase within the budget documentation, the current allocation may not be fully aligned with historical spending trends and could pose a risk of under or over-budgeting if not supported by more reliable and transparent assumptions. This item should be reassessed during the adjustment budget.
- Overall, the operating expenditure budget demonstrates sound alignment with service delivery priorities. However, enhanced oversight over high-growth expenditure items such as contracted services, together with strict implementation of cost containment measures, remains important to protect operating surpluses. In addition, improved disclosure of key assumptions, particularly relating to non-cash items such as debt impairment, would strengthen transparency and support audit readiness.

### 3.7 The Capital Funding Mix

Diagram 8 Capital funding mix



Source: NT GoMuni 2026/27 Draft Budget

- The Municipality's capital program reflects a significant reliance on internally generated funds, which account for 59.7 per cent of the capital funding mix for 2026/27. While the 2024/25 AFS confirms a healthy cash position, the sustained use of internal reserves at this level may place pressure on future liquidity and funding flexibility if not carefully managed, particularly in the context of rising infrastructure demands and limited external funding sources.
- During the 2023/24 financial year, the Municipality utilised R116.47 million from its CRR, indicating increased reliance on internal funding. Currently, the Municipality has committed R143.84 million from the capital replacement reserve (CRR) to fund capital projects. Over the MTRF, CRR usage increases. Continued high use may strain reserves and reduce future financial flexibility. The Municipality should therefore continuously assess the most appropriate funding mix, taking into account current affordability for consumers, particularly the need for capital expansion and the potential impact of tariff increases above CPI levels. In addition, the impact of self-funded capital expansion on reserve levels, and

guidance from long-term financial planning documents to ensure the sustainability of its positive financial position should be consulted.

- Furthermore, the Municipality's expansion of housing projects funded through provincial grants may place additional pressure on future operating budgets and cash flows. This risk is compounded by the 14.6 per cent increase in the indigent income threshold, which may increase the demand for subsidised services in the future. While PT notes the current funding strategy from the municipality, the highlighted risks should be considered in ensuing budget periods to ensure long-term sustainability.
- No new borrowings are proposed over the 2026/27 MTREF, indicating no reliance on external debt to fund capital investment. All existing borrowings were fully settled in December 2025, which strengthens the Municipality's balance sheet and eliminates future debt servicing obligations. The Municipality's borrowing strategy remains guided by affordability considerations and financial sustainability, with emphasis placed on key indicators such as capital charges relative to operating expenditure and the extent to which capital expenditure is funded from own sources. While this conservative approach reflects strong financial discipline and reduces exposure to debt-related risks, it also reinforces reliance on internally generated funds.

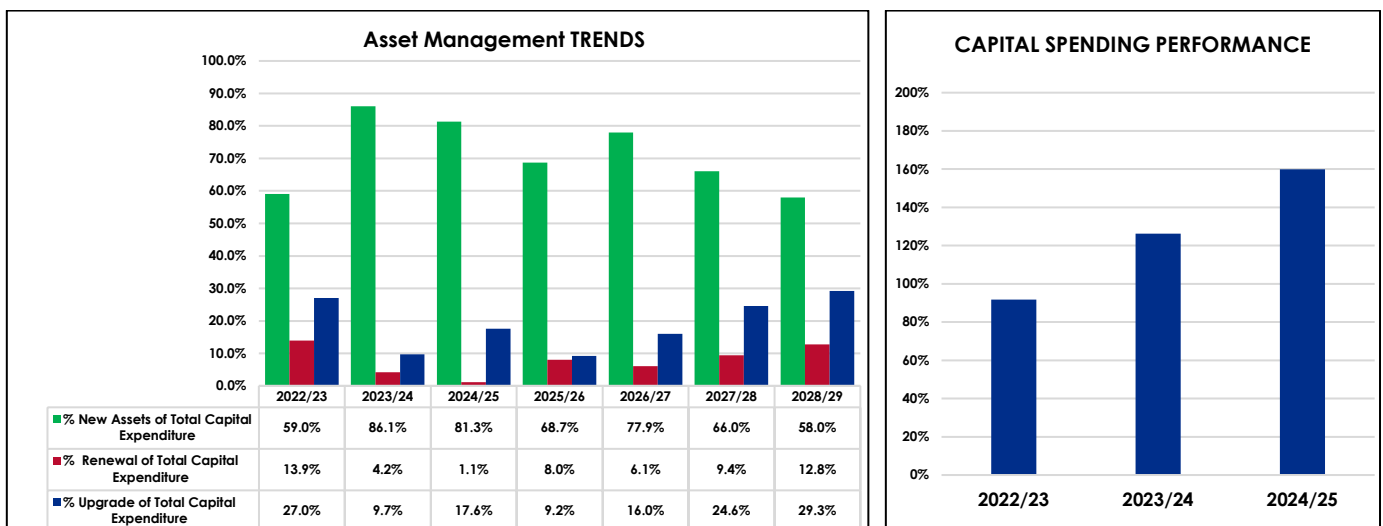
Notably, investment in electricity infrastructure, including the De Hoop substation and bulk upgrades in Moorreesburg and Darling, supports revenue-generating capacity by improving network reliability, accommodating demand growth, and reducing system constraints. These investments are essential to sustain and grow the Municipality's core revenue base, particularly within trading services. The approval of bridging finance of R15.5 million for these projects further reflects proactive cash flow management to ensure timely implementation despite misalignment in grant funding cycles. Although this places short term pressure on internal reserves, the municipality is commended for their proactiveness.

### Grants

- For 2026/27, grant allocations are R496.7 million, which includes a significant provincial operational grant linked to top housing structures and other continued support for capital projects. While allocations are positive, it highlights the need for sustained compliance and efficient project delivery.

## 3.8 Capital Expenditure Trends

Diagram 9 Asset Management



Source: NT GoMuni 2026/27 Draft Budget

- Misalignments are noted between the AUDA capital expenditure and capital funding data strings, which distort the percentage calculations and overall analysis of historical capital trends from 2022/23 to

2024/25. The Municipality should ensure that all information is aligned and accurately captured to support reliable trend analysis, which is critical for informed forecasting and sound decision making.

- The Municipality's capital expenditure reflects a 26.1 per cent decrease from R325.81 million in the 2025/26 adjustment budget to R240.85 million in 2026/27, followed by a sharp increase to R347.57 million by 2028/29.
- The Municipality's capital program for the 2026/27 MTREF reflects continued investment in core trading services infrastructure, particularly within electricity and water, with allocations of R55.68 million and R46.67 million respectively in the 2026/27 budget. Key allocations include above mentioned electricity infrastructure upgrades such as the De Hoop substation and bulk network improvements in Moorreesburg and Darling.

Repairs and maintenance (R&M) as a percentage of Property, Plant, and Equipment (PPE) and Investment Property is budgeted at 3.3 per cent in 2026/27, with 3 per cent 3.5 per cent for the outer years, respectively. This ratio remains the National Treasury's recommended norm of 8 per cent. To prevent asset deterioration and ensure infrastructure longevity, it is imperative that the Municipality prioritise sustaining or increasing R&M allocations, particularly for ageing infrastructure.

- The current allocation for the renewal and upgrading of existing assets aligns with the guidance of National Treasury MFMA Circular No. 130, which recommends that at least 60 per cent of capital expenditure be directed towards maintenance, renewal and upgrading of existing assets, which is noted as a positive practice supporting asset sustainability and long term service delivery.

### 3.8.1 Borrowing

- The gearing (debt) ratio is projected to remain at 0 per cent over the MTREF period, reflecting that the Municipality does not plan to fund capital expenditure through borrowings, as indicated in Table A5. This indicates no current reliance on external debt and suggests that the Municipality retains the capacity to raise borrowings if required. However, any consideration of debt financing should be carefully aligned with the Municipality's projected cash flow position and its ability to service such obligations. The ratio remains well within the National Treasury benchmark of 45 per cent.
- The Municipality projected a positive closing cash and cash equivalents which includes no repayment obligations as indicated on the A7 throughout the MTREF. A net increase in cash held is projected over the MTREF period. A year-on-year increase in the closing cash and cash equivalents is projected over the MTREF budget.

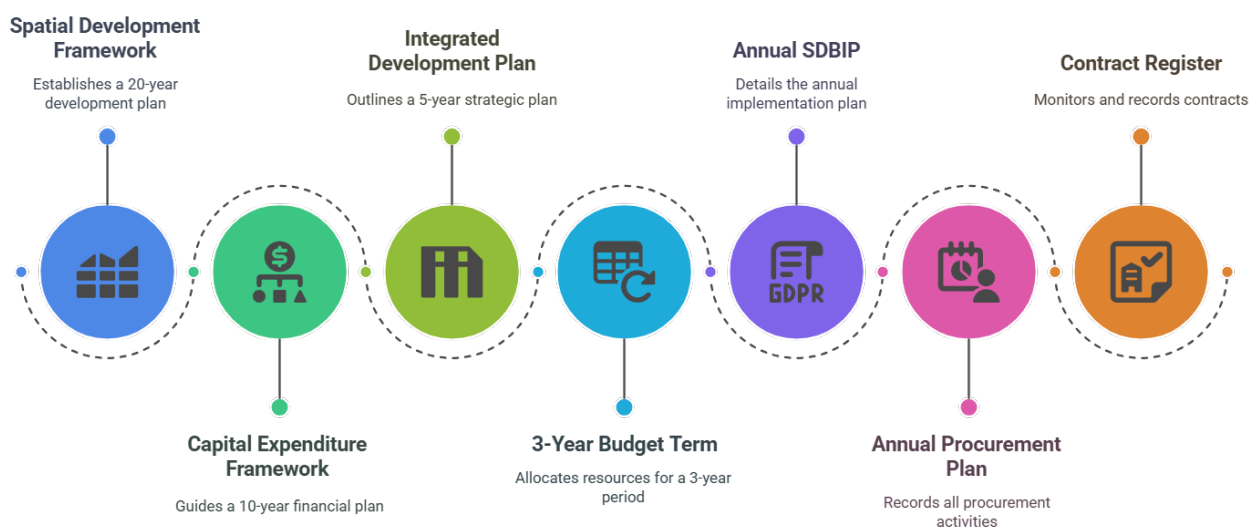
### 3.9 Supply Chain Management and Asset Management

This section includes a review of all SCM-related policies (including Asset Management) to assess the alignment of SCM & Asset Management (AM) to the municipal budgeting and expenditure cycles. Focus areas include:

- SCM and AM **budget-related policy gaps**, which require amendment or review prior to council adoption in June.
- **Comprehensiveness & strategic value of SCM reporting requirements**, incl. quarterly & annual SCM implementation reports;
- Completeness & **strategic value of procurement plans**, ensuring that necessary resource inputs are scheduled and allocated to enable service delivery and value for money;
- Completeness & **strategic value of contract registers** and their interrelationship with procurement plans;

- **Strategic value of asset registers** to inform procurement plans and SDBIP/budget;
- **Audit outcomes** which may inform or influence any of these areas;
- Commodity-specific **opportunities for strategic procurement** for improved efficiency, value-for-money and service delivery, whether at municipal, district, provincial or national level; and
- Regional opportunities for **economic transformation through procurement**.

### Municipal Planning and Procurement Process Flow



### 3.9.1 Supply Chain & Asset Management Assessment - Summary

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

Item	Provided (Y/N)	Council Adopted? (Y/N)	Last Review Date	Comments
SCM Policy*	Y	Unknown	March 2026	For implementation 1 July 2026
SOPs	Y	Unknown	Unknown	Alignment to circular 87. SCM SOP's in place for the following processes: -Direct purchases, -Stores inventory manual, -Placing of orders, -Procedural manual for informal tenders up to R300 000
SCM + AM Delegations	Y	Y	Unknown	Aligned to Circular 73
Preferential Procurement Policy*	Y	Y	31-Mar-26	Changes effective as of 1 April 2026
FIDPM Policy*	N	N/A	N/A	Council has not adopted FIDPM. Due to the small size of Swartland, the directors prefer the flexibility of managing each project based on its own merits and therefore do not have a standalone policy
Inventory Management Policy	N	N/A	N/A	Swartland does not have separate Inventory Management Policy as it is included in various other policies. However the municipality has a SOP in place for inventory management.
Procurement Plan	Y	Y	31-Mar-26	The procurement plan only includes capex; no opex
Contract Register	Y	N/A	Unknown	Contract Register in place
Asset Mgmt Policy	Y	Unknown	Unknown	No changes to the policy suggested
Asset Disposal Policy	N	N/A	N/A	No separate standalone policy. The disposal processes are included in various other policies
Asset Register	Y	N/A	Unknown	

\*if not included in the SCM Policy

## Promulgation of Public Procurement Act - Regulations

The National Treasury has circulated the draft regulations for the promulgation of the Public Procurement Act (PPA) for comment. The PPA intends to transform the public procurement landscape and give effect to a more strategic and consolidated use of technology.

## Impact of the Public Procurement Act on Municipal SCM Systems

The interrelationship between PPA-related procurement systems and mSCOA reform is being determined at national level and further developments shared with municipalities in due course.

## Impact of the Public Procurement Act on Municipal SCM Policies

Municipalities will continue to be audited for compliance to statutory and regulatory requirements until the new legislative requirements are enforced. Policies must be maintained accordingly.

**Table 5** SCM Policy sufficiency & compliance

Rating	Measure
1	No SCM policies, SOPs or Delegations provided
2	Some SCM policies, SOPs and/or Delegations provided, but not compliant or sufficient
3	Some SCM policies, SOPs and/or Delegations provided, with omissions &/or areas of improvement identified
4	All SCM policies, SOPs or Delegations provided, with areas of improvement identified
5	All SCM policies, SOPs and Delegations provided, and all are compliant & sufficient
	<b>Municipal assessment &amp; comments</b>
4	All SCM policies, SOPs or Delegations provided, with areas of improvement identified

### Detailed analysis of SCM Governance instruments highlighted the following:

#### 1. Petty Cash

The Petty Cash policy was not provided for review.

#### 2. SCM Policy

The municipality has a functioning SCM governance framework and detailed procedural guidance, but concerns previously raised during in SIME 2025 regarding the inclusion of unauthorised exclusions from competitive SCM processes for certain transactions below R30 000, which are not supported by the SCM Regulations and for which NT exemption has not been sought, have not been addressed.

#### 3. Preferential Procurement Policy

The municipality's Preferential Procurement Policy aligns to the Preferential Procurement Regulations, 2022.

#### 4. Delegations

SCM delegations are contained in a separate Council-approved Delegations Register, in keeping with the intent of MFMA Circular 73. Further analysis of the SCM Delegations will be provided to the municipality in due course.

#### 5. SOPs

SOPs could not be analysed timeously for detailed inputs to this report, and feedback will be provided in due course.

## 6. Cost Containment & Consultant Reduction Strategy

The municipality's cost containment policy does not appear to have been reviewed since the 2019/20 financial year as references in paragraphs 4.2 and 4.9 for the Use of Consultants, and paragraph 14.2 regarding Disclosures of Cost Containment Measures still refers to rates published in that financial year. However, paragraph 15.2 necessitates the annual review of this policy.

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

Rating	Measure
1	FIDPM Policy not provided
2	FIDPM Policy provided, but not compliant or sufficient
3	FIDPM Policy provided, with omissions &/or areas of improvement identified
4	FIDPM Policy provided, with areas of improvement identified
5	FIDPM Policy provided, and is compliant & sufficient
	<b>Municipal assessment &amp; comments</b>
1	FIDPM Policy not provided

The PT notes that the Swartland Council has not adopted Circular 106 (LGFIDPM). The municipality prefers the flexibility of managing each project based on its own merits and therefore does not have a standalone policy. In the absence of a LGFIDPM-aligned policy which aligns to the NT-prescribed Infrastructure Delivery Management System (IDMS), assessment of infrastructure procurement compliance and effectiveness will be undertaken on a case-by-case basis.

### 3.9.2 Asset Management Policy sufficiency & compliance (incl. disposal)

Rating	Measure
1	No AMP provided
2	AMP provided, but not compliant or sufficient
3	AMP provided, with omissions &/or areas of improvement identified
4	AMP provided, with areas of improvement identified
5	AMP provided, compliant and sufficient (incl. best practice)
	<b>Municipal assessment &amp; comments</b>
5	AMP provided, compliant and sufficient (incl. best practice)

The PT notes that Asset Disposal is incorporated into various other policies.

### 3.9.3 Asset Register

Rating	Measure
1	No Asset Register
2	Outdated GRAP-oriented asset register, not on ERP
3	Separate GRAP-compliant register on ERP system, but outdated ISO55001-oriented registers outside ERP system
4	Separate GRAP & ISO55001-compliant asset registers, regularly updated with only financial register housed on the ERP system
5	Integrated, GRAP & ISO55001-compliant asset register, regularly updated and housed on the ERP system
	<b>Municipal assessment &amp; comments</b>
4	Separate GRAP & ISO55001-compliant asset registers, regularly updated with only financial register housed on the ERP system

## Findings:

- The Asset Register analysed is GRAP-compliant but does not include all ISO55001-aligned best practice fields which should be used to inform budgeting & planning cycle. The following fields in particular are omitted: Hierarchy/Parent Asset, Performance KPIs, Risk/Criticality, Maintenance History
- There is an asset management system in place, which is capable of exporting Excel-based Asset Registers for further use.

### 3.9.4 SCM Involvement in planning & budgeting cycle (procurement plans)

Rating	Measure
1	No evidence of SCM involvement in IDP
2	No explicit evidence of SCM involvement in IDP, but implied in documents provided
3	Some evidence of SCM involvement in IDP, with gaps to be addressed
4	Evidence of SCM involvement in IDP, but gaps identified
5	Clear evidence of SCM involvement in IDP
	<b>Municipal assessment &amp; comments</b>
4	Evidence of SCM involvement in IDP, but gaps identified

#### The following specific matters were highlighted in the procurement plan:

- Alignment between Swartland Municipality's IDP and its Procurement Plan is evidenced through management strategy workshops, where departmental inputs inform the municipality's medium-term planning, suggesting that procurement is understood to be a key lever for municipal service delivery.
- The procurement plan incorporates key information, including project descriptions, estimated values (inclusive and exclusive of VAT), funding sources, and anticipated dates for advertisement, closing, and award. This indicates a structured and forward-looking approach to procurement planning in line with the principles and guidelines set out in MFMA Circular 62, reflecting a sound approach to procurement oversight, compliance, and accountability.
- The Draft Procurement Plan for 2026/27 closely reflects the priority projects and strategic objectives outlined in the IDP. Notable areas of alignment include:
  - new road infrastructure and the Wesbank Reservoir to Malmesbury/Abbotsdale pipeline;
  - Malmesbury/De Hoop Serviced Sites
- The IDP also reflects a deliberate alignment between planning and procurement cycles, through the use of multi-year tenders which enable improved implementation and service delivery outcomes.
- However, the Procurement Plan only includes capex projects. No renewable/opex projects are listed in the plan which limits the PT's ability to monitor performance and perform oversight on a significant portion of municipal expenditure.

### 3.9.5 Strategic Procurement & Economic Transformation Opportunities

As noted above, the procurement plan omits operational expenditure. This concern was also noted in the 2025 SIME assessment. This limits the PT's ability to perform oversight in terms of effective procurement planning, contract management and potential strategic procurement opportunities.

## Swartland Municipality's Influenceable Spend

"Influenceable spend" means the expenditure which can be influenced through procurement, i.e. that which represents an opportunity to improve value for money, enable economic transformation and/or unlock enhanced service delivery.

Swartland Municipality's influenceable spend amounts to approximately **R 741 949 859** for 2026/27, compared to approximately **R 635 457 073** for 2025/26, broken down as follows:

Spend	2026/27	2025/26
Inventory Consumed	71 429 134	72 821 981
Contracted Services	361 813 185	216 106 647
Operational (excl. Audit)	67 853 496	67 508 558
<b>Procurable OPEX</b>	<b>501 095 815</b>	<b>356 437 186</b>
Capital Projects	240 854 044	279 019 887
<b>TOTAL</b>	<b>741 949 859</b>	<b>635 457 073</b>
Rep & Maint (R-value in Budget)	87 507 107	80 771 577

Source: Municipal A-Schedules

While the table above demonstrates a 17 per cent increase in total procurable expenditure, there is a substantial increase in Contracted Services of 67 per cent, while Capital Projects sees a 14 per cent increase.

Given the lack of visibility of planned operational expenditure-related procurement in the procurement plan, the PT cannot comment on the accuracy of impact of the significant increase in influenceable opex. However, as opex encompasses 68 per cent of the municipality's influenceable expenditure, it is strongly recommended that Swartland Municipality improves the planning of its opex procurement to ensure that this procurement is adequately monitored and resources allocated appropriately.

Through aggregation of planned capital projects based on their description or CIDB Class of Work, the following key strategic procurement opportunities are noted:

Commodity / CIDB Class of Work	Total Estimated Value	Nr of Projects
Water & Waste Water Treatment	83 125 927	21
Electrical Works	51 156 000	20
Fleet	15 064 532	14
Sports & Recreation Facilities	3 000 000	3
ICT Equipment	4 382 164	3
<b>Total</b>	<b>156 728 623</b>	<b>61</b>

It is noted with curiosity that the municipality makes provision for planned emergency spending related to bulk water infrastructure in its procurement plan. It is recommended that unforeseen expenditure related to bulk water infrastructure is given effect through prompt utilisation of quotations or framework agreements.

Source: Tabled Procurement Plan, 2026/27

The projects listed above represent 87 per cent of the total planned projects listed on the procurement plan (70 projects), but **95.57 per cent** of the planned capital expenditure.

## Proposed Enhanced Procurement Methods for Planned Capital Expenditure

Commodity / CIDB Class of Work	Total Estimated Value	Nr of Projects	Procurement Method
Water & Waste Water Treatment	90,494,917	21	FA: Civil Eng for WWTW
Electrical Works	58,829,400	20	FA: Electrical Engineering Services
Fleet	17,324,212	14	RT57: NT Transversal Contract
Sports & Recreation Facilities	3,450,000	3	Consolidation of Sports/Rec Facilities in 2026/27
General Building	3,381,000	2	FA: General Building
ICT Equipment	2,108,042	2	RFB740: SITA Transversal Contract
Consulting Engineers	1,831,950	2	WCG Commodity Strategy for Consulting Engineers
Smart Meters	1,297,892	1	RT29: NT Transversal Contract

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

The Contract Register demonstrates partial alignment with the principles of MFMA Circular 80 and mSCOA contract management requirements, particularly in relation to contract identification and the allocation of responsibility.

The register captures key administrative fields, including agreement numbers, contract descriptions, start and end dates, and designated contract owners. It also includes renewal alert dates, which demonstrate proactive contract management and oversight for which the municipality is congratulated. In addition, contracts are categorised by type (e.g. Infrastructure, Goods and Services, Professional Services), enabling alignment with relevant municipal functions and directorates.

However, critical information is omitted, including the critical omission of contract values. This limits financial oversight, effective monitoring, and full compliance with reporting and governance expectations.

The Contract Register confirms that no renewable contracts are included in the draft Procurement Plan.

### 3.9.7 Strategic value of SCM Reporting Requirements

The PT has developed an SCM Reporting monitoring tool to ensure that municipalities are meeting their reporting requirements. This has been developed with three outcomes in mind:

- Verifying municipal self-assessments regarding reporting compliance in e.g. FMCMM, eMuni Monitor and goMuni submissions; and
- Determining potential duplications in reporting requirements and related compliance assessments; and
- Utilising the information in municipal reports to identify potential training and/or support requirements, governance gaps or strategic procurement opportunities.

Swartland Municipality demonstrates strong alignment with MFMA transparency requirements. The PT acknowledges that assumptions made in this initial assessment regarding the frequency and content of reports for the purposes of this assessment may require refinement in future iterations.

The PT commends Swartland Municipality on the accessibility of reports on its website, particularly in the Financial Documents sub-section. The only area requiring potential attention is the section in which Section 33 notices are published, as only one such notice could be located on the municipality's website.

### **3.9.8 SCM & AM Audit Outcomes and specific PT support**

The PT LGSCM unit will engage the municipality directly on audit findings from the 2024/25 audit and recommend actions which are intended to improve audit outcomes for future audit cycles.

### **3.9.9 Conclusion**

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

The PT reiterates its prior concerns regarding unapproved deviations contained within the SCM procurement policy, which require urgent attention. The Cost Containment Policy should be reviewed to align to more recent expenditure guidelines regarding consultants and travel.

Additionally, the municipality is encouraged to generate a comprehensive procurement plan which includes capex and opex and take a more strategic approach to procurement through the use of framework agreements and existing National Treasury contracts.

## **3.10 mSCOA Implementation**

### **3.10.1 MSCOA PRIORITIES**

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

### **3.10.2 Credibility of mSCOA Data Strings**

MFMA Circular No.122 states that the credibility and accuracy of the data strings must be verified by municipalities before submission as the data strings submitted will be used as the single source for all analysis and publications in the 2023/24 municipal financial year. Municipalities have been given access to the GoMuni portal in April 2022 and should use the reports on GoMuni to verify the credibility of their submissions. It should be emphasized that errors in the data can only be corrected in the next open period. e.g., errors in the tabled budget (TABB) data string can only be corrected in the adopted budget data string (ORGB). Municipalities are not allowed to open closed periods to make corrections.

**Table 1 mSCOA Segments Use Analysis**

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

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

## SECTION 4: REVIEW OF THE HISTORICAL FINANCIAL INFORMATION

### 4.1 The Financial Performance as per the Audited Annual Financial Statements

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

Adverse ratio outcomes show potential areas requiring action to ensure sustainability. The assessment trend analysis is based on the audited financial statements for 2023; 2024 and 2025; however, the table provides a five-year time frame (2021 to 2025) to provide a more comprehensive perspective for evaluating the 2026/27 budget.



The analysis is conducted largely on the National Treasury MFMA Circular No. 71 issued January 2014. PT has analysed these ratios, and the following items are highlighted.

### 4.2 SUMMARY AND FINDINGS FROM HISTORICAL TRENDS

#### Nt Web-Based Portal Status

The Municipality **has** submitted both the 2023/24 (restated) and 2024/25 (audited) ratio on the NT Portal. However, it was noted that the ratios disclosed as restated for the 2023/24 financial year are identical to the audited ratios, indicating that no actual restatement was performed. PT **is in the process of validating** the ratios with the Municipality. Note that in order for PT to engage, it is essential that the ratio analysis submission occur on the NT web-enabled system (MFMA Circular 114 issued February 2022). This report is based on the **Municipal** calculations, and PT calculations for the restated ratios per the guidance of MFMA Circular No. 71.

#### 4.2.1 Asset Management

No.	Financial ratios & norms	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Overall Rating
1	Impairment of Property, Plant and Equipment, Investment Property and Intangible Assets (Carrying Value): <b>0%</b>	0.3%	0.3%	0.0%	0.4%	0.0%	
2	Repairs and Maintenance as a % of Property, Plant and Equipment, Investment Property (Carrying Value): <b>8%</b>	2.4%	2.7%	2.9%	2.9%	2.9%	



	Favourable
	Unfavourable
	Needs Improvement

- Impairment of Property, Plant and Equipment, Investment Property and Intangible Assets (Carrying Value):** Over the period under review, the Municipality recorded impairment ratios of 0.3 per cent in 2021 and 2022, improved to 0.0 per cent in 2023, increased to 0.4 per cent in 2024, and returned to 0.0 per cent in 2025. While the impairment levels are relatively low, the Municipality did not consistently

meet the required norm. The occurrence of impairments in multiple years suggests that certain assets did not perform as expected, resulting in a loss of value.

- The spike observed in 2024, where impairment losses increased significantly, may indicate deteriorating asset conditions, inadequate maintenance, or delays in asset renewal and replacement. Although improvements in 2023 and 2025 are noted, the inconsistency highlights weaknesses in asset management practices.
- Overall, the impairment ratio reflects a moderate level of concern, as Swartland Municipality is not consistently achieving the expected NT norm of zero impairments, thereby posing a potential risk to service delivery. The municipality may improve the outcome by reviewing its impairment triggers to identify assets that may be impaired.
- **Repairs and Maintenance as a Percentage of Property, Plant and Equipment and Investment Property:** The Municipality reported ratios of 2.4 per cent in 2021, 2.7 per cent in 2022, 2.9 per cent in both 2023, 2024, and 2.8 per cent in 2025. These figures are significantly below the 8 per cent NT norm across all five years, indicating persistent underinvestment in repairs and maintenance.
- Although there is a slight upward trend over the period, the improvement is marginal and insufficient to meet the required standard. The continued under-spending on maintenance increases the risk of asset deterioration, breakdowns, and higher future repair or replacement costs. This underinvestment is likely contributing to the impairments observed in certain years.
- In conclusion, the repairs and maintenance ratio presents a high level of concern, as it reflects inadequate maintenance of municipal infrastructure, which erodes asset useful life and may negatively impact service delivery in the long term.

#### 4.2.2 Working Capital



No.	Financial ratios & norms	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Overall Rating
3	Net debtors' days: <b>≤30 days</b>	56 days	53 days	56 days	56 days	53 days	
4	Creditors Payment Period (Trade Creditors): <b>30 days</b>	51 days	52 days	53 days	31 days	19 days	

- **Net Debtors Days:** The Municipality recorded collection periods of 56 days in 2021, 53 days in 2022, 56 days in 2023 and 2024, and 53 days in 2025. These figures consistently exceed the NT norm of 30 days, indicating that the Municipality takes significantly longer than expected to collect outstanding revenue.
- The lack of improvement over the five-year period suggests persistent inefficiencies in credit control and revenue collection processes. Furthermore, the steady increase in gross debtors, from R97 million in 2021 to R163 million in 2025, indicates that outstanding consumer debt is growing albeit somewhat from increased tariffs. Although provisions for bad debts have also increased, this reflects a rising risk of non-collection rather than an improvement in collection efficiency.
- The prolonged collection period exposes the Municipality to cash flow constraints, as a substantial portion of revenue is not realised in cash within an acceptable timeframe.
- Overall, this ratio indicates a high level of concern, highlighting weaknesses in revenue management and credit control practices.
- **Creditors Payment Period (Trade Creditors):** Swartland Municipality recorded payment periods of 51 days in 2021, 52 days in 2022, 43 days in 2023, 31 days in 2024, and 19 days in 2025. While there is a

noticeable improvement over the period, particularly in 2025 where the Municipality achieved 30 days compliance, the ratios still exceeds the norm of 30 days in most years.


- In summary, while there has been progress, the ratio still reflects a moderate level of concern due to inconsistent compliance with the 30-day requirement.

#### 4.2.3 Going Concern

No.	Financial ratios & norms	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Overall Rating
5	Total Liabilities to Total Assets: <50%	12.3%	12.7%	12.1%	10.6%	10.4%	
6	Current Ratio: 1.5-2:1	5.6	5.2	5.8	3.9	6.8	

- The **Total Liabilities to Total Assets** ratio remained consistently below the norm of 50 per cent throughout the period under review. The ratio showed a generally improving trend, decreasing from 12.3 per cent in 2021 to 10.4 per cent in 2025, with a marginal increase to 12.7 per cent in 2022 before declining steadily thereafter. This indicates that the Municipality's asset base is significantly higher than its liabilities, reflecting a strong solvency position and limited reliance on external debt.
- Although total liabilities increased in 2025, this was offset by a more significant increase in total assets, resulting in the ratio remaining low. The sustained performance below the benchmark is indicative of financial stability and Swartland's ability to meet its long term obligations
- The **Current Ratio** remained above the recommended norm of 1.5-2:1 across all years under review, ranging between 3.9 and 6.8. This indicates that the Municipality is in a strong position to meet its short term obligations as they fall due. A decline to 3.9 was observed in 2024, mainly due to a decrease in current assets and an increase in current liabilities. However, the ratio increased significantly to 6.8 in 2025, driven by a substantial rise in current assets. While the consistently high ratios reflect strong liquidity, they may also suggest that current assets are not being utilised optimally, which could point to inefficiencies in working capital management
- Overall, the analysis of the above ratios indicates that Swartland Municipality is in a sound financial position with no material uncertainty relating to its ability to continue as a going concern. The Municipality demonstrates both strong solvency and liquidity; however, there is an opportunity to improve the efficiency of current asset utilisation to support enhanced service delivery.



#### 4.2.4 Expenditure Management

No.	Financial ratios & norms	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Overall Rating
5	Irregular, Fruitless and Wasteful and Unauthorised Expenditure/ Total Operating Expenditure: 0%	1.8%	1.3%	0.6%	1.3%	0.9%	

- The ratio remained above the prescribed norm of 0 per cent throughout the five-year period under review, indicating continued instances of non-compliance with MFMA Circular No. 111. However, a generally improving trend is evident over time.
- This improvement was supported by a notable reduction in non-compliant expenditure from R13.6 million in 2021 to R5.6 million in 2023, despite an increasing operating expenditure base.


- A regression was observed in 2024, where the ratio increased to 1.3 per cent, driven by a rise in irregular, fruitless and wasteful, and unauthorised expenditure to R13.3 million. This suggests weaknesses in the enforcement of supply chain management processes and internal controls during the year. In 2025, the ratio improved to 0.9 per cent, indicating corrective measures may have been implemented, however the Municipality has not yet achieved the required norm of zero.
- Although total operating expenditure increased steadily over the period, reaching R1.08 billion in 2025, the Municipality has not fully eliminated UIFWE. The persistent occurrence of such expenditure, albeit at relatively low levels, points to ongoing control deficiencies and non-adherence to legislative requirements.
- Overall, the Municipality has demonstrated partial improvement in managing irregular, fruitless and wasteful, and unauthorised expenditure, however, it remains non-compliant with the prescribed norm. Continued efforts are required to strengthen internal controls, enhance oversight, and ensure full compliance with MFMA requirements to achieve the target of zero UIFWE. Furthermore, refer to latest guidance per MFMA Circular No. 68 (updated 01 April 2026).

#### 4.2.5 Budget Implementation

No.	Financial ratios & norms	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Overall Rating
5	Capital Expenditure Budget Implementation Indicator: <b>95%-100%</b>	105.8%	106.0%	96.5%	111.0%	91.5%	
6	Service Charges and Property Rates Revenue Budget Implementation Indicator: <b>95%-100%</b>	101.9%	99.3%	96.5%	105.9%	105.4%	

- The **Capital Expenditure Budget Implementation Indicator** reflects inconsistencies in planning and execution. The Municipality recorded overspending in 2021, 2022, and 2024, indicating potential weaknesses in budgeting accuracy and expenditure control. Although performance improved in 2023, where spending fell within the acceptable range, a decline to 91.5 per cent in 2025 points to under-spending, which may be attributed to project delays, capacity constraints, or supply chain management challenges.
- Overall, the trend suggests the need for improved alignment between capital planning and implementation.
- The **Service Charges and Property Rates Revenue Budget Implementation Indicator** demonstrates relatively stable performance, with most years falling within or close to the prescribed norm. However, the recurring over-collection in 2021, 2024, and 2025 indicates possible conservative or inaccurate revenue budgeting. While this supports cash flow, it may affect the credibility of the budget.
- Overall, the Municipality shows adequate revenue budget implementation, but capital budget execution remains a concern. Strengthening budgeting accuracy, project planning, and financial controls will be critical to ensure improved alignment with approved budgets and effective service delivery.

#### 4.2.6 Grant Dependency

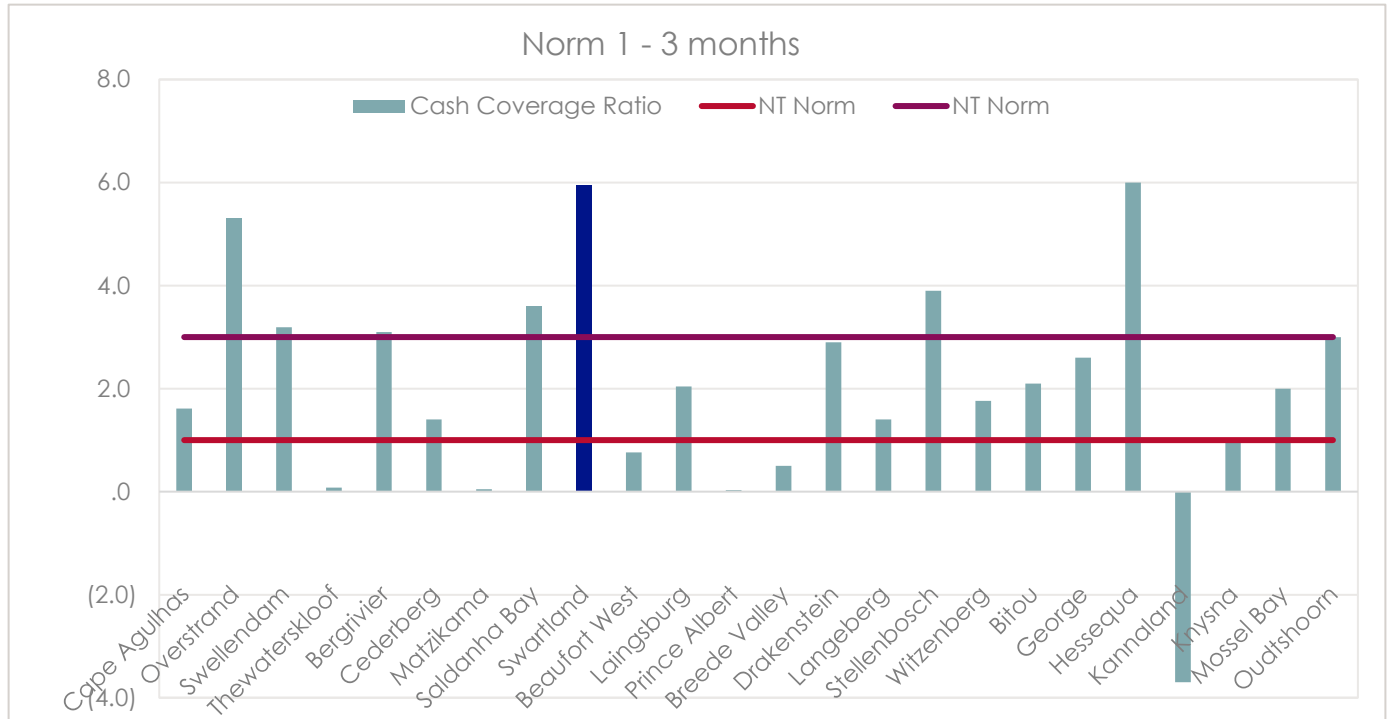
No.	Financial ratios & norms	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited	Overall Rating
5	Own Funded Capital Expenditure (Internally Generated Funds + Borrowings) to Total Capital Expenditure: <b>no norm</b>	65.8%	61.3%	66.0%	52.3%	32.6%	

- The analysis of the Municipality's capital funding structure indicates a declining trend in own-funded capital expenditure over the period under review. The ratio decreased from 65.8 per cent in 2021 to 32.7 per cent in 2025, reflecting a growing reliance on grant funding to finance capital projects.
- In the earlier years under review, the Municipality demonstrated a relatively strong ability to fund capital expenditure through internally generated funds, indicating a level of financial independence. However, the steady decline from 2023 onwards suggests reduced capacity to self-fund projects or an increased dependence on external grant funding.
- It is further noted that the Municipality did not utilise borrowings during the period, which limits exposure to debt but may also indicate underutilisation of available financing options to support infrastructure development.
- Overall, the trend points to an increasing dependency on grant funding, highlighting the need for the Municipality to strengthen its revenue generation capacity and consider a more balanced funding mix to ensure long term financial sustainability.

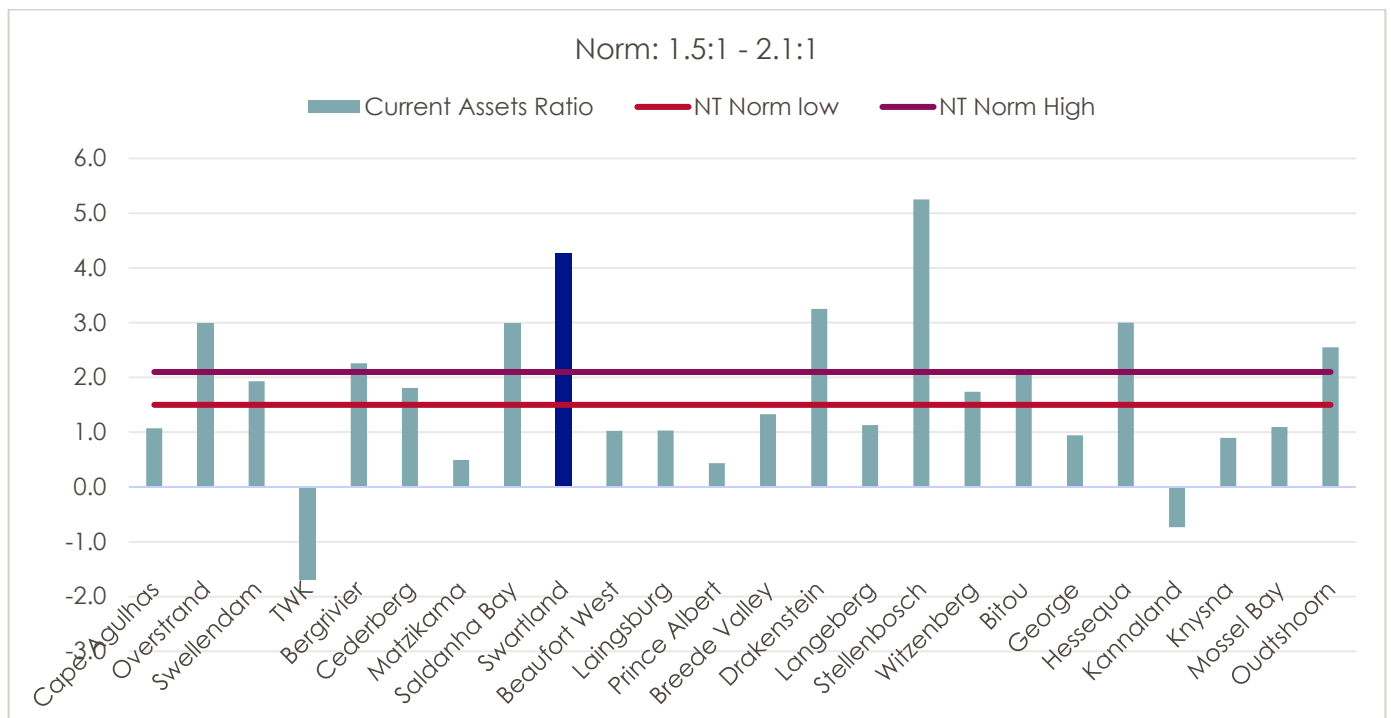
## ANNEXURE A: MUNICIPAL BENCHMARKING GRAPHS

This Annexure presents a summary comparing key variables from the tabled 2026/27 budgets of the 24 local municipalities in the Western Cape.

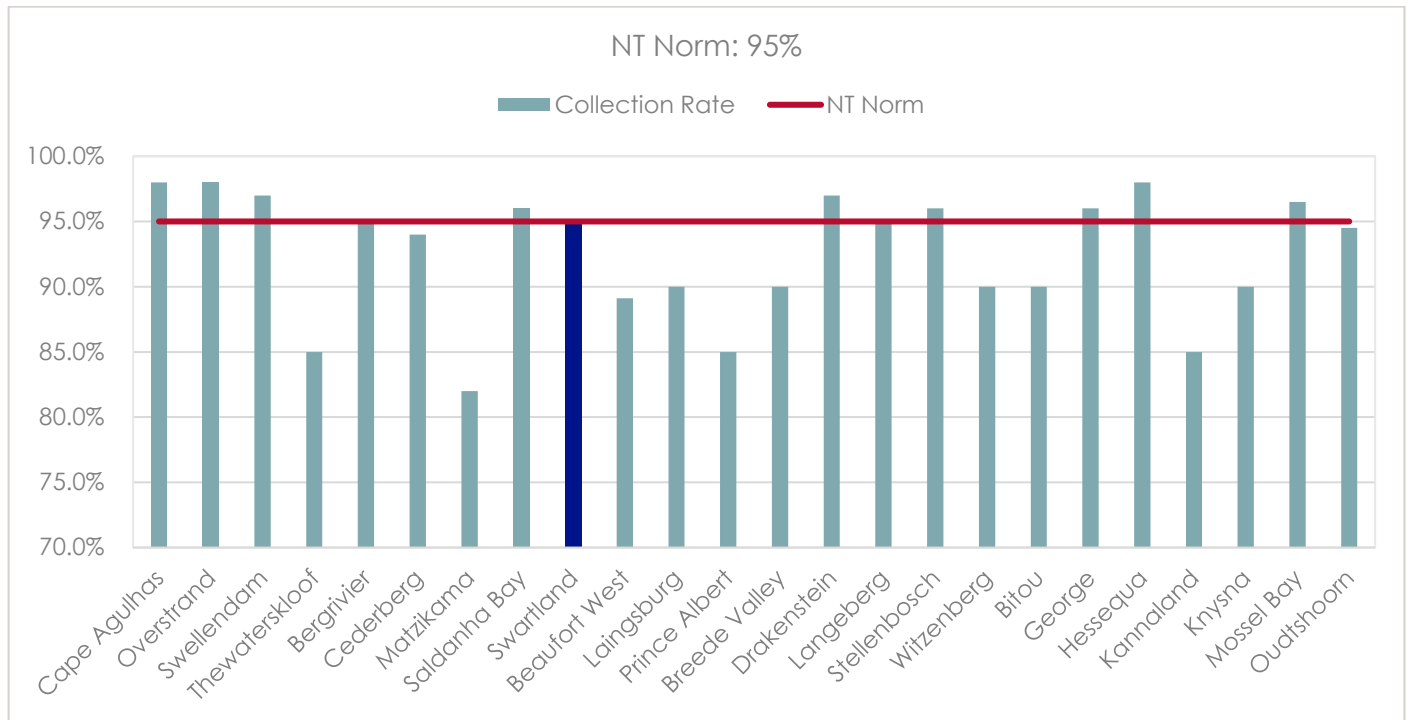
**Diagram 1 Cash coverage**



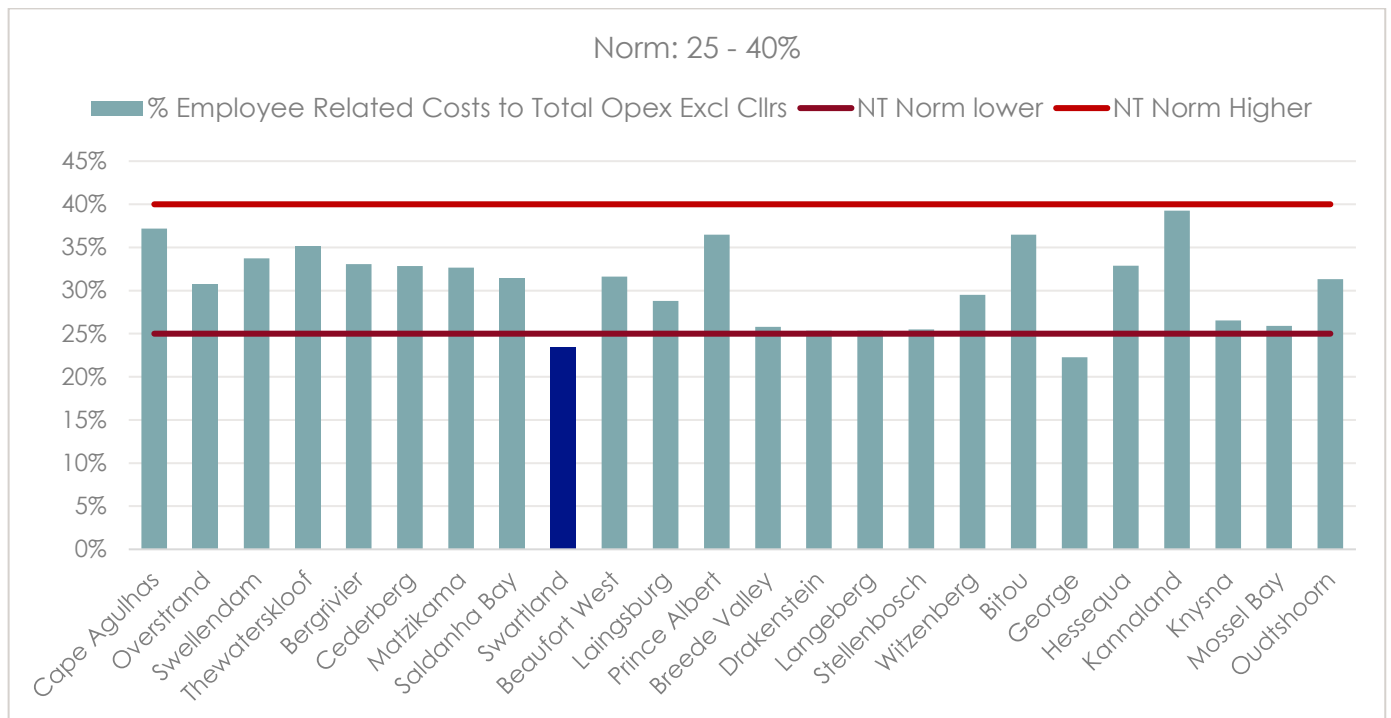
**Diagram 2 Current Asset Ratio**



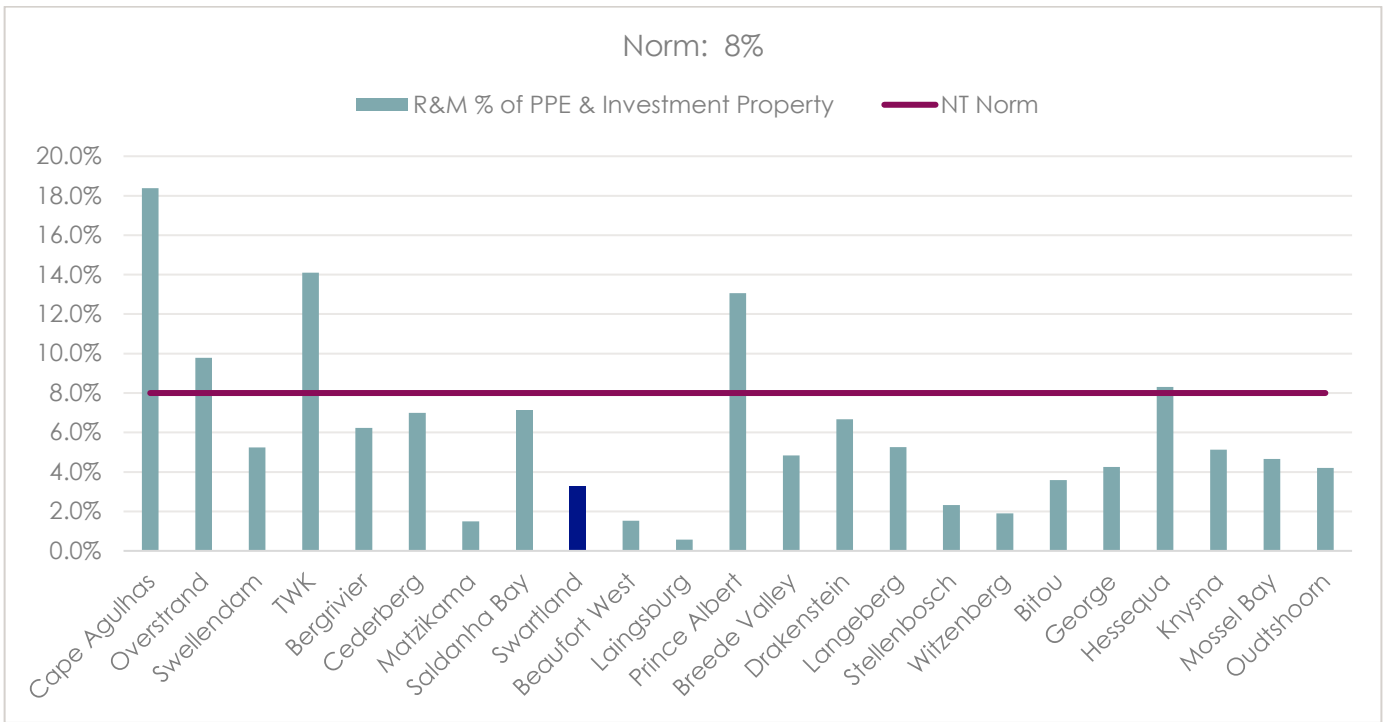
**Diagram 3 Collection rate**



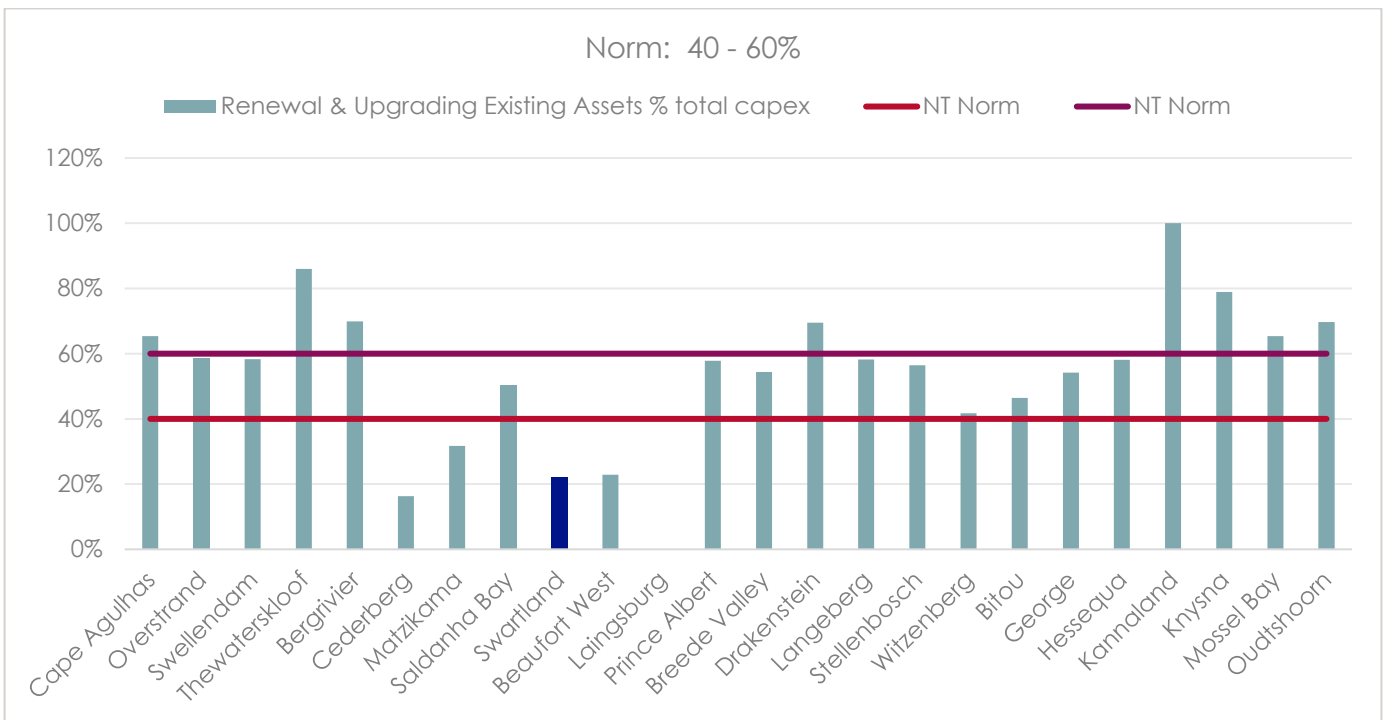
**Diagram 4 Percentage Employee Related Costs to Total Opex (excl. Councillors)**



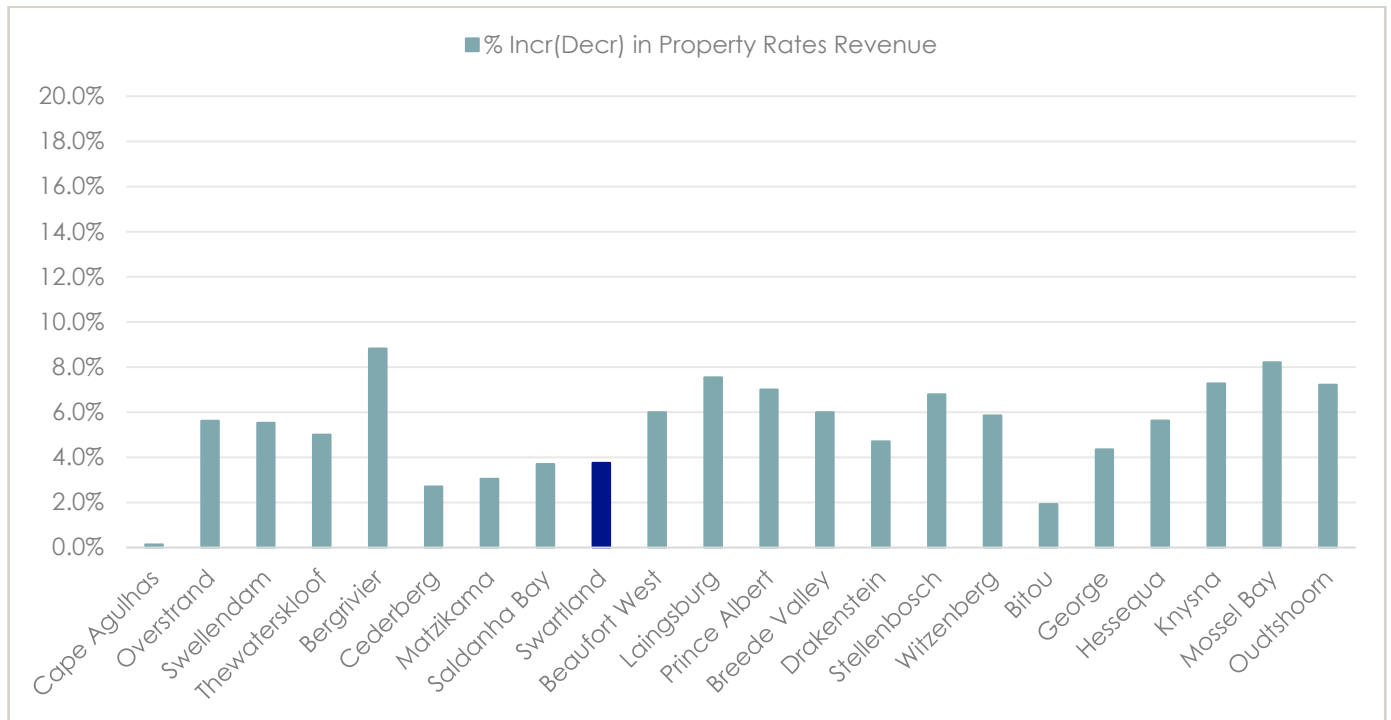
**Diagram 5 Repairs & Maintenance as a Percentage of PPE & Investment Property**



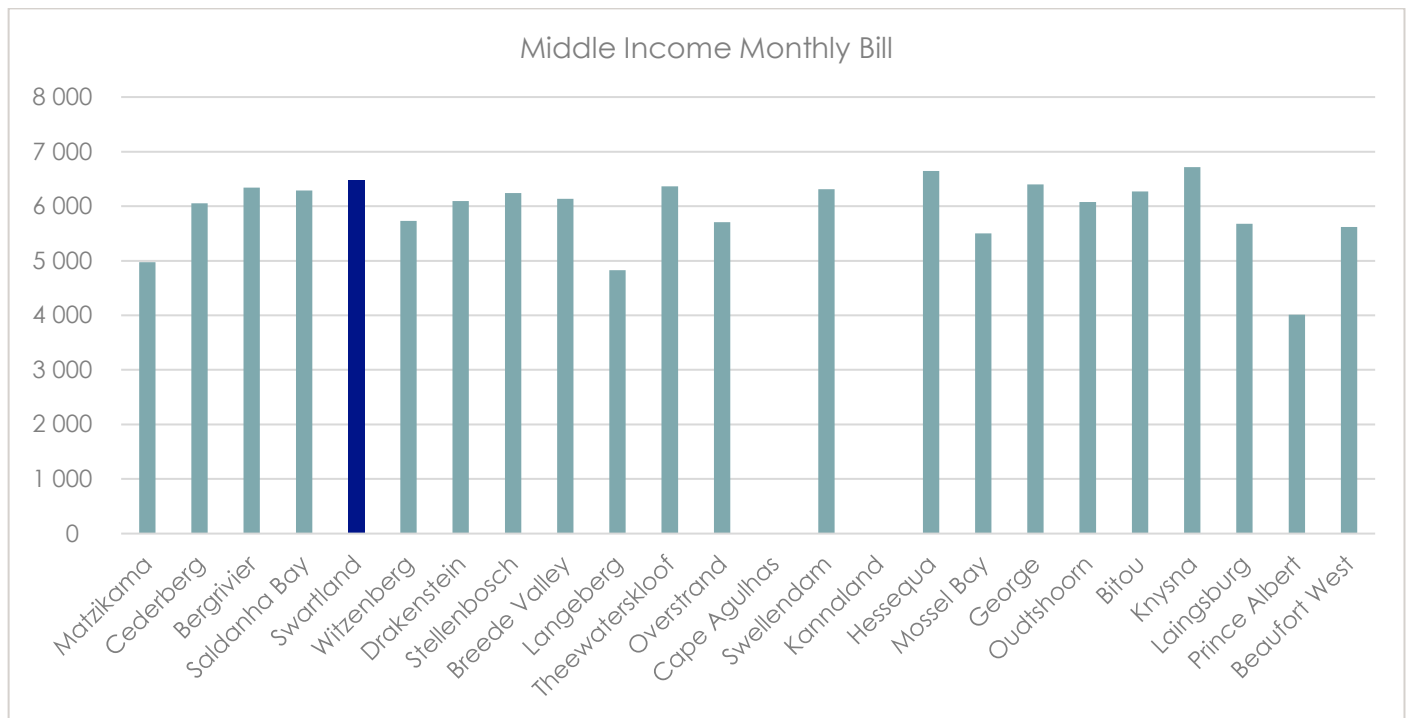
**Diagram 6 Renewal and Upgrading Existing Assets as a Percentage of Total Capex**



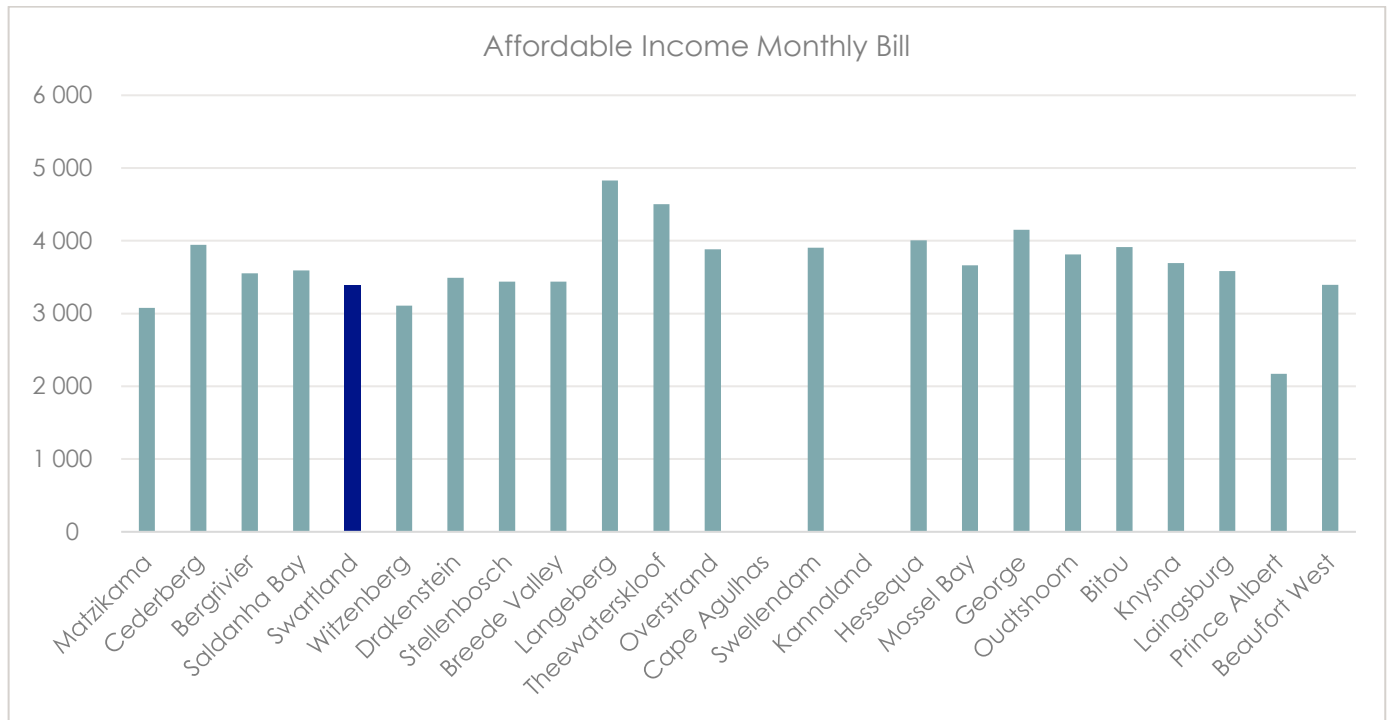
**Diagram 7 Percentage Increase/Decrease in Property Rates Revenue**



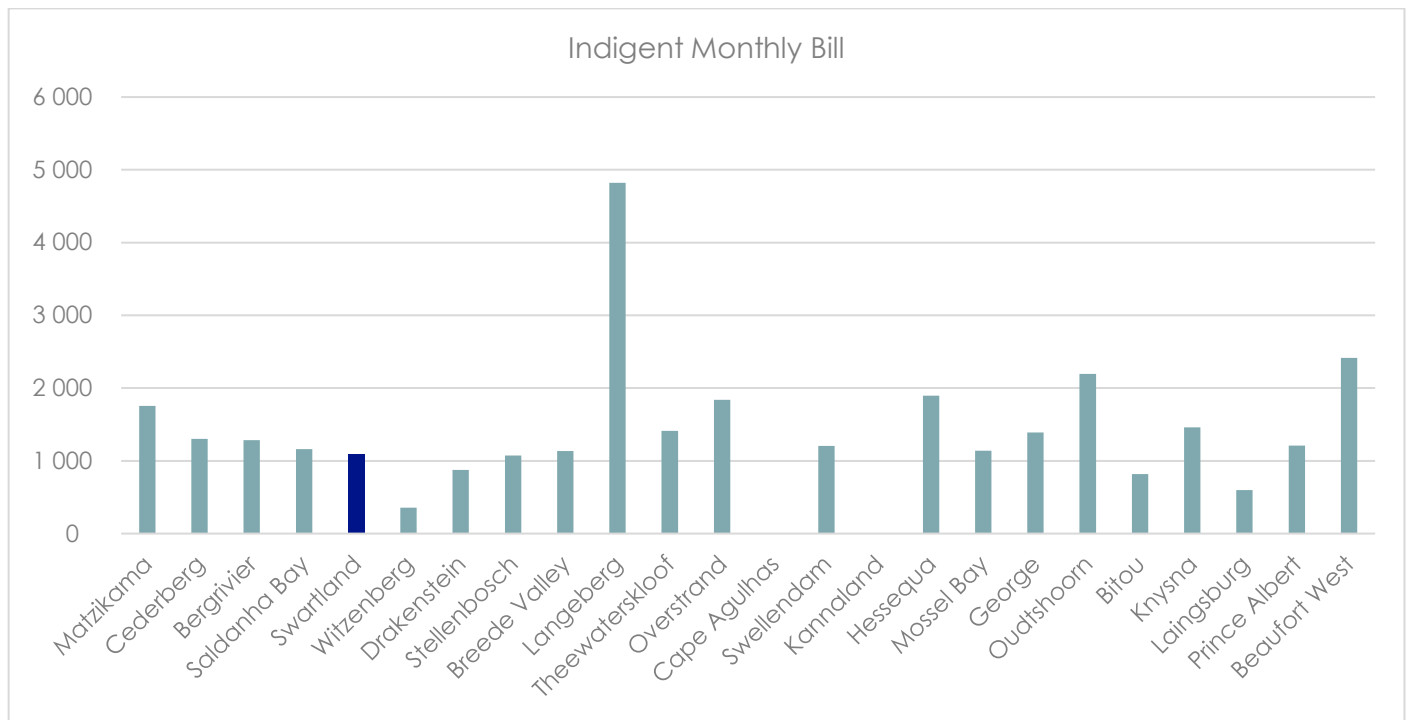
**Diagram 8 Monthly Bill - Middle Income** (illustrative household bill, as captured on SA14)



**Diagram 9 Monthly Bill - Affordable Income** (illustrative household bill, as captured on SA14)



**Diagram 10 Monthly Bill – Indigent** (illustrative household bill, as captured on SA14)



*Disclaimer: The information used to populate the graphs are based on the Municipal TABB data strings and the 2026/27 MTREF Draft Budget uploaded on GoMUni. The outcome of the ratios may therefore be affected by the quality of the information submitted by the Municipality.*