



**THEEWATERSKLOOF
MUNICIPALITY**

**2026 STRATEGIC
INTEGRATED MUNICIPAL
ENGAGEMENT**

Date: 18 May 2026

IDP – 3 Specific Strategic Focus Areas – Requires Immediate Attention

SDF 1: FINANCIAL VIABILITY

We acknowledge the concern that financial sustainability remains under pressure, with key viability indicators not achieved in 2025/26.

Our commitment is to:

Implement targeted financial recovery interventions that directly address the root causes of underperformance.

Strengthen revenue collection mechanisms to improve cash inflows and reduce reliance on external funding.

Enhance liquidity management practices to safeguard operational continuity and maintain adequate reserves.

Improve creditor payment performance to rebuild trust, reduce penalties, and align with regulatory obligations.

Establish measurable recovery actions for 2026/27, with clear milestones and accountability structures to track progress and demonstrate improvement.

SDF 4: BASIC SERVICE DELIVERY

Strategic Capital Funding Projects (Key Drivers IDP / SDBIP)

☐ Budget Facility for Infrastructure – Re-submission of Application

Recommendation by NT:

Our recommendation, therefore, is that should you wish to resubmit, you ensure that all information stipulated in the BFI Circular is included and in the right format. Further work is required in relation to packaging the programme and finalising the feasibility study, so that projects at advanced stages are not disadvantaged by those at earlier stages. Resubmission should be considered once these elements have been addressed, in future BFI windows.

☐ Capital Expenditure Framework (CEF) – Alignment with Technical Infrastructure Master Planning / IDP / SDF / LTFP / MTREF periods over 10 years

Acknowledge misalignment and execution limitations.

Last update of CEF 2023-2024. Priority Item Town Planning / Technical / BTO

SDF 5: LOCAL ECONOMIC DEVELOPMENT

The Municipality recognises the importance of reviewing and aligning the Local Economic Development (LED) Strategy with future updates of the Integrated Development Plan (IDP), and this need has already been identified internally. In fact, provision for the review was included as part of the initial budget inputs.

However, the Municipality is currently facing significant financial constraints and is implementing a Financial Recovery Plan (FRP), which requires a strong focus on immediate priorities linked to financial stabilisation and essential service delivery. Within this context, the review of the LED Strategy has had to be postponed as the Municipality navigates the current rescue phase.

That said, the Municipality remains committed to revisiting and updating the LED Strategy as soon as the financial situation allows. In the meantime, any external funding or technical support to assist with this process would be greatly appreciated and would enable the Municipality to move forward with the review sooner.

2026/27 MTREF ASSESSMENT RESPONSE

Economic Development and Planning Responses

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG)

HSDG: Below is a detailed table for the 2026/27 Final HSDG allocation:

Theewaterskloof Local Municipality HSDG Planned Projects	2026/27 Targets and Funding		
	Sites	Housing Units	Funding R'000
Grabouw Rooidakke (1169) Tops Transfer @R160 in 2026/27	0	8	1,464
Greater Grabouw Rooidakke SEF	0	0	1,200
Grabouw Hillside (348) (121 + 227)	0	0	1,000
Greyton Erf 595 (538) (Yield reduced) (393)	0	0	1,000
Gypsy Queen (500)	0	0	1,000
Riviersonderend	0	0	1,000
Villiersdorp Destiny	0	300	81,000
Botriver Beaumont (1046) IRDP Services (Ph 2 774)	0	0	1,000
Riviersonderend Joeslovo Ext	0	0	500
TOTAL	0	308	89,164

Table 1: 2026/27 HSDG Final Business Plan: 21 January 2026

Economic Development and Planning Responses

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) AND INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT (ISUPG) FINAL BUSINESS PLAN TARGETS AND FUNDING ALLOCATION

ISUPG: Below is a detailed table for the 2026/27 Final ISUPG allocation:

Theewaterskloof Local Municipality ISUPG Planned Projects	2026/27 Targets and Funding	
	Sites	Funding R'000
Greater Grabouw	0	100
Grabouw Iraq(456)	0	22,000
Grabouw Hillside (321) (102 + 219)	0	1,000
Villiersdorp Destiny Farm (1133)	343	50,417
Caledon Riemvasmaak (1014)	100	11,000
Rooidakke (1054)	0	500
TOTAL	443	85,017

Table 2: 2026/27 ISUPG Final Business Plan: 20 February 2026

Technical - Assessment Response (3.2.3)

Bulk Water Provision

Remains a significant concern, particularly in Villiersdorp where current yields are inadequate to meet projected future growth, risking potential supply shortfalls (under future growth scenarios). In Caledon, long-term expansion under high growth scenarios is similarly constrained by insufficient water sources, highlighting the need to explore additional supply options. Ageing infrastructure is driving high distribution losses, highlighting the need for urgent and comprehensive system upgrades. Limited capital funding, alongside ongoing vandalism and theft of infrastructure, is constraining the Municipality's ability to effectively address these challenge

WWTW

Limited funding constrains the Municipality's ability to meet rising basic service demands, particularly in informal settlements. Wastewater treatment works are operating beyond design capacity, requiring ongoing upgrades. Community priorities include extending sewer networks and upgrading pump stations. Vandalism and theft of infrastructure place additional strain on services and delay critical improvements.

Technical - Assessment Response (3.2.3)

Solid Waste

Non-compliance with permit conditions for landfill, transfer sites, and disposal facilities is identified as a key strategic risk. Vandalism and theft at transfer stations heighten security concerns and disrupt operations. Limited refuse removal fleet capacity may constrain effective waste management service delivery. Very high costs of rehabilitation and closure of decommissioned landfill sites.

- ❖ Imminent COS on Solid Waste required – To determine breakeven over Medium to Long Term (Phase in tariff approach over 5 to 8 years).

Roads and Stormwater

The Municipality faces substantial backlogs in road resurfacing and rehabilitation due to budget constraints. This underscores the need for more strategic resource allocation to prioritise infrastructure maintenance and development. Severely limited road budget allocation. Limited upgrading and maintenance stormwater capacity, which constrains the ability to progressively modernise systems and implement more climate resilient stormwater infrastructure.

Budget Comparison

	Final Budget				Draft Budget				Changes		
Description	2026/27 Medium Term Revenue & Expenditure Framework				2026/27 Medium Term Revenue & Expenditure Framework				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29		Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29		Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue - Functional											
Exchange Revenue											
Service charges - Electricity	179 259	193 600	209 088		179 259	185 354	191 286		-	8 246	17 803
Service charges - Water	125 279	135 301	146 125		125 279	129 538	133 684		-	5 763	12 442
Service charges - Waste Water Management	52 237	54 327	56 500		52 237	54 014	55 742		-	313	758
Service charges - Waste Management	52 158	54 244	56 414		52 158	53 931	55 657		-	313	757
Sale of Goods and Rendering of Services	21 751	22 621	23 526		12 219	12 634	13 039		9 532	9 987	10 488
Agency services	8 291	8 623	8 968		8 291	8 573	8 847		-	50	120
Interest earned from Receivables	28 561	30 129	31 794		28 561	29 532	30 477		-	597	1 317
Interest earned from Current and Non Current Assets	2 769	2 830	2 895		2 769	2 863	2 954		-	(32)	(59)
Rental from Fixed Assets	1 300	1 352	1 406		1 300	1 344	1 387		-	8	19
Licence and permits	76	76	76		76	79	81		-	(3)	(5)
Development Charges	1 000	1 040	1 082		1 000	1 034	1 067		-	6	15
Operational Revenue	3 725	3 874	4 029		3 725	3 852	3 975		-	22	54
Non-Exchange Revenue											
Property rates	179 291	188 255	197 668		179 291	185 387	191 319		-	2 869	6 349
Fines, penalties and forfeits	43 671	45 418	47 235		43 671	45 156	46 601		-	262	634
Transfer and subsidies - Operational	180 298	185 737	189 690		180 298	185 741	189 548		-	(4)	142
Interest	3 863	4 056	4 259		3 863	3 994	4 122		-	62	137
Operational Revenue	6 529	6 975	7 453		6 529	6 751	6 967		-	223	485
Gains on disposal of Fixed and Intangible Assets	872	-	-		872	901	930		-	(901)	(930)
Other Gains	18 840	3 840	3 840		18 840	19 481	20 104		-	(15 641)	(16 264)
Total Revenue (excluding capital transfers and contributions)	909 771	942 299	992 047		900 238	930 159	957 787		9 532	12 140	34 260

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Expenditure									-	-	-
Employee related costs	322 024	344 723	369 062		314 715	325 417	335 833		7 309	19 306	33 229
Remuneration of councillors	14 614	15 199	15 807		14 271	14 757	15 229		343	442	578
Bulk purchases - electricity	152 140	167 354	184 089		152 140	157 313	162 347		-	10 041	21 743
Inventory consumed	44 402	47 312	50 440		44 402	45 911	47 381		-	1 401	3 059
Debt impairment	107 826	113 239	118 950		107 826	111 492	115 060		-	1 747	3 891
Depreciation, amortisation and impairment	40 079	41 683	43 350		40 079	42 063	44 123		-	(380)	(773)
Interest, Dividends and Rent on Land	52 465	35 071	33 930		45 678	47 231	48 742		6 787	(12 160)	(14 813)
Contracted services	67 582	66 760	69 607		66 568	68 832	71 034		1 014	(2 071)	(1 427)
Transfers and subsidies	12	-	-		12	12	13		-	(12)	(13)
Irrecoverable debts written off	15 816	16 864	17 985		15 816	16 354	16 877		-	510	1 108
Operational costs	88 979	92 486	96 174		90 310	93 380	96 368		(1 331)	(894)	(194)
Disposal of Fixed and Intangible Assets	0	0	0		0	0	0		-	-	(0)
Other Losses	3 680	3 680	3 680		3 680	3 805	3 927		-	(125)	(247)
Total Expenditure	909 620	944 372	1 003 075		895 497	926 567	956 934		14 122	17 805	46 141
Surplus/(Deficit)	151	(2 073)	(11 028)		4 741	3 591	854		(4 590)	(5 664)	(11 881)
Transfers and subsidies - capital (monetary allocations)	33 210	36 086	37 217		33 210	36 086	37 217		-	-	-
Transfers and subsidies - capital (in-kind)	40	-	-		40	-	-		-	-	-
Surplus/(Deficit) for the year	33 401	34 013	26 189		37 990	39 678	38 070		(4 590)	(5 664)	(11 881)

Finance

- Finance Department is reviewing all data strings, budget schedules and funding assumptions to improve alignment and compliance.
- Cash flow management, creditor payment prioritisation and revenue enhancement strategies are being monitored weekly.
- Management will continue to monitor collection rates, liquidity ratios and outstanding creditors against FRP targets.
- Capital planning will be prioritised within available funding envelopes to protect critical infrastructure and service delivery.
- Regular reporting to Council, Provincial Treasury and relevant oversight structures will continue.
- The Financial Department remains committed to restoring financial stability, improving governance and ensuring sustainable service delivery.

Finance

The Revenue Enhancement Strategy has been drafted and incorporates various workstreams aligned to the FRP.

The primary priorities outlined in the revenue enhancement strategy.

- ❖ PRIORITY 1: SMART WATER METER STRATEGY
- ❖ PRIORITY 2: BUSINESS PROPERTY DATA VERIFICATION
- ❖ PRIORITY 3: INDIGENT MANAGEMENT & VETTING
- ❖ PRIORITY 4: STEENBRAS PROPERTY INTEGRATION
- ❖ PRIORITY 5: WATER METER AUDIT / VERIFICATION

The strategy was **workshopped by Council and management on 4 May 2026**, where the priority workstreams, investment requirements, projected revenue impact and implementation responsibilities were deliberated and refined. This collective engagement has secured both political and administrative ownership of the strategy and ensures alignment between the strategic intent and operational delivery.

The R2.50m WCFRSG smart meter allocation has been utilised to procure **700 smart water meters, which have been delivered to the Municipality and are scheduled for installation in the immediate term.**

Finance

- Impairment in past financial year was only recorded on Land and Buildings through the review of the valuation roll and on Landfill sites calculation based on physical inspections by a qualified consultant.
- Movable assets are repaired within a year or disposed if the condition is not conducive for service delivery and therefore are not impaired.
- The infrastructure is difficult to determine as the information on the asset register cannot be linked to physical asset in the field, hence the reason the municipality applied for funding for a complete infrastructure physical verification and condition assessment. Upon confirmation of funding through the DORA of R1.5 million for the 2026/2027 financial year, the municipality has started the SCM process. The tender was advertised on the 8th of May 2026 and closes on the 29th of May 2026.

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Finance

Asset Management Policy:

- A response letter was drafted and submitted to Provincial Treasury to request templates to improve AM Policy. To date none was received. The municipality is also unsure as to what changes/improvements need to be made to the AM policy as Provincial Treasury has not shared their assessment with the municipality.

ISO 55001:

- The area of concern is to allocate the asset is the field to link all ISO 55001 requirements to an asset. The municipality has advertised on the 8th of May 2026 a tender to invite prospective bidders to tender for the infrastructure completeness and conditional assessment to improve the data on the asset register. This will also be able to highlight areas that need upgrade or replacement and therefore influence the IDP, Procurement Plan and Budget.

Finance

Contract Management

Included in updated SCM Policy for the 2026/27 financial year

- Contract Management Monitoring reporting to be performed through SCM (Centralised)

Turn-around time of tenders

The turn-around time of tenders are being addressed in updated SOP for the 2026/27 financial year

- Time will be allocated to each phase within the tender process from submission of specifications to award of tender. This will assist in reducing the current time spent on the finalisation of tender process

Monitoring of the Procurement Plan

SCM Manager compiled a Procurement Plan Monitoring Working Paper for implementation for the 2026/27 financial year.

- Status of tenders will be communicated on a monthly basis as part of Dashboard Reporting to all Contract Owners and Managers to provide their comment on their specific projects as per the procurement plan. This will be driven by SCM.

Finance

Capital Expenditure Committee

- In addition to the above, SCM also suggest the establishment of a Capital Expenditure Committee driven through the Office of the MM and CFO.
- Committee meetings can be held monthly.
- To deal with the progress and status of tenders / procurement process to ensure complete capital spending at year-end.
- This will also create a platform where departments can raise their shorting comings or need for assistance to ensure full capital spend.
- This is an extra monitoring tool to ensure departments are committed the timelines as per the approved procurement plan.

2026 Local Government Elections: Readiness and Risks

2026 Local Government Elections: Readiness and Risks

- In terms of Section 29(2) of the Local Government: Municipal Structures Act, 1998 provides that the first meeting of the council must be called within 14 days after the Council has been declared elected.
- A draft Agenda with all the relevant annexures for this meeting will be compiled before the 4th of November 2026 and the date of the first meeting will be determined as soon as the Council has been declared elected to ensure that Theewaterskloof Municipality comply with Section 29(2).
- As soon as the names and contact information of the elected Councillors are available, the Agenda of the first meeting of Council will be distributed.
- All the necessary arrangements will be put in place to ensure that the first meeting of the newly elected Council adhere to all legislative requirements (election of Speaker/Executive Mayor/Executive Deputy Mayor/Representative to the ODM, etc).
- As soon as the Council Representatives to the Overberg District Municipality are elected during the first meeting, the names and contact information will be forwarded to the ODM to ensure that they can comply with Section 29(2).

- Ensure that all Councillor attend the Councillor Induction Programme arranged by SALGA to enhance awareness of the municipal systems, procedures and processes to Councillors in order for them to perform their functions with confidence.
- Already started with the process for the election of Ward Committee Members within the 120 days after the Municipal Election. (14 Wards with 10 Ward Committee Members per Ward) Training will also be arranged by the Department of Local Government: Public Participation and Ward Committees for the elected Ward Committee Members.
- RISKS: Tools of Trade for Councillors – FRP implementation in Theewaterskloof Municipality – Might happen that funding is not available for the procurement of 14 new laptops for the elected Councillors – all documentation are distributed electronically to all the Councillors (Agendas/Minutes are distributed via email to Councillors / Attending of virtual meetings, etc.)