

FOREWORD BY THE EXECUTIVE MAYOR

DRAFT BUDGET 2026/2027

The 2026/2027 Draft Budget represents a decisive step forward in the financial recovery journey of Theewaterskloof Municipality. It is the product of a disciplined, transparent and consultative process that commenced in November 2025, guided by our commitment to responsible governance, financial sustainability and the continued delivery of essential services.

At the outset, the Municipality faced a significant operating budget deficit of approximately R103 million. Through a rigorous process of review, engagement and refinement, this deficit was systematically reduced and ultimately eliminated. In line with the requirements of the approved Financial Recovery Plan, our focus extended beyond achieving a balanced budget to ensuring that the budget is fully funded. I am therefore encouraged that the budget now reflects an operating surplus of R4.7 million.

The Financial Recovery Plan outlines three distinct phases, Rescue, Stabilisation, and Sustainability. Theewaterskloof Municipality has been operating within the Rescue phase, aimed at restoring financial control, addressing cash flow constraints and eliminating structural imbalances. The tabling of a funded budget is a critical milestone, signalling our readiness to transition into the Stabilisation phase, where the emphasis shifts to strengthening financial management, improving revenue performance and enhancing operational efficiency. This progress lays the groundwork for the ultimate goal of Sustainability, where long-term financial health and service excellence can be maintained.

This budget is presented within a constrained financial environment. Total operating revenue is projected to decrease by 6 per cent, equivalent to R59.4 million, in the 2026/2027 financial year when compared to the previous budget. Over the MTREF period, revenue is expected to recover modestly, with growth of 3.5 per cent in 2027/2028 and 3 per cent in 2028/2029, amounting to a marginal increase of R2 million over the term.

Total operating expenditure for 2026/2027 amounts to R895.4 million, reflecting a reduction of R24.6 million (2.7 per cent) from the prior year. Expenditure is projected to increase by 3.5 per cent in 2027/2028 and 3.3 per cent in 2028/2029, in line with inflationary pressures and operational demands.

The capital budget amounts to R41.7 million, representing a significant reduction to ensure affordability and sustainability. The outer years reflect continued restraint, with capital allocations of R41.4 million in 2027/2028 and R42.7 million in 2028/2029.

In order to sustain service delivery in the face of rising input costs, moderate tariff adjustments have been proposed. These include increases of 5 per cent for assessment rates, 8 per cent for water, 4.5 per cent for sanitation, 11.92 per cent for solid waste and 8 per cent for electricity, subject to regulatory approval. These tariff

adjustments have been carefully considered to balance affordability with the financial viability of the Municipality.

Importantly, this budget remains aligned with the Municipality's Integrated Development Plan and the priorities of national and provincial government, ensuring that available resources are directed towards key developmental objectives and service delivery imperatives.

I wish to extend my sincere appreciation to the Finance Department and all officials who contributed to the compilation of this budget. Their professionalism, resilience and commitment under challenging circumstances have been instrumental in achieving a credible and compliant financial plan.

While challenges remain, this budget demonstrates our collective resolve to restore financial stability, strengthen institutional performance and build a sustainable future for all residents of Theewaterskloof Municipality.

We remain steadfast in our commitment to accountability, prudent financial management and delivering meaningful services to our communities.

Alderman Lincoln De Bruyn
Executive Mayor Theewaterskloof Municipality