

## **FOREWORD BY THE EXECUTIVE MAYOR ON FINAL BUDGET 2026/2027**

The 2026/2027 Final Budget marks a significant milestone in the financial recovery and rebuilding journey of Theewaterskloof Municipality. It reflects the Municipality's continued commitment to responsible governance, prudent financial management and the sustainable delivery of essential services to our communities despite a challenging economic and fiscal environment.

This budget is the outcome of an extensive and disciplined process that commenced in November 2025 and was guided by the objectives and principles of the approved Financial Recovery Plan (FRP). At the outset of the budgeting process, the Municipality was confronted with an operating deficit of approximately R103 million. Through detailed reviews, strategic reprioritisation, cost-containment measures and intensive engagements with budget owners and stakeholders, the deficit was progressively reduced and ultimately eliminated.

The final budget still reflects an unfunded but credible financial plan with an operating surplus of R 490 thousand, demonstrating the Municipality's commitment to restoring long-term financial sustainability and institutional stability.

The Financial Recovery Plan outlines three critical phases namely Rescue, Stabilisation and Sustainability. Over the past period, the Municipality has operated within the rescue phase, which focused on restoring financial control, addressing cash flow constraints, improving governance practices and correcting structural financial imbalances.

The successful adoption of a funded budget is therefore more than a legislative requirement, it is a critical achievement that positions the Municipality to transition into the next phase of the recovery journey, namely stabilisation. This phase will focus on strengthening operational efficiencies, improving revenue management and collection practices, rebuilding institutional capacity, improving infrastructure planning and maintenance as well as restoring public and investor confidence in Theewaterskloof Municipality.

Ultimately, the Municipality's goal remains the achievement of the sustainability phase, where financial resilience, institutional credibility, service delivery excellence and economic growth can be maintained over the long term for the benefit of all residents and stakeholders.

While we are not out of the woods yet, the Final Budget demonstrates notable progress and refinement from the Draft Budget tabled earlier this year. Several important amendments and adjustments were incorporated to strengthen both the developmental impact and credibility of the budget.

One of the most significant changes relates to the inclusion of substantial in-kind allocations received from the Department of Infrastructure for housing projects that will be administered by the Department. This resulted in transfers and subsidies increasing significantly and contributed to the capital budget increasing from R41 million in the

Draft Budget to R131 million in the Final Budget. This additional investment will support much-needed housing and infrastructure development within our municipal area.

Further changes between the Draft and Final Budget include the increase in projected revenue from the sale of property from R8 million to R12 million following the inclusion of several strategic property transactions. Provision was also made for employee-related costs in line with Government Gazette upper limits for Directors.

The Final Budget further prioritises the maintenance and protection of critical infrastructure. Additional funding was allocated towards contracted services for the maintenance of water and sewerage infrastructure, recognising the importance of preserving ageing assets and ensuring reliable service delivery to residents.

Funding has also been provided for key strategic and developmental projects including:

- Botrivier Beaumont Phase 2 Planning;
- Caledon Riemvasmaak Phase 1;
- The continuation of the Grabouw Taxi Rank project; and
- Housing-related infrastructure projects supported through provincial allocations.

Total operating revenue for the 2026/2027 financial year is projected to increase by 14.07 per cent, amounting to approximately R137 million when compared to the 2025/2026 financial year. Total operating expenditure amounts to R905 million, representing an increase of R83 million or 9.2 per cent from the previous year.

The capital programme amounts to R131 million for the 2026/2027 financial year and is projected to increase further to R149 million in 2027/2028 before normalising in the outer financial year of the MTREF.

The Municipality's Medium-Term Revenue and Expenditure Framework has been compiled in accordance with all applicable legislation and National Treasury guidelines, while remaining aligned to the strategic objectives and priorities identified in the Municipality's Integrated Development Plan (IDP). Key strategic focus areas remain:

- Financial Viability;
- Good Governance;
- Institutional Development;
- Basic Service Delivery and
- Local Economic Development.

In order to sustain service delivery amidst rising bulk service costs, inflationary pressures and increasing operational demands, the following tariff adjustments are proposed for the 2026/2027 financial year:

- Assessment Rates: 5%
- Water: 8%
- Sanitation (Sewer): 4.5%
- Solid Waste (Refuse): 11.92%
- Electricity: 8%

These tariff increases were carefully considered to strike a balance between affordability for residents and the financial sustainability of the Municipality. The Municipality continues to face several external pressures, including rising bulk electricity costs, ageing infrastructure, inflation-related increases in maintenance expenditure and constrained economic growth.

The budget further provides for a realistic revenue collection target of 85 per cent, aligned to the milestones and commitments contained in the Financial Recovery Plan. Improving revenue collection remains critical to ensuring financial sustainability and protecting essential municipal services with an ideal rate between 88 - 90 per cent.

While challenges remain, this Final Budget sends a clear and positive message that Theewaterskloof Municipality is making steady and measurable progress. It demonstrates a Municipality that is taking responsible decisions, strengthening accountability, restoring financial discipline and working decisively towards long-term stability and growth.

Residents, businesses, investors and stakeholders can therefore be confident that the Municipality is committed to restoring institutional credibility, protecting core services, investing in infrastructure and creating an enabling environment for sustainable economic development and improved quality of life.

I wish to extend my sincere appreciation to the Acting Municipal Manager, Acting Chief Financial Officer, the entire Finance Directorate and all officials who contributed towards the compilation of this budget. Their professionalism, resilience and dedication under challenging circumstances ensured the preparation of a credible, funded and compliant budget that serves the best interests of our communities.

I also wish to thank Council, our communities and stakeholders for their continued support, engagement and patience as we continue navigating the Municipality's recovery journey together.

ENDS

**Alderman Lincoln De Bruyn**  
**Executive Mayor**