A4922

SUBMISSION OF THE 2025 / 2026 TO 2027 / 2028 OPERATING / CAPITAL BUDGET, IDP & POLICY DOCUMENTS (CHIEF FINANCIAL OFFICER)

Purpose of the report

To inform Council that the 2025 / 2026 TO 2027 / 2028 Operating/Capital Budget and IDP Documents will be considered at the Statutory Council meeting of 28th May 2025 for approval.

Background

The Executive Mayor tabled the draft budget and draft IDP at the Council Meeting on **26 March 2025**.

All relevant documents were made available for public comment and forwarded to all relevant National and Provincial departments.

The Budget and IDP were referred to all wards for discussion and input. The closing date for all input was **9 May 2025**. Workshops were held as follows to discuss all input received:

1. With Executive Mayor - 13 May 2025
2. With Senior Management Team – 15 May 2025
3. Budget Steering Committee - 21 May 2025
4. All Councillors - 26 May 2025

Legal Framework

Sections 16 - 18 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulate as follows:

Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Contents of annual budgets and supporting documents

17. (1) An annual budget of a municipality must be a schedule in the prescribed format –

(a) setting out realistically anticipated revenue for the budget year from each revenue source;
(b) appropriating expenditure for the budget year under the different votes of the municipality;
(c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year.
(d) setting out –
    (i) estimated revenue and expenditure by vote for the current year; and
    (ii) actual revenue and expenditure by vote for the financial year preceding the current year; and

(e) a statement containing any other information required by section 215 (3) of the Constitution or as may be prescribed.

(2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

(3) When an annual budget is tabled in terms of section 16 (2), it must be accompanied by the following documents:

(a) draft resolutions –

(i) approving the budget of the municipality;
(ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year;

(iii) approving the budgets for the relevant financial year of each municipal entity under the sole or shared control of the municipality; and
(iv) approving any other matter that may be prescribed.

(b) measurable performance objectives for each vote in the budget, taking into account the municipality's integrated development plan;

(c) a projection of cash flow for the budget year by revenue source, broken down per month;

(d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;

(e) any proposed amendments to the budget-related policies of the municipality;

(f) particulars of the municipality's investments;

(g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;

(h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;

(i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;

(j) particulars of any proposed allocations or grants by the municipality to –
(i) other municipalities;
(ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;
(iii) any other organs of state;
(iv) any organisations or bodies referred to in section 67 (1);

(k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of–

(i) each political office-bearer of the municipality;
(ii) councillors of the municipality; and
(iii) the municipal manager, the chief financial officer, each senior manager of the

municipality and any other official of the municipality at a remuneration package at least equal to that of a senior manager;

(l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of –

(i) each member of the entity's board of directors; and
(ii) the chief executive officer and each senior manager of the entity; and

(m) any other supporting documentation as may be prescribed.

Funding of expenditures

18. (1) An annual budget may only be funded from –

(a) realistically anticipated revenues to be collected.
(b) cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
(c) borrowed funds, but only for the capital budget referred to in section 17 (2).

(2) Revenue projections in the budget must be realistic, taking into account –

(a) projected revenue for the current year based on collection levels to date; and
(b) actual revenue collected in previous financial years.

<u>INTEGRATED DEVELOPMENT PLANNING</u>

Section 34 of the Municipal System Act refers:

Annual review and amendment of the Integrated Development Plan

A municipal council

a) must review its integrated development plan
   (i) annually in accordance with an assessment of its performance measurements in terms of section 41 and
   (ii) to the extent that changing circumstances so demand; and

b) **may amend its integrated development plan in accordance with a prescribed process.**

In terms of section 34 of the MSA a municipal council must review its integrated development plan (IDP) annually in accordance with an assessment of its performance measurements and to the extent that changing circumstances so demand, and may amend its IDP in accordance with a prescribed process. The Local Government Municipal Systems Regulations, 2001, stipulates the process to be followed during the IDP amendment in chapter 2, section 3. The process is prescribed as follows: -

(1) Only a member or committee of a municipal council may introduce a proposal for amending the municipality's integrated development plan in the council.

(2) Any proposal for amending a municipality's integrated development plan

must be-

(a) accompanied by a memorandum setting out the reasons for the proposal; and

(b) aligned with the framework adopted in terms of section 27 of the Act.

(3) An amendment to a municipality's integrated development plan is adopted by a decision taken by a municipal council in accordance with the rules and orders of the council.

(4) No amendment to a municipality's integrated development plan may be adopted by the municipal council unless-

(a) all the members of the council have been given reasonable notice

(b) the proposed amendment bas been published for public comment for a period of at least 21 days in a manner that allows the public an opportunity to make representations with regard to the proposed amendment;

(c) the municipality, if it is a district municipality, has complied with subregulation (5); and

(d) the municipality, if it is a local municipality, has complied with subregulation (6)

(5) A district municipality that considers an amendment to its integrated development plan must:

(a) consult all the local municipalities in the area of the district municipality on the proposed amendment; and

(b) take all comments submitted to it by the local municipalities in that area into account before it takes a final decision on the proposed amendment

(6) A local municipality that considers an amendment to its integrated development plan must:

(a) consult the district municipality in whose area it falls on the proposed amendment; and

(b) take all comments submitted to it by the district municipality into account before it takes a final decision on the proposed amendment.

Comments

The 2025-2028 MTREF Budget documents and IDP have been compiled in accordance with the Municipal Budget and Reporting Regulations and will be presented at the Statutory Council Meeting on 28th May 2025.

Budget-related policies will be posted on the municipal website and will also be available at the municipal offices. IDP related policies, including ICT policies and the organogram, will similarly be posted on the municipal website and will be accessible at the municipal offices.

Recommendation / Aanbeveling

1. That the Executive Mayor presents the 2025-2028 MTREF Budget & IDP at the Statutory Council Meeting on 28th May 2025 for council approval.

2. That the council approves the following for the period 2025/2026 to 2027/2028:
   - Operating / Capital Budget,
   - IDP,
   - SDF,
   - All budget-related policies,
   - IDP-related policy documents,
   - ICT policies.

3. All relevant documents shall be made public and forwarded to all pertinent National and Provincial departments.

This item served before an Ordinary Meeting of Council on 28 May 2025
Hierdie item het gedien voor 'n Gewone Vergadering van die Raad op 28 Mei 2025
Besluit / Resolved

1. That the 2025-2028 MTREF Budget & IDP tabled by the Executive Mayor at the Council Meeting on 28 May 2025 is approved.

2. That Council approved the following for the period 2025/2026 to 2027/2028:

- Operating / Capital Budget,
- IDP,
- SDF,
- All budget-related policies,
- IDP-related policy documents,
- ICT policies.

3. That all relevant documents will be made public and forwarded to all pertinent National and Provincial departments.

Speech by the Executive Mayor
On the Approval of the IDP and Budget

Madame Speaker, Members of the Mayoral Committee, Councillors, Senior Management team, and Stakeholders

Good day, everyone.

I want to express my gratitude as I present our municipality's Integrated Development Plan (IDP) and Budget for the upcoming financial year. This is not just an administrative task; it marks an important step in our journey towards growth, good governance, and sustainable development.

The Budget and IDP we are presenting today represent input from many people—it is the result of consultations, discussions, and careful consideration. Through ward meetings, community engagements, public input, and coordination with other governments spheres, we have made sure this plan truly reflects the needs and hopes of our communities.

We heard your demands for:

- Better roads and infrastructure
- Reliable water and sanitation services
- Safer neighbourhoods
- Job creation and economic opportunities
- Stronger social support programs

These requests are our mandate and guide our actions.

Our budget aligns with the IDP goals and is built on principles of financial responsibility and transparency, aiming to maximise the value of every rand spent.

Key Budget Highlights

This year, we are prioritising service delivery and infrastructure development. Some of the **Top 10 Capital Projects** for 2025/2026 are:

No	Vote Description	SOURCE	Ward	Budget 2025/2026
1	**Upgrading the Robertson Wastewater Treatment Works**	MIG/CRR	1,2,3,6,11	26 607 596,24
2	**Procurement of Bakkies and Trucks for all towns**	EFF	1,2,3,6,11	21 960 000,00
3	**Upgrading the Breede River Pump Station in Ashton**	WSIG	9,10,11	10 697 391,30
4	**Replace 66Kv Transformers at Robertson Main Substation**	CRR	1,2,3,6,11	8 625 000,00
5	**Electrification of Boekenhoutskloof**	INEP	4	7 258 260,87
6	**Upgrading of Bonnievale Water Treatment works**	CRR	4,8	6 000 000,00
7	**Upgrading of Van Zyl Street Sport field**	MIG	1	5 734 782,61
8	**Upgrading the Robertson Precinct under the NDPG**	NDPG	1, 2	3 478 260,87
9	**Construction of the new Pavilion at Mc Gregor sport field**	CRR	5	3 000 000,00
10	**Upgrading roads in Ashton, including residential, industrial, and Zolani areas**	CRR	10	2 723 767,98
				96 085 059,87

1. **Upgrading the Robertson Wastewater Treatment Works** – R 26 607 596,24, improving sanitation capacity across Wards 1, 2, 3, 6, and 11. (R26,60 million)
2. **Procurement of bakkies and a truck for all towns** – ensuring better service delivery logistics (R21,96 million).
3. **Upgrading the Breede River Pump Station in Ashton** – enhancing water infrastructure in Wards 9, 10, and 11.(R10,69 million)
4. **Replacing 66kV transformers at Robertson Main Substation** – strengthening our electricity grid to prevent supply interruption.(R8,62million)
5. **Electrification of Boekenhoutskloof** – expanding access to electricity in Ward 4.(R7,2 million)
6. **Upgrading the Bonnievale Water Treatment Works** – improving water quality in Wards 4 and 8.(R6 million)
7. **Upgrading Van Zyl Street Sport Field** – investing in community recreation in Ward 1. (R5,7 million)
8. **Upgrading the Robertson Precinct under the NDPG** – revitalising urban spaces in Wards 1 and 2.(R3,4 million)
9. **Constructing a new pavilion at McGregor Sport Field** – supporting local sports and other activities.(R3 million)
10. **Upgrading roads in Ashton, including residential, industrial, and Zolani areas –** This will improve road access and safety for the community **-** R2,72 million.

Tariff Adjustments

To support these initiatives and maintain financial sustainability, the following **tariff increases** are proposed:

- **Rates**: 6%
- **Water**: 6%
- **Sanitation**: 6%
- **Refuse Removal**: 8%
- **Electricity**: 11.32% (as approved by NERSA)
- **Sundry Tariffs**: 0–6%, depending on the service

These increases are necessary to keep up with inflation, rising input costs, and to ensure uninterrupted service delivery.

Expenditure Overview

We are also managing our internal costs responsibly:

- **Salaries**: 5.014% increase
- **General Expenses**: 4%
- **Repairs and Maintenance**: 4%
- **Bulk Purchases**: 11.32%, driven by electricity costs

Economic Environment

Our local economy, like that of the whole country, has encountered many obstacles this past year. South Africa is still recovering from the COVID-19 pandemic, dealing with load shedding, inflation, and rising unemployment. These issues have affected household incomes, business operations, and our municipal revenue.

Locally, while sectors like agriculture and small businesses show resilience, they are still vulnerable. The rising cost of living and energy security challenges hinder growth and investment.

Despite these challenges, we stay optimistic. Our IDP and budget focus on initiatives aimed at fostering economic development. We are investing in infrastructure, supporting small businesses, creating jobs, and developing skills, especially for youth and women. We are dedicated to creating opportunities through partnerships with the private sector and other government agencies.

Commitment to Implementation

Adopting the IDP and budget is just the beginning—what truly matters is putting these plans into action. Our administration is committed to effective project management, transparent reporting, and accountability.

We will strengthen our relationships with communities, civil society, and the private sector to ensure that every plan becomes a reality and every action leads to improved lives.

I want to thank all the councillors for their involvement, the administrative team for their hard work, and especially our residents for their feedback, patience, and hope for a better future.

As your Executive Mayor, I promise to work with integrity and urgency to turn this plan into real progress. Let us move forward together, united in our purpose and determined in our actions, to build a municipality that is inclusive, resilient, and responsive to everyone's needs.

I now officially table the IDP and Budget for approval.

Thank you.

LANGEBERG

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Medium Term Revenue and Expenditure Framework (MTREF)

BUDGET:

2025/2026 – 2027/2028

Table of Contents

SECTION A – Part 1

1. Glossary

Adjustments Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget.

Capital Expenditure (CAPEX) – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short-term investments. Cash receipts and payments do not always coincide with budgeted revenue and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. The annual piece of legislation that indicate the allocations from National Government to Local Government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to assist with free basic services.

GDFI - Gross Domestic Fixed Investment

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

ICT – Information Communication Technology

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

KPI – Key Performance Indicators. Measures of service output and/or outcome.

LM – Langeberg Municipality

MFMA - Municipal Finance Management Act (No 53 of 2003). The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level.

Operating Expenditure (OPEX)– Spending on the day-to-day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Rates – Local Government tax based on assessed valuation of a property.

TMA – Total Municipal Account

SDBIP – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of a municipality as set out in the IDP Budgeted spending must contribute towards achievement of these strategic objectives.

Vote – One of the main segments into which a budget is divided, usually at department level.

NT – National Treasury

PT – Provincial Treasury

NERSA - National Energy Regulator of South Africa. NERSA is responsible for the price determination of the bulk costs of electricity.

MERO - Municipal Economic Review & Outlook.

2. Mayor's report

To be updated after the council meeting

4. Executive Summary

The Municipality's 2025/2026 budget amounts to R1 377 432 689 , represented by a Capital Budget of R136 175 651 and an Operating Budget of R1 241 257 038.

The Capital Budget of R136 175 651 includes contributions from our own funding at R62 000 000, finance lease amounting to R21 960 000 as well as grant funding from national and provincial governments amounting to R52 215 651.

The total operating expenditure of R1 241 257 038 includes substantial allocations for bulk purchases and employee-related costs. The staff cost is at 26% of the total operating expenditure. The Treasury norm for municipalities is a minimum of 25% and a maximum of 45%.

A significant portion, approximately 70%, of the total revenue is derived from service charges. Property rates contribute R106 955 586 to our revenue stream.

Primary Operating Budget revenue and expenditure categories reflect the following year-on-year budget value increases (estimated 2025/2026 vs. adjusted 2024/2025 budget):

Revenue / tariff increases

In order for Langeberg Municipality to operate financially sustainable over the medium to long term tariff increases cannot be limited to the CPI projections published by STASSA and NT as the current reality is that expenditure relating to the operation of trading and non-trading services are rising above CPI targets. The finance minister also proposed an inflation-related increase in the fuel levy which is also expected to contribute to higher operating costs.

- The increase in Rates Tariffs will be 6%.
- The increase of Water Tariffs will be 6%.
- The increase of Sanitation Tariffs will be 6%.
- The tariff increase for Refuse Removal will be 8%.
- The increase of Electricity Tariffs will be 11.32%.
- The increase in Sundry Tariffs will be 0%-6%.

National Treasury encourages municipalities to maintain tariff increases at levels that reflects an appropriate balance between the affordability to poorer households and other customers while ensuring that the tariffs are cost reflective for the financial sustainability of the municipality. The budget of the municipality must also be responsive to its IDP Strategic Objectives.

Tariff increases by Eskom are above inflation and should be considered as such while determining cost reflective tariffs. Langeberg Municipality commissioned its own Cost of Supply Study as prescribed by NERSA. The key finding is that the municipality needs to increase its tariffs by 14.4% to achieve full cost-reflectivity. The proposed increase for electricity tariffs is 11.32%, subject to NERSA approval, which is considerate to the lowered economic growth. In 2025, the overall economic growth is expected to moderate to 1.9% based on the MERO. The municipality is a price taker when it comes to electricity tariffs. The average electricity tariff increase in the Western Cape province is 11.50% for businesses and households.

The 6% increase in both water tariff and wastewater tariff is in line with the Provincial average, which is 6.42% for water and 5.95% for wastewater, respectively. The Western Cape benchmark for wastewater tariff increases is 6.2%. The 8% increase for waste removal, which is below the Provincial average of 8.7%, due to the anticipated participation in the regional waste disposal facility.

The financing of capital expenditure from own funds (CRR) totals R62 000 000. This amount is earmarked to address specific infrastructural capital investment aligned to IDP focus areas.

Capital investment funding from own funding represents a significant portion (46%) of the municipality's capital budget in 2024/2025, national and provincial government grants consisting of 38% and finance leases at 16%.

Langeberg Municipality has prepared a multi-year budget in accordance with the Municipal Budgeting and Reporting Regulations and is presented in the table below:

Budget Summary- Capital and funding:

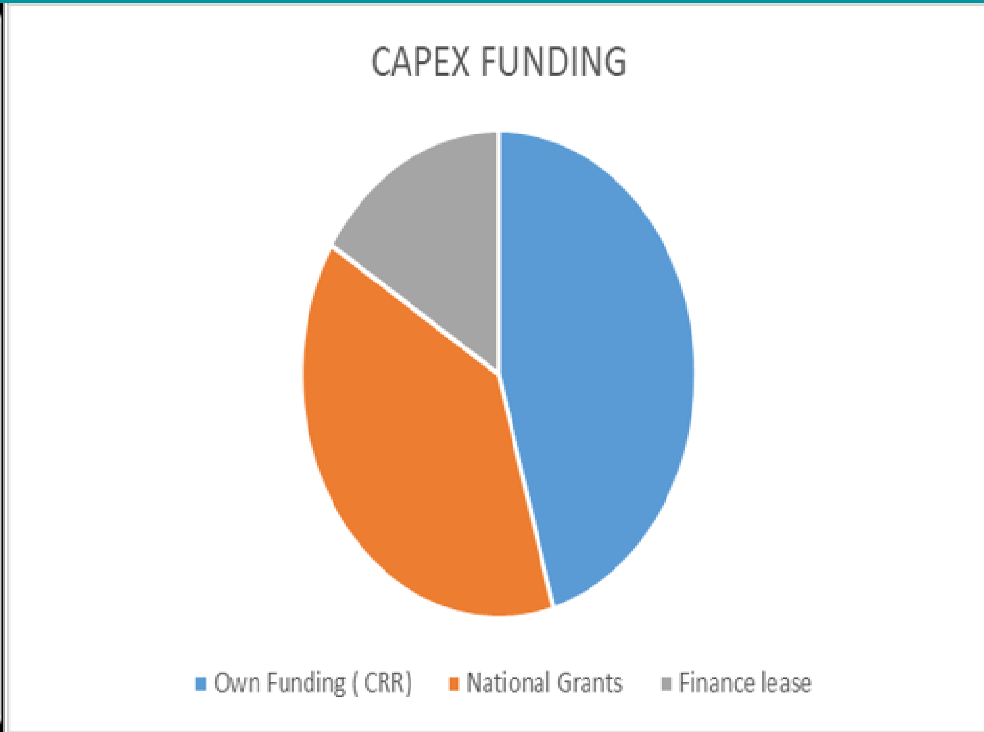
Vote Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
***Single-year expenditure** to be appropriated*	2										
Vote 1 - FINANCE		–	–	35 844	3 008	2 687	2 687	2 687	3 008	3 008	3 008
Vote 2 - EXECUTIVE&COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 3 - ESIDS		–	–	7 574	7 999	10 122	10 122	10 122	8 000	3 500	3 000
Vote 4 - CORPORATE		–	–	697	2 778	3 336	3 336	3 336	2 542	–	–
Vote 4 - CORPORATE		–	–	–	60	145	145	145	–	–	–
Vote 5 - ENGINEERING		–	–	80 402	55 155	100 129	100 129	100 129	72 692	20 359	50 670
Vote 5 - ENGINEERING		–	–	31 847	39 340	41 649	41 649	41 649	32 798	24 874	27 463
Vote 6 - COMMUNITY		–	–	16 835	10 086	15 216	15 216	15 216	17 136	1 816	154
Vote 7 - [NAME OF VOTE]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**-**	**-**	**173 199**	**118 427**	**173 284**	**173 284**	**173 284**	**136 176**	**53 557**	**84 295**
Total Capital Expenditure - Vote		**-**	**-**	**173 199**	**118 427**	**173 284**	**173 284**	**173 284**	**136 176**	**53 557**	**84 295**

Capital Expenditure - Functional											
Governance and administration		**–**	**–**	**45 115**	**12 485**	**14 740**	**14 740**	**52 906**	**11 440**	**6 508**	**6 008**
Executive and council		–	–	473	191	241	241	507	500	500	–
Finance and administration		–	–	44 642	12 294	14 499	14 499	52 399	10 940	6 008	6 008
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**–**	**–**	**16 885**	**11 446**	**16 411**	**16 411**	**26 464**	**18 746**	**1 816**	**154**
Community and social services		–	–	417	740	1 316	1 316	1 071	688	900	–
Sport and recreation		–	–	3 143	4 050	6 714	6 714	7 042	14 448	300	–
Public safety		–	–	13 324	6 656	8 381	8 381	18 351	3 610	616	154
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**–**	**–**	**58 289**	**17 912**	**46 748**	**46 748**	**80 045**	**11 502**	**10 065**	**2 239**
Planning and development		–	–	2 235	120	476	476	2 587	500	–	–
Road transport		–	–	56 054	17 792	46 273	46 273	77 458	11 002	10 065	2 239
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		**–**	**–**	**52 909**	**76 583**	**95 385**	**95 385**	**107 559**	**94 487**	**35 167**	**75 893**
Energy sources		–	–	10 731	5 243	17 889	17 889	22 257	26 333	7 293	7 931
Water management		–	–	2 609	27 400	30 193	30 193	12 336	29 777	3 400	7 500
Waste water management		–	–	31 798	38 640	42 003	42 003	62 628	30 098	24 474	25 463
Waste management		–	–	7 771	5 300	5 300	5 300	10 338	8 280	–	35 000
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Functional	3	**–**	**–**	**173 199**	**118 427**	**173 284**	**173 284**	**266 974**	**136 176**	**53 557**	**84 295**
Funded by:											
National Government		–	–	29 955	25 236	42 461	42 461	67 923	49 938	37 083	30 383
Provincial Government		–	–	304	–	870	870	1 174	2 277	–	–
District Municipality		–	–	–	–	87	87	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**–**	**–**	**30 260**	**25 236**	**43 418**	**43 418**	**69 096**	**52 216**	**37 083**	**30 383**
Borrowing	6	–	–	–	4 500	5 820	5 820	3 043	21 960	–	–
Internally generated funds		–	–	110 109	88 691	124 046	124 046	161 711	62 000	16 474	53 912
Total Capital Funding	7	**–**	**–**	**140 368**	**118 427**	**173 284**	**173 284**	**233 851**	**136 176**	**53 557**	**84 295**

The graph below shows the capital expenditure for 2025/2026 per funding source expressed as a %:

Capital budget per funding source

Own Funding (CRR)	62 000 000.00	46%
National Grants	52 215 651.00	38%
Finance lease	21 960 000.00	16%
	136 175 651.00	100%



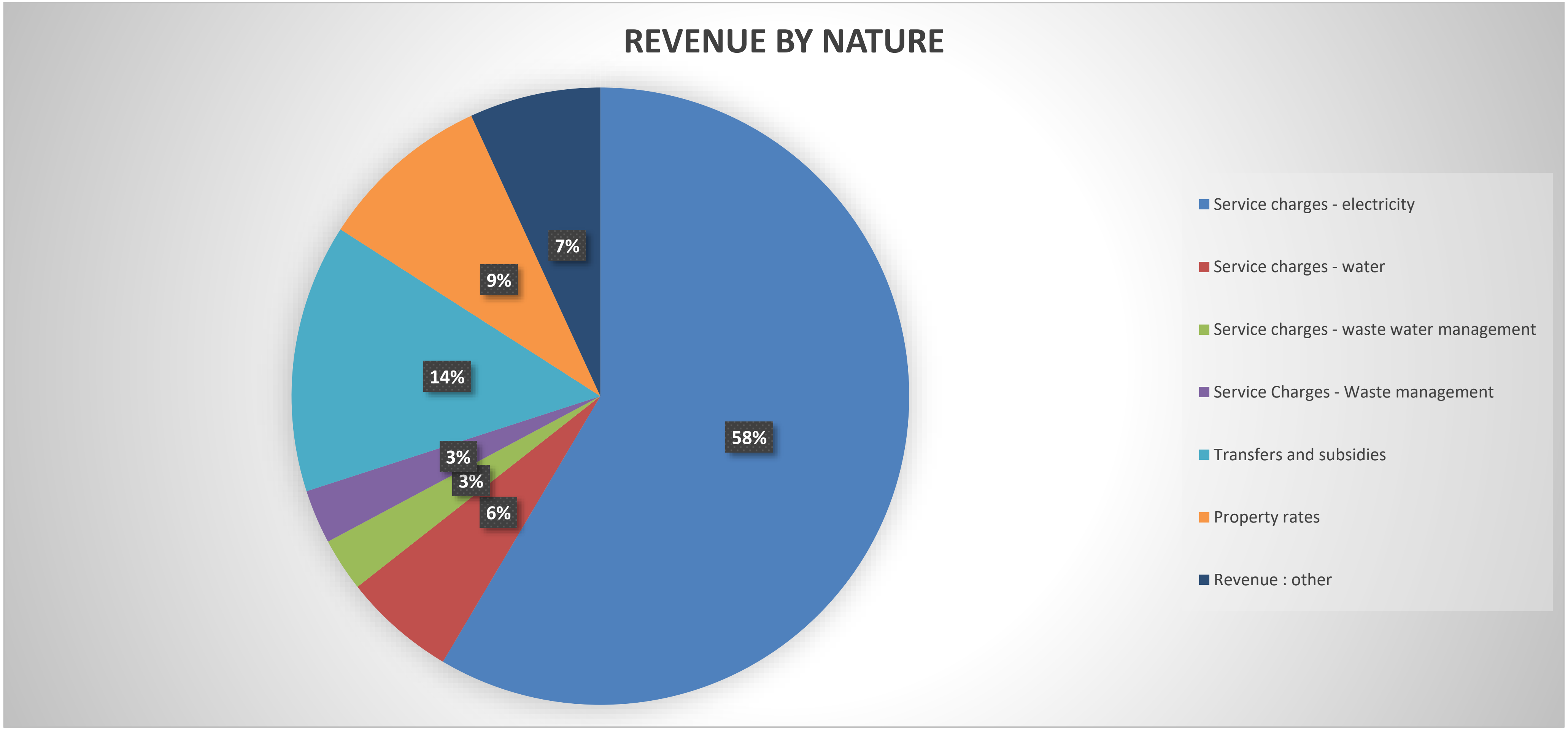
Operational Budget:

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

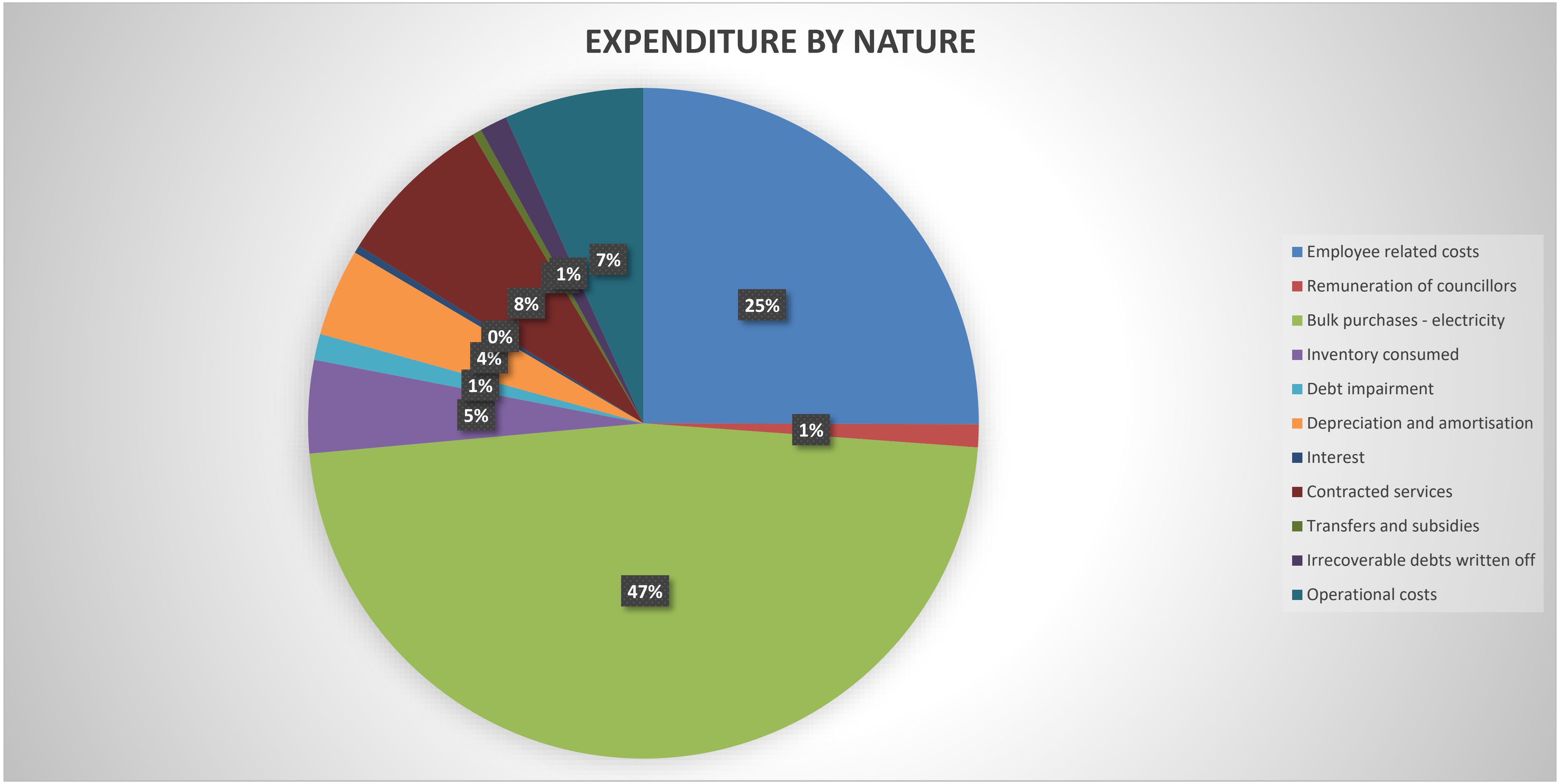
Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	561 443	621 222	610 572	610 572	602 766	691 544	769 827	856 971
Service charges - Water	2	-	-	58 764	65 636	65 636	65 636	67 063	69 574	73 749	78 174
Service charges - Waste Water Management	2	-	-	32 213	31 096	31 096	31 096	32 765	32 962	34 940	37 036
Service charges - Waste Management	2	-	-	31 240	30 907	39 143	39 143	32 202	33 379	36 050	38 934
Sale of Goods and Rendering of Services		-	-	5 379	4 307	4 925	4 925	4 681	5 220	5 534	5 866
Agency services		-	-	15 120	7 129	5 761	5 761	5 192	6 107	6 473	6 862
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	4 170	4 091	4 091	4 091	2 434	4 681	4 962	5 259
Interest earned from Current and Non Current Assets		-	-	32 804	33 690	33 690	33 690	19 940	35 711	37 854	40 125
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	-	3 787	3 928	3 928	3 928	2 807	4 163	4 413	4 678
Licence and permits		-	-	2 238	692	2 372	2 372	211	2 514	2 665	2 825
Special rating levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	4 716	7 248	7 248	7 248	8 141	7 682	8 143	8 632
Non-Exchange Revenue											
Property rates	2	-	-	101 163	100 742	100 742	100 742	90 578	106 956	113 373	120 175
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	11 386	1 313	12 069	12 069	3 108	12 770	13 537	14 349
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		-	-	149 865	164 857	172 492	172 492	153 078	166 208	155 118	161 729
Interest		-	-	2 040	2 086	2 086	2 086	4 260	2 292	2 429	2 575
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	(932)	2 358	-	-	-	-	-	-
Other Gains		-	-	(1 255)	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contrib		**-**	**-**	**1 014 140**	**1 081 300**	**1 095 850**	**1 095 850**	**1 029 225**	**1 181 765**	**1 269 066**	**1 384 190**

Expenditure											
Employee related costs	2	-	-	270 125	289 472	282 942	282 942	238 139	310 872	326 447	342 802
Remuneration of councillors		-	-	11 830	12 939	12 939	12 939	10 290	13 716	14 403	15 124
Bulk purchases - electricity	2	-	-	486 281	528 620	528 620	528 620	488 185	588 459	655 073	729 227
Inventory consumed	8	-	-	49 512	49 531	42 886	42 886	22 324	55 533	48 726	50 367
Debt impairment	3	-	-	15 623	2 000	14 623	14 623	-	15 623	16 248	16 897
Depreciation and amortisation		-	-	52 812	45 936	52 355	52 355	38 359	52 355	54 420	56 592
Interest		-	-	21 937	2 919	2 919	2 919	2 027	4 569	5 614	5 456
Contracted services		-	-	50 732	106 516	115 242	115 242	73 169	94 779	77 236	83 560
Transfers and subsidies		-	-	3 335	5 240	5 116	5 116	3 982	5 429	5 491	5 710
Irrecoverable debts written off		-	-	13 850	7 923	16 514	16 514	16 898	16 514	17 175	17 862
Operational costs		-	-	31 766	58 258	71 058	71 058	39 251	83 407	82 177	86 423
Losses on disposal of Assets		-	-	(811)	-	-	-	-	-	-	-
Other Losses		-	-	273	-	-	-	-	-	-	-
Total Expenditure		**-**	**-**	**1 007 264**	**1 109 354**	**1 145 215**	**1 145 215**	**932 624**	**1 241 257**	**1 303 008**	**1 410 020**
Surplus/(Deficit)		**–**	**–**	**6 876**	**(28 054)**	**(49 365)**	**(49 365)**	**96 601**	**(59 492)**	**(33 942)**	**(25 830)**
Transfers and subsidies - capital (monetary	6	–	–	42 611	29 021	49 931	49 931	45 064	60 048	42 645	34 940
Transfers and subsidies - capital (in-kind)	6	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**–**	**–**	**49 487**	**967**	**566**	**566**	**141 665**	**556**	**8 703**	**9 110**
Income Tax		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		**–**	**–**	**49 487**	**967**	**566**	**566**	**141 665**	**556**	**8 703**	**9 110**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**–**	**–**	**49 487**	**967**	**566**	**566**	**141 665**	**556**	**8 703**	**9 110**
Share of Surplus/Deficit attributable to Associate	7	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1	**–**	**–**	**49 487**	**967**	**566**	**566**	**141 665**	**556**	**8 703**	**9 110**

Revenue by Source: The graph below shows the funding of the 2025/2026 budget per revenue source expressed as a %



Expenditure by Type: The graph below shows how the 2025/26 budget will be spent per expenditure type expressed as %



Revenue Foregone: Property Rates

In the current year an amount of R9 644 940 is budgeted for exemptions, reductions and rebates and impermissible values in excess of the amount as determined in section 17 of the Municipal Property Rates Act.

Free Basic Services

The municipality is currently providing free basic services for 7 000 indigent consumers and the amount in Rand value is shown below:

- Electricity R8 194 643
- Water R12 016 909
- Sewerage R20 715 156
- Refuse R19 477 584

In terms of MFMA Circular No.129 free basic to indigent households must be restricted. Langeberg Municipality always strive to restrict the number of indigent consumers by proactively identifying indigent residents and accelerating the registration process through data driven indigency status verification. The municipality implemented an electronic indigent registration process and maintains an electronic register which is reviewed on a monthly basis. The new cycle for indigent applications started on 1 July 2024 and eligible consumers can apply at any time during the cycle to ensure accuracy of the indigent register.

SECTION A – Part 2

1. Budget Process Overview

1.1 Political oversight of the budget process

Section 53 (1) of the MFMA stipulates that the mayor of a municipality must provide general political guidance over the budget process and the priorities that guides the preparation of the budget.

Section 21(1) of the MFMA states that the Mayor of a municipality must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.

Furthermore, this section also states that the Mayor must at least 10 months before the start of the budget year, table in municipal council, a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget.

This time schedule provides for political input from formal organisations such as portfolio committees.

1.2. Schedule of Key Deadlines relating to budget process [MFMA s21 (1) (b)]

The IDP and Budget time schedule of the 2025/2026 budget cycle was approved by Council in August 2024, ten months before the start of the budget year in compliance with legislative directives.

1.3. Process used to integrate the review of the IDP and preparation of the Budget

Updating the IDP and Budget is an evolving and re-iterative process over a 10-month period. The initial parallel process commenced with the consultative process of the IDP in 2024 and the update of the MTREF to determine the affordability and sustainability framework at the same time. A review of the approved 2024/2025 IDP was undertaken in 2025.

1.4. Process for consultation with each group of stakeholders and outcomes

Following the tabling of the draft budget on the 26th of March 2025, local input were solicited via notices published in all major newspapers, including The Standard Gazette Newspaper, the Langeberg Express, the municipal website , social media platforms, WhatsApp channel, bulk SMs and ward committees.

Comments on the IDP and Budget were made by the public via facsimiles, emails and in the form of correspondence to the municipality and were considered for incorporation as part of the final budget approval process.

1.5. Stakeholders involved in consultations

The tabled budget was provided to National Treasury and Provincial Treasury in March 2025 for their consideration in line with S23 of the MFMA.

1.6. Process and media used to provide information on the Budget to the Community

The Municipality's consultation process on its draft IDP review and budget was held during April 2025, where various community organisations and representatives will provide input and to re-prioritise some of their needs.

Community representatives and organisations had to review the priorities given previously to ascertain whether it has been captured as priorities during the 2025/2026 IDP process.

1.7. Methods employed to make the Budget document available (including websites)

In compliance with the Municipal Finance Management Act and the Municipal Systems Act with regards to the advertising of Budget Documents (including the Tariffs, Fees and Charges for 2025/2026), advertisements were placed in the local newspaper The Gazette, the Langeberg Express, the municipal website and social media platforms. The information relating to resolutions and budget documentation was displayed at the notice boards in the municipal offices as well as libraries.

In compliance with S 22 of the MFMA, the Budget documentation was published on the municipality's website following the tabling thereof at Council in March 2025.

2. IDP Overview and Amendments

- **The Vision of the Municipality**

The Municipality's long-term vision:

"To create a safe and healthy environment for delivering sustainable quality services".

- **Alignment with Provincial and National Government**

Langeberg Municipality's development plan needs to be aligned with National and Provincial initiatives to ensure optimal impact from the combined efforts of government. In this regard there are six critical elements: Accelerated and Shared Growth-South Africa (ASGI-SA), National Spatial Development Perspective (NSDP), National Strategy for Sustainable Development (NSSD), Provincial Growth and Development Strategy (PGDS) and Provincial Spatial Development Framework (PSDF).

All these feed into and influence the Integrated Development Plan.

- **Langeberg Municipality Budget Priorities (Key Performance areas)**

The Municipality's 2025/2026 Integrated Development Plan focuses on six strategic focus areas. The concrete objectives for each strategic focus area have been outlined and elaborated on in the Strategic Plan for 2025-2026. These objectives will be used to further develop key performance indicators against which performance implementation monitoring and reporting will be done. The corporate scorecard outlines these indicators and targets.

The strategic outcomes are:

1. ***Ensure efficient administration for good governance.***
2. ***Provide infrastructure for sustainable and affordable basic services.***
3. ***Promote a safe and secure environment.***
4. ***Promote and facilitate investment and local economic development.***
5. ***Provide sustainable financial management.***

3. Measurable performance objectives and indicators

(a) KEY FINANCIAL INDICATORS AND RATIOS

Information regarding key financial indicators and ratios is provided on Supporting Table SA 8.

(b) MEASURABLE PERFORMANCE OBJECTIVES

Information regarding revenue is provided as follows:

- Revenue for each vote - SA 26
- Revenue for each source - SA 25

Provision of Basic Services:

Free Basic Services

The municipality is currently providing free basic services to 7 000 indigent consumers and the amount in Rand value is shown below:

(i) Level of service to be provided

Indigents will receive 50 kWh of electricity and 6 kilolitres of water per month while their basic charges for water, refuse and sewerage will be subsidised.

(ii) Number of households to receive free basic services

There is a budget for 7 000 households that will receive 50 kWh electricity per month, 100 households that will receive free basic charge on conventional electricity and 7 000 indigent consumers in the municipal area will receive 6 kilolitres of free water per month.

(iii) Total budgeted for providing each basic service:

- Electricity R8 194 643
- Water R12 016 909
- Sewerage R20 715 156
- Refuse R19 477 584

c) PROVIDING CLEAN WATER AND MANAGING OF WASTE WATER

Name of the Water Service Authority in the area and name of the Water Service Provider, and who actually manages the provision of drinking water and waste water management (if outsourced).

Langeberg Municipality is both a Water Service Provider and a Water Service Authority and manages the provision of drinking water and waste water management.

The Blue Drop and Green Drop performance ratings (as determined by the Department of Water and Sanitation) applicable to all water and waste water services within the municipality, highlights areas that require attention.

The DWS completed the Blue Drop process for the WSAs in 2023. Blue drop status is awarded to those towns that comply with 95% criteria on drinking water quality management. The Blue Drop performance of Langeberg Municipality was summarised as follows in the DWS's 2023 Blue Drop Report.

Blue Drop Performance of the Langeberg Municipality (DWS's 2023 Blue Drop Report)	
Municipal Blue Drop Score	**2011 – 32.39% (Very Poor), 2012 – 51.62% (Average), 2014 – 72.30% (Average) and 2023 – 44.67% (Very Poor)**
Introductions: Langeberg Municipality provides potable water to about 119 962 people, through five water supply systems. Langeberg LM is responsible for 100% of the overall water delivery. As shown in the table, the five systems abstract water from the Breede River, via canal schemes and storage dams in some cases and distribute the water to the consumers. **Regulator's Comments:** The Langeberg team showed appreciation for the Blue Drop audit process by recognising the value of the audit in assisting with the optimisation of their operational efficiency and accountability. Regrettably, the lack of evidence for the criteria pertaining to support functions undermined the effort shown by the operations team in the audit preparation. Noticeably, the Langeberg Local Municipality's performance is continuing a downward trend placing it in a critical risk area. The decline is evident in all key performance areas namely water quality compliance, risk management, capacity management, technical and financial management. Upon close examination, the team identified several underlying issues that have contributed to the regression in performance. These include, among others, a lack of proper maintenance planning and scheduling, inadequate operational and compliance monitoring, and insufficient measures to mitigate potential risks. Moreover, the team observed that the WSI lacks internal scientific capacity which is critical in overseeing the implementation of the operational and compliance monitoring and Water Safety Planning process.	

Blue Drop Performance of the Langeberg Municipality (DWS's 2023 Blue Drop Report)
Although the water safety planning process was initiated in 2014, the plan lacked proper review and implementation. The gap in implementation became apparent during the Ashton site inspection when the plant operation was disrupted by loadshedding without any mitigation measures put in place. In view of the above, the Langeberg team is encouraged to review and implement the water safety planning process taking into account the findings and recommendations of the full SANS 241 analysis report and technical assessment documents such as process audits, reticulation inspection reports, etc. The team should ensure effective integration of the maintenance plans and asset register to achieve adequate asset management and maintenance. This will enable the team to better prioritise work efforts, reduce costs associated with unplanned downtime and maximise the value of the assets over time. Furthermore, the WSI should establish a reliable supply chain for critical spares, equipment, treatment consumables and chemicals to minimise operation disruption. The Langeberg team is applauded for keeping and maintaining the flow records. However, the audit team acknowledged with regret the uncertainty surrounding the accuracy and interpretation of flow data due to insufficient evidence regarding meter calibration and updated flow calculations. The WSI is advised to adhere to best practices by maintaining a consistent determination of the water balance for all supply systems and ensuring the accuracy of flow meters. In addition, application for site-specific water use authorisations and effective resource allocation including the registration of process controllers on IRIS, is of critical importance in ensuring regulatory compliance while optimising capacity management and compliance monitoring. Several capital projects are planned to improve asset condition and operational efficiency. **Blue Drop Findings:** • The registration of process controllers and supervisors is incomplete on IRIS and therefore does not comply with either Regulation 2834 or draft Regulation 813. • There is no mechanical term contract in place despite not having capacity internally. The WSI could not produce evidence of mechanical maintenance. • The WSI does not have qualified scientists internally to oversee the implementation of the Operational and Compliance monitoring programme as well as the water. • Safety Planning process. • The Water Safety Plan was developed in 2014 and has not been reviewed in the past three years. The plan provided was in draft format and not approved. • The compliance monitoring programme is not in place; however, minimum compliance monitoring does take place.

Blue Drop Performance of the Langeberg Municipality (DWS's 2023 Blue Drop Report)

- Incident Management Protocol is in place with alert levels, but not implemented. The WSI has good incident register templates that are merely utilised for maintenance entries.
- System-specific Cost Determination is done, however, lacks a detailed breakdown of cost drivers except for maintenance cost. The calculation is done per design capacity and not cubic meter treated.
- The 2021/22 Budget information was not uploaded, including CAPEX for the network, treatment and distribution despite the information having been presented during the main audit.
- Proof of approved contract for maintenance, spares, chemicals, and treatment consumables not provided. The flow meters are not calibrated; only lab instruments are.
- No reticulation inspection was conducted during the audit period to account for the water losses and network condition.
- Neither the Asset Register nor maintenance plans were provided.

The Department has noted that the municipality has maintained all water supply systems within the low risks and hopefully the municipality will consider the findings identified above and take the necessary corrective measures to improve their Blue Drop performance in the next assessment cycle.

Technical Site Assessment:

The Ashton WTW was inspected to assess the condition and functionality of the infrastructure and verify the Blue Drop audit findings. The plant received a technical site assessment score of 70% with a VROOM estimated cost of R4 286 700 required to restore the system to full functionality. The overall impression is positive, although occupational health and safety can be improved.

Performance Area		Ashton	Bonnievale	McGregor	Montagu	Robertson
Bulk/WSP		-	-	-	-	-
Capacity Management	15%	56.00%	46.00%	36.00%	46.00%	34.00%
DWQ Risk Management	20%	35.50%	35.50%	35.50%	35.50%	35.50%
Financial Management	10%	7.50%	17.50%	7.5%	17.50%	17.50%
Technical Management	20%	16.50%	16.50%	16.50%	24.50%	24.50%
DWQ Compliance	35%	48.00%	84.00%	78.00%	66.00%	69.00%
Bonus	10%	0.00%	0.00%	0.00%	0.00%	0.00%
Penalties	10%	25.00%	0.00%	0.00%	10.00%	0.00%

Blue Drop Performance of the Langeberg Municipality (DWS's 2023 Blue Drop Report)						
Disqualifiers		None	None	None	None	None
Blue Drop Score (2023)	**%**	**33.85% (Very poor)**	**48.45% (Very poor)**	**43.85% (Very poor)**	**42.75% (Very poor)**	**43.00% (Very poor)**
Blue Drop Score (2014)	%	78.05%	69.99%	71.73%	64.06%	64.06%
Blue Drop Score (2012)	%	48.99%	48.31%	58.26%	43.31%	43.31%
Blue Drop Score (2011)	%	33.50%	33.50%	48.50%	29.48%	29.48%
System Design Capacity	kl/d	11 910	20 000	2 000	6 000	10 800
System Available Capacity	kl/d	11 910	20 000	2 000	6 000	10 800
System Input Value	kl/d	5 242	20 000	1 017	2 993	7 332
Capacity Utilization	%	44.02%	NI	50.87%	49.88%	67.89%
Average Daily Consumption	l/p/d	393	2 200	326	197	246
Resource Abstracted From		Breede River	Breede River	Breede River	Breede River	Breede River, Hoopsrivier Irrigation Scheme, Dassieshoek and Kooskok Dams
Microbiological Compliance	%	92.19%	99.99%	99.99%	95.45%	97.50%
Chemical Health Compliance	%	99.99%	99.99%	99.99%	99.99%	99.99%
Risk Defined Compliance	%	93.81%	95.80%	93.95%	95.85%	88.47%
VROOM	Rand	R4 287 600	-	-	-	-
BDRR 2023	%	**32.98% (Low)**	**42.61% (Low)**	**22.64% (Low)**	**31.99% (Low)**	**33.48% (Low)**
BDRR 2022	%	**19.20% (Low)**	**19.70% (Low)**	**21.40% (Low)**	**34.80% (Low)**	**26.80% (Low)**

Note: BDRR – Blue Drop Risk Rating

The DWS completed the new Green Drop assessment for the WSAs in 2021 and the results were received early in 2022. Green drop status is awarded to those WSAs that comply with 90% criteria on key selected indicators on wastewater quality management. The green drop performance of Langeberg Municipality is summarised as follows in the DWS's 2022 Green Drop Report.

Green Drop Performance of the Langeberg Municipality (DWS's 2022 Green Drop Report)	
Average Green Drop Score	**2009–50.0% (Average), 2011–43.0% (Poor), 2013–52.0% (Average), 2021–27.0% (Critical)**
Regulator's Comment: Langeberg Local Municipality impressed with a good representation of senior officials, which resonates well in terms of firm management commitment. Regrettably, preparations for the audit were not on par with the Inspectorate expectations, and IRIS uploads or hard copies of evidence were not fully available. The Green Drop Score of 27% places the municipality in the unappealing position of critical performance. The poor performance of the Robertson system contributed significantly to the overall low score. Robertson WWTW is due for upgrade and plans are in place, which is commendable. However, new infrastructure alone will not bring about the desired change – plans, systems and procedures needs to be developed and implemented to ensure the upgraded plant meets compliance and good practice standards. Langeberg follows a long history of average to sub-standard performance, and the 2023 audit cycle will bring a new opportunity to rectify this situation. Municipal leadership will need to pull all stops to ensure that the municipality raise its performance by addressing each of the Green Drop Standards outlined in this report. The Regulator takes a balanced view by observing the low and medium risk CRR positions of 4 of the 5 plants with the exception of Robertson in a high-risk position, notable as result of the reasonable to good effluent quality compliance, with McGregor meeting excellence standards, with Ashton and Bonnievale also doing very well. It is thus evident that the effluent quality is already scoring high on the Regulator's scoresheet, but the administration need to match this performance. The municipal sub-standard scores thereby does not relate to major root cause failures but is rather one where a large number of small changes will affect a significant improvement in the future Green Drop scores. DWS encourages leadership to focus on these incremental improvements and to target a Green Drop score of >50% in the 2023 audit. Green Drop findings: 1. The Supervisors and majority of Process Controllers are unregistered and do not comply with Reg. 2834 or draft Reg. 813. 2. No engineer or scientific competencies could be verified via qualification certificates 3. Electrical maintenance is done inhouse while mechanical maintenance is outsourced - maintenance schedules and logbooks are lacking for all systems.	

Green Drop Performance of the Langeberg Municipality (DWS's 2022 Green Drop Report)
4. Raw and final monitoring is done by external laboratory, with on-site operational monitoring lacking. 5. Financial information was provided, however, lacking ring-fenced budgets, expenditure records, and actual cost determinations with sufficient cost drivers. 6. Flow figures were provided, noting that all flowmeters were either out of order or erroneous for a large part of the year under review. Flow data is not interpreted or used to influence operations and need to be addressed via training and/or appointment of qualified operational/supervisory staff. 7. Plant & Process Audits, Sewer Inspections and Asset Registers are absent from the technical management portfolio of evidence. Daily sewer network inspections are in place, but no proof provided via checklists, photos, or rating systems. 8. Most of the treatment plants lacks water use authorisations to guide the frequency, determinants and associated limits that would render a plant compliant at discharge of effluent. 9. Based on an evaluation against general limits, the plants are predominantly non-compliant, with the exception of the McGregor Ponds which has low (irrigation) limits. 10. Zero of the five (5) systems had capital plans to address the defects identified, most concerning of all is the hydraulic overload of the Robertson WWTWs. However, no evidence of business plans of funding sources could be provided. The Regulator is concerned about the overall poor state of wastewater services at the Roberson system and the consequential impact on respective water resources. It is thus required that the WSI submit a detailed corrective action plan within 60 days of publishing of this report. The plan must map the activities, responsible persons, timelines, and expected improvements as outlined in the Regulatory Comment. The plan will be considered against the Regulatory Comment and recommended for approval by a national regulation committee. Technical Site Assessment: **Robertson WWTW 39%:** The ***Robertson WWTW*** was inspected to verify the Green Drop audit findings: • The network and pumpstation was in an acceptable condition. • However, one of the pumpstations was dysfunctional and raw sewage was allowed to accumulate in a dedicated natural depression. Even though this depression allows sewage to be diverted back to another pumpstation without entering the surface water, this area needs to be formalised if it is to be used on a regular basis. • Operational monitoring systems were not formalised and Process Controllers did not interact with the data collected on site. Process Controller training in operations would be beneficial. PCs can also do more with respect to the terrain neatness and 1st order maintenance.

Green Drop Performance of the Langeberg Municipality (DWS's 2022 Green Drop Report)
• The terrain was not kept tidy and grounds maintenance was lacking. • Plant facilities for the staff (breakroom, bathroom, etc.) was available, but unkempt. • The mechanical and grit channel sluice gates needed repairs and maintenance was severely lacking at the Head of Works. • A new flow meter was recently installed. A data-logger could be considered to monitor flow on a continuous basis, depending on PC skills levels. Site walk through is however, still a good manner to ensure operation checks and recording of flows. • The biofilter section of the plant is due for refurbishment, to include the cleaning of the PST's and repairing the biofilter's leaking distributer arms. The biofilter underdrains need to be kept clean and free of vegetation. • Only one humus tank was operational. • Desludging of settling tanks and clarifiers were inadequate and contribute to high solids carry-over to final effluent channels, high chlorine demand and non-compliant effluent quality. • The Activated Sludge section of the plant was in better condition compared with the biofilter module. Unfortunately, both RAS-pumps allegedly failed just prior to the TSA, which resulted in sludge carry-over the clarifier v-notches and the aeration basin not containing viable biomass. • The maturation ponds were filled with sludge, resulting in regular solids carry-over. The final effluent quality would be impacted by the negligent state of these ponds. • The disinfection equipment was in a reasonable condition. The building needs to be secured even further as to prevent theft and vandalism - latest report incident involved the roof of the building being removed. • The anaerobic digester was filled twice a day and supernatant withdrawn on an ad-hoc basis. The digester is not mixed or heated – operational monitoring of the AD can be improved. • Both digested sludge and WAS was discharged to the drying beds. The mechanical sludge drying equipment needs to be repaired as to improve sludge age control of the Activated Sludge module. • Plans related to the upgrade of this works has already been submitted.

Green Drop Scores						
Key Performance Area	**Weight**	**Ashton**	**Bonnievale**	**McGregor**	**Montagu**	**Robertson**
A. Capacity Management	15%	36.0%	32.0%	15.0%	22.0%	32.0%
B. Environmental Management	15%	55.0%	55.0%	55.0%	55.0%	54.5%
C. Financial Management	20%	19.0%	19.0%	23.8%	19.0%	19.0%
D. Technical Management	20%	11.0%	11.0%	5.9%	11.0%	11.0%

Green Drop Performance of the Langeberg Municipality (DWS's 2022 Green Drop Report)						
E Effluent & Sludge Compliance	30%	61.1%	61.0%	88.8%	61.0%	15.0%
F. Bonus		0.0%	0.0%	0.0%	0.0%	0.0%
G. Penalties		0.0%	-25.0%	0.0%	0.0%	-62.5%
H. Disqualifiers		None	None	None	None	None
Green Drop Score (2021)		**36% (Poor)**	**32% (Poor)**	**41% (Poor)**	**34% (Poor)**	**12% (Critical)**
2013 Green Drop Score		**47%**	**65%**	**69%**	**50%**	**47%**
2011 Green Drop Score		**40%**	**50%**	**51%**	**44%**	**37%**
2009 Green Drop Score		**49%**	**49%**	**52%**	**49%**	**49%**
System Design Capacity (Ml/d)		3.100	2.500	0.300	3.500	4.300
Design Capacity Utilisation (%)		42%	31%	77%	63%	125%
Resource Discharged into		Sarahs River to Cogmanskloof to Breede River	Breede River	Irrigated	Kingna River	Breede River
Microbiological Compliance (%)		75%	42%	92%	8%	8%
Chemical Compliance (%)		81%	88%	100%	67%	67%
Physical Compliance (%)		92%	92%	100%	67%	67%
Wastewater Risk Rating (CRR% of CRRmax)						
2011 CRR (%)		**52.9% (Medium)**	**47.1% (Low)**	**58.8% (Medium)**	**58.8% (Medium)**	**64.7% (Medium)**
2013 CRR (%)		**64.7% (Medium)**	**29.4% (Low)**	**35.3% (Low)**	**58.8% (Medium)**	**74.4% (High)**
2021 CRR (%)		**58.8% (Medium)**	**52.9% (Medium)**	**41.2% (Low)**	**47.1% (Low)**	**70.6% (High)**

Note: CRR – Cumulative Risk Ratio

Langeberg Municipality also received their 2023 Green Drop Risk Ratings, as calculated from the 2023 assessment done by the DWS.

Green Drop Risk Rating of the Langeberg Municipality (DWS's 2023 Green Drop Progress Report)	
CRR 2023 (%CRR/CRRmax)	**78.1% (High)**

Introduction: Langeberg Municipality is responsible for the management and operation of five (5) WWTWs of different sizes ranging from 400 kl/day to 3500 kl/day.

Regulator's Comments: The design information (Criteria A) of several of the sites requires confirmation as there are differences reported on the MIS, IRIS and on the registration forms. This includes Ashton and Robertson WWTWs. The operational capacity of these sites (Criteria B) is reported however no confirmatory flow data is loaded onto the IRIS. From the reported flows, the Ashton, McGregor, Montague and Robertson WWTWs are reported to be nearing or over the hydraulic capacity of the WWTWs. Flow measurement data is crucial to determine the operational capacity of the WWTWs. The WSA must ensure inflow meters are installed, daily flow readings are recorded, and annual meter calibration is conducted to determine the annual operational capacity of all the WWTWs. Therefore, the CRR scores of these sites where operational capacity is reported to be close to the hydraulic design capacity of the plant is high and an increase in the CRR scores is noted for all sites when compared to 2022.

None of the sites have information regarding the availability of their WUL and this is a requirement for ensuring the accuracy of the effluent limits and therefore compliance of the final effluent. The WSA is encouraged to apply for WUL for all sites. The quality of the final effluent from all sites discharged to the environment is poor especially the microbiological compliance which will impact the health of the environment and users downstream. There is also a serious and critical risk to the health of all the sites due to a lack of qualified and competent staff that can operate and manage the WWTWs to ensure that the final effluent complies with the limits required. In addition, there are very few qualified maintenance staff; it is therefore not a surprise that the final effluent discharged from these sites is causing a serious and significant health risk to all downstream users.

The WSA has not provided a W_2RAP, GDIP or CAP for this assessment. No information concerning any risk management or mitigation was provided by the WSA. No information on capital projects for refurbishment to be undertaken was available. There does not appear to be any management strategy in place to improve wastewater effluent compliance.

The WSA must adopt and implement the risk -based approach of the W_2RAP to address all high risks which negatively impact on the final effluent discharged into the environment. A GDIP should be developed to identify the shortcomings for all GD criteria and allocate responsibility, budget and time frame to address the gaps. There is a critical shortage of qualified and competent operational and maintenance staff and the WSA is strongly encouraged to fill these positions with qualified staff to start to take control and improve upon the current state of wastewater treatment and management.

Green Drop Risk Rating of the Langeberg Municipality (DWS's 2023 Green Drop Progress Report)						
Risk Assessment Areas	**Weight**	**Ashton**	**Bonnievale**	**McGregor**	**Montagu**	**Robertson**
Class of Works		C: Approved	D: Approved	E: Approved	C: Approved	B: Approved
Treatment Technology		Activated Sludge	Oxidation Ponds	Oxidation Ponds	Activated Sludge	Oxidation ponds
A: Total Design Capacity	Kl/d	2 500	2 807	300	3 500	4 200
B: Operational Capacity (% inflow / design)	%	100.0%	67.7%	93.3%	100.0%	102.4%
C: Effluent Quality Non-compliance	#	6	7	1	5	6
% Microbiological Compliance	%	33.3%	16.7%	0.0%	25.0%	0.0%
% Physical Compliance	%	66.7%	77.8%	NMR	91.7%	47.2%
% Chemical Compliance	%	52.8%	61.1%	NMR	80.6%	36.1%
D: Technical Skills Compliance	%	0.0%	11.1%	0.0%	0.0%	0.0%
Process Controller Compliance	%	0%	0%	0%	0%	0%
Supervisor Compliance	%	0.0%	0.0%	0.0%	0.0%	0.0%
Maintenance Team Compliance	%	0.0%	33.3%	0.0%	0.0%	0.0%
CRR (2023)	%	**76.5% (High)**	**82.4% (High)**	**80.0% (High)**	**70.6% (High)**	**82.4% (High)**
CRR (2022)	%	**58.8% (Medium)**	**52.9% (Medium)**	**41.2% (Low)**	**47.1% (Low)**	**60.5% (Medium)**
CRR (2013)	%	**64.7% (Medium)**	**29.4% (Low)**	**35.3% (Low)**	**58.8% (Medium)**	**74.7% (High)**
CRR (2011)	%	**52.9% (Medium)**	**47.1% (Low)**	**58.8% (Medium)**	**58.8% (Medium)**	**64.7% (medium)**
W_2RAP Status: 2022 Green Drop Report		**No Proof**	**No Proof**	**No Proof**	**No Proof**	**No Proof**

Green Drop Risk Rating of the Langeberg Municipality (DWS's 2023 Green Drop Progress Report)						
W_2RAP Status: 2023 Green Drop PAT		**No Proof**	**No Proof**	**No Proof**	**No Proof**	**No Proof**
Capital & Refurbishment Projects (Rand)		NI	NI	NI	NI	NI
Description of Capital & Refurbishment Projects		NI	NI	NI	NI	NI
2022 GD Score	%	36.0%	32.0%	41.0%	34.0%	12.0%
GD Improvement Plan (GDIP)	Y/N	No	No	No	No	No
Corrective Action Plan (CAP)	Y/N	No	No	No	No	No

Note: CRR – Cumulative Risk Ratio

The status of the municipality's Water Safety Plan and Wastewater Risk Abatement Plan (W_2RAP)

The Water Safety Plan and W_2RAP were updated during the 2023/2024 financial year and approved. The Water Safety Plans and W_2RAPs comply with DWS's requirements for these plans. Water Use Licences were also received for all five WWTWs.

The Water Safety Plans includes the following sections:

- A Water Safety Plan Team with adequate experience and expertise to understand the water abstraction, treatment and distribution process as well as the hazards that can impact safety through the supply system.
- A detailed description of the water supply system (Catchment, treatment processes, storage and distribution infrastructure).
- Hazard identification and risk assessment
- An assessment of existing control measures and barriers for any of the risks identified, including an evaluation of the effectiveness of existing control measures.
- An improvement or upgrade plan
- Operational and Compliance Monitoring
- Management Procedures and Supporting Programmes.
- Sign off of the Water Safety Plan

The W_2RAPs includes the following sections:

- Wastewater Quality Compliance
  - W_2RAP Team
  - Authorisation for implementation of W_2RAP
  - Implementation of previous W_2RAP
  - Description of existing wastewater treatment systems
  - Risk assessment
  - Risk management
- Wastewater Quality Failures Response Management
  - Wastewater Incident Management Protocol

- Evidence of Implementation of Protocol (Documentation and Communication)

- Wastewater Quality Monitoring
  - Operational and Compliance Monitoring
  - Historical energy demands and future projected demands
- Recommendations and Way Forward

A brief outline of problems that the municipality are experiencing with regards to the management of drinking water and sewerage.

- Lack of adequate funding for required reactive and preventative maintenance with regard to water and sewerage infrastructure, calibration of bulk meters, office area, buildings and structures at the water and sewer treatment works.
- Vandalism is becoming an increasing problem and increased funding for new fencing and the implementation of other security measures at the pump stations, reservoirs and treatment plants is required.
- Systems and procedures need to be aligned to ensure effective management. Technology can be utilized to assist in this regard. Funding for the implementation of new technologies is required.
- Failing water and sewerage infrastructure such as pumps and motors remains a huge challenge, because of inadequate funding allocation towards reactive and preventative maintenance. No support grant from National Treasury to ensure adequate refurbishment and maintenance of infrastructure.
- The organizational structure needs to be aligned to current processes. Lack of staff/positions on the structure result in reactive management. Ensure compliance with new Regulation 3630 (June 2023) with regard to the number and Class of Process Controllers required for the different classified treatment plants.
- Continuous electricity loadshedding is causing numerous problems due to the fact that all pump stations and treatment plants do not have backup power. Loadshedding is putting additional pressure on available O&M resources due to the continuous need for refueling of standby generators, controlling of sewerage pump station sump levels with tankers, increased equipment failures due to load shedding and increased service requirements. The cost of fuel to operate the existing generators is a huge additional operational cost.
- The national shortage of chlorine gas has a direct impact on water quality and the quality of the final effluent discharged from the Wastewater Treatment Plants.

An outline of the steps the municipality needs to take to address the problems noted.

Step 1.

- When vacancies become available in future qualified personnel must be appointed. Establish a mentoring role for all the Process Controllers and operators in order to ensure an adequately trained and classified workforce with dedicated training programmes for Supervisors, Process Controllers and operators. Budgets need to be established to address the shortfall of skilled staff, rethink methods to retain qualified personnel and plan for succession and clear career paths for experienced staff. With such a program a source of specific resources of skilled operators, technicians and managers will be established.

Step 2.

- Current personnel must receive adequate practical training at the workplace through the implementation of the Municipality's Workplace Skills Programme.

Step 3.

- Increased funds must be made available for reactive and preventative maintenance and the refurbishment of old water and sewerage infrastructure, buildings, structures and the calibration of bulk meters.

Step 4.

- Align organizational structure with required management and operational processes. Ensure compliance with new Regulation 3630 (June 2023) with regard to the number and Class of Process Controllers required for the different classified treatment plants.

Step 5.

Investigate and implement technologies that can assist with the management of drinking water and treatment of sewerage.

2025/2026 budget and MTREF allocations proposed/made to fund the above measures.

Refer to the CAPEX Budget for details of projects relating to water and treatment that are budgeted for in order to address the issues raised above.

4. Overview of Budget Related Policies and Amendments

The following budget related policies have been approved by Council or have been reviewed / amended and / or are currently being reviewed / amended, in line with National Guidelines and Legislation.

- Asset Management Policy (Amended)
- Budget Policy
- Credit Control and Debt Collection Policy (Amended)
- Cash Management and Investment Policy
- Tariff Policy
- Rates Policy (Amended)
- Supply Chain Management Policy (Amended)
- Virement Policy
- Borrowing, Funds and Reserves Policy
- Liquidity Policy
- Free Use of Facilities Policy
- Indigent and Pauper Burials Policy
- Preferential Procurement Policy
- Cost Containment Policy

Policies which have been amended according to the recommendation below will be available at libraries in the municipal area and the website of the municipality. Herewith information regarding the amendment of policies:

Credit control & debt collection policy and rates policy
• Aligned indigent threshold to R4 700.

Supply Chain Management Policy
• Updated for SCM regulation 50 and tax threshold in terms of NT MFMA Circular 29.

Asset Management Policy
• Alignment to the accounting policy in Annual Financial Statements. • Added the following assets under “Other assets”: (a) Buildings

(b) Housing

- Added the following assets under infrastructure assets:
  (a)Landfill sites

  (b) Information and communication

- Remove community facilities under community assets

5. Overview of Budget Assumptions

Expenditure

Salaries and Allowances

An increase of 5.01% was applied for the salaries and allowances and that is aligned with the SALGA agreement in terms of the collective bargaining process.

The municipality also used the upper limits of salaries, allowances and benefits of different members of municipal councils which take effect from 01 July 2024. The employee related costs, including councillor remuneration are aligned with the lower end of the National Treasury's recommended range of 25% - 40% to prevent personnel costs from outpacing service delivery improvements.

General operating expenditure

An increase of 4% is applied for general operating expenses which falls within the forecasted CPI inflation in terms of NT MFMA Circular No.130. Depreciation and amortisation expense is budgeted for in terms of General Recognized Accounting Practice (GRAP) principles whereby it is assumed that capital projects for 2025/26 financial year will be completed during the financial year. Depreciation on new capital expenditure is calculated at a varying rate depending on the nature of the assets. To counter the impact of the inflation-related increase in the fuel levy, proposed by the finance minister, which is also expected to contribute to higher operating costs as fuel is the main cost driver, the municipality cautiously budgeted minimal increments to operating costs, inventory consumed and contracted services with a focus on cutting non-essential expenditure in terms of its cost containment policy over the MTREF period. This will stabilise operating costs, inventory consumed and contracted services proportional contribution into the OPEX over same period and ensure reprioritisation of available resources.

The weak economic growth continues to impact municipal finances, and this has strained consumer's ability to pay for services. The municipality has an enabling credit control and debt collection policy which provides adequate measures to improve debt collection and take care of its vulnerable residents through its indigent management programme. Langeberg Municipality has adequate capacity to implement its credit control and debt collection policy and will continue to scrutinise its debt impairment and irrecoverable debt write offs.

Repairs and Maintenance

Municipal infrastructure and assets will be maintained as per maintenance plans and no provision has been made for major breakages but provision for unplanned maintenance has been made. Repairs and maintenance is currently budgeted at 4% of the carrying value of the property, plant and equipment which is expected to increase to 5% over the MTREF period in terms of the Long-Term Financial Plan (LTFP) subject to funding availability.

Capital costs

It is assumed that interest rates will be stable during the financial year.

Bulk purchases

Electricity tariffs have been budgeted to be increased by 11,32% in line with the increase approved for Eskom.

Contracted services

The municipality budgeted for an increase in contracted services in order to cater for new contracts that the municipality expects to enter into, including (but not limited) to the following:

- Waste is expected to be transported to the regional waste disposal facility which is managed by the Cape Winelands District Municipality.
- Contract with Eskom in order to increase the current capacity.
- Other services with most being on infrastructure projects which are directly linked to service delivery.

Revenue

Households

Langeberg's population is projected to grow from 127 458 in 2024 to approximately 137 666 by 2029, with an annual growth rate of around 1.3 per cent. This growth reflects a steady interest in the area as a residential option. The number of households in Langeberg is set to increase from 32 889 in 2024, reflecting a growth rate of approximately 0.8 per cent. This steady rise indicates a demand for additional housing as the population grows. It should be noted that the municipality is experiencing an influx of undocumented illegal immigrants which results in a significant increase in the number of households that are not accounted for.

Collection rate for municipal services

In accordance with relevant legislation and national directives, the estimated revenue recovery rates are based on realistic and sustainable trends. The Municipality's collection rate is set at an average of 95% and this is in align with the National Treasury norms.

Grants

The municipality is expecting the national and provincial grants to decline steadily over the MTREF period based on the 2025/26 DORA allocations.

Indigents

The municipality currently anticipates that the provision of free basic services will not exceed 7 000 indigent households. The municipality implemented an electronic indigent registration process and maintains an electronic register which is reviewed monthly. The new cycle for indigent applications started on 1 July 2024 and eligible consumers can apply at any time during the cycle to ensure accuracy of the indigent register.

6. Overview of Budget Funding

Summary

The operating budget for 2025/2026 will be financed as follows:

• Charges for electricity, water, refuse and sewage	R827 459 812
• Property rates	R106 955 586
• Provincial and national grants	R166 208 000
• Other Revenue	R81 141 675

The capital budget for 2025/2026 will be financed as follows:

• Own Funds (Capital Replacement Reserves)	R62 000 000
• Grants	R52 215 651
• Finance lease	R21 960 000

Reserves

The accumulated surplus will be used to finance the depreciation on assets as the impact of the full provision for depreciation will make the tariffs not affordable to residents. The financing of the depreciation will be phased in over a medium to long term period.

Sustainability of municipality

The funding of the budget will ensure that the municipality will be sustainable on the short term and medium term. The full effect of huge increases in electricity tariffs, which the municipality has no control over, may on the long run impact negatively on the sustainability of the municipality. This is a huge concern for the municipality. In addition, the illegal connections to electricity and water which is significantly as a result of the illegal immigrants is affecting the municipality negatively. Moreover, the heavy reliance on Capital Replacement Reserves (CRR) is being closely monitored as it has a negative effect on the reserves.

Impact on rates and tariffs

The way that the budget is funded will ensure that tariff increases will range from 4% to 8% on certain services while electricity tariffs will increase by 11.32%. The 11.32% increase in ESKOM bulk electricity tariffs, which the municipality has no control over, might have a negative impact on the economy and pose an added financial strain on already struggling consumers and small businesses. It should be noted that the 11.32% is a provisional percentage used which is subject to the approval from NERSA.

Property valuations, rates, tariffs and other charges

The valuation of properties is based on valuations done in the 2019/2020 financial year. The general valuation was done in terms of the Property Rates Act, (Act 6 of 2004) and was implemented on 01 July 2021. Six supplementary valuations have been performed since then of which five were successfully implemented with one still in progress. A new general valuation is in the process of being developed for implementation from 01 July 2026. As a result, the municipality expects an increase to property values during the MTREF period.

The rates tariffs as well as tariffs for electricity, water, refuse, sewage together with the sundry tariffs are listed in Appendix B - Tariffs. The tariff increases are also indicated.

Collection Rate

Revenue collection rates for service charges

- Rates 95%
- Electricity 95%
- Water 95%
- Sanitation 95%
- Refuse 95%
- Property Rates 95%

The budget was based at a collection rate of 95% based on National Treasury norms.

Planned savings and efficiencies

The following areas were identified for possible savings after the efficiency of the usage of the assets/services has been evaluated:

- Advertising services.
- Bulk purchasing stationery and cleaning material in order to take advantage of bulk discounts.
- Strict monitoring of employee related costs such as overtime and allowances.
- Limiting attendance of congresses and meetings outside municipal area.

Investments

The municipality does not have investments except for the shares from Sanlam, Hosken Passenger and Distell (On April 26, 2023, Distell was acquired by Heineken. After that, its operations were integrated into Heineken Beverages) which are not significant amounts (2024: 154 537, 2023: R137 205). Cash surpluses are invested in short-term interest-bearing investments which are all held for less than 90 days and are classified as cash and cash equivalents.

The municipality has the following call deposit investments as at 30 April 2025:

Trial Balance Figures					
Institution	**Opening Balance**	**Deposits**	**Interest earned/Accrued**	**Withdrawals**	**Closing Balance**
ABSA Depositor Plus	25 327 071.93	-	1 554 300.08	(1 596 000)	25 285 372.01
ABSA	81 074 695.88	80 000 000	2 480 142.47	(163 554 838)	- 0.01
Standard Bank	80 802 191.79	160 000 000	4 164 109.60	(163 447 288)	81 519 013.71
Nedbank	-	-	-	-	-
Total	**187 203 960**	**240 000 000**	**8 198 552**	**(328 598 126)**	**106 804 386**

The municipality earned a total interest of R693 686 during the month of April 2025 (July 2024 to April 2025 amounting to R8 198 552). Call deposit investments with ABSA and Standard Bank matured during year-to-date period ending in April 2025 amounting to R327 002 126 and an additional amount of R1 596 000 that was also withdrawn from the ABSA Depositor Plus and deposited into the primary bank account. Total investment deposits made for the year-to-date amounted to R240 000 000. The year-to-date decrease in investments from R187 203 960 to R106 804 386 is as follows:

Description	Amount
Actual investments as at 01 July 2024	R187 203 960
Investments made	R240 000 000
Investments matured and withdrawals	(R328 598 126)
Interest Earned	R8 198 552
Actual investments as at 30 April 2025	**R106 804 386**

<u>Contributions and donations received</u>

No donations and contributions are budgeted for the 2025/2026 budget year.

<u>Planned proceeds of sale of assets</u>

Please refer to budget schedule A4 for the budgeted revenue on sale of goods and rendering of services.

<u>Planned use of previous year's cash backed accumulated surplus</u>

It is planned to use the previous year's cash backed surpluses to increase the Capital Replacement Reserves, for the financing of capital assets and payment of the reginal loan relating to the landfill site.

<u>Particulars of existing and any new borrowing proposed to be raised</u>

The municipality currently has one (1) existing loan with the following bank as at 30 April 2025:

- Standard Bank R22 933 329

Particulars of budgeted allocations and grants over the MTREF period:

1.Operating Budget

Allocation Name	Government Sphere	Expenditure Type	20252026 MTREF BUDGET YEAR 2025/2026	OUTER YEAR 1 2026/2027	OUTER YEAR 2 2027/2028
Equitable Share	National	Operational	121 625 000.00	128 686 000.00	134 475 000.00
Local Government Financial Management Grant	National	Operational	1 700 000.00	1 800 000.00	1 900 000.00
Expanded Public Works Programme Integrated Grant for Municipalities	National	Operational	2 709 000.00	-	-
Municipal Infrastructure Grant-Operational	National	Operational	805 000.00	-	-
Neighbourhood Development Partnership Grant (Technical)	National	Operational	1 000 000.00	1 000 000.00	1 000 000.00
Total National			**127 839 000.00**	**131 486 000.00**	**137 375 000.00**
Human Settlement Development Grant (Beneficiaries)	Provincial	Operational	16 100 000.00	8 950 000.00	8 950 000.00
Informal Settlements Upgrading Partnership Grant: Provinces (Beneficiaries)	Provincial	Operational	9 753 000.00	3 000 000.00	3 000 000.00
Replacement Funding For Most Vulnerable B3 Municipalities (MRF)	Provincial	Operational	7 003 000.00	7 229 000.00	7 144 000.00
Community Library Services Grant (CG)	Provincial	Operational	4 228 000.00	4 270 000.00	5 060 000.00
Community Development Workers Operational Support Grant (CDW)	Provincial	Operational	48 000.00	48 000.00	48 000.00
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastru	Provincial	Operational	135 000.00	135 000.00	152 000.00
Tittle Deeds Restoration Grant	Provincial	Operational	602 000.00	-	-
Total Provincial			**37 869 000.00**	**23 632 000.00**	**24 354 000.00**
Cape Winelands Community Safety Grant	District	Operational	500 000.00	-	-
Total District			**500 000.00**	**-**	**-**
Total			**166 208 000.00**	**155 118 000.00**	**161 729 000.00**

2.Capital Budget

Allocation Name	Government Sphere	Expenditure Type	20252026 MTREF BUDGET YEAR 2025/2026	OUTER YEAR 1 2026/2027	OUTER YEAR 2 2027/2028
Municipal Infrastructure Grant	National	Capital	32 780 000.00	28 145 000.00	29 282 000.00
Integrated National Electrification Programme (Municipal) Grant	National	Capital	8 347 000.00	3 500 000.00	3 658 000.00
Neighbourhood Development Partnership Grant (Capital)	National	Capital	4 000 000.00	11 000 000.00	2 000 000.00
Water Services Infrastructure Grant	National	Capital	12 302 000.00	-	-
Total National			**57 429 000.00**	**42 645 000.00**	**34 940 000.00**
Development of Sport and Recreation Facilities	Provincial	Capital	619 000.00	-	-
Municipal Water Resilience Grant	Provincial	Capital	2 000 000.00	-	-
Total Provincial			**2 619 000.00**	**-**	**-**
Total District			**-**	**-**	**-**
Total			**60 048 000.00**	**42 645 000.00**	**34 940 000.00**

Funding assessment for 2025/2026

The following table lists the factors that have been reviewed. Each of the factors is then further described below.

No.	Funding Compliance
1	Cash/cash equivalent position
2	Cash plus investments less applications
3	Monthly average payments covered by cash or cash equivalents
4	Surplus/deficit excluding depreciation offsets
5	Property Rates/service charge revenue % increase less macro inflation target
6	Cash receipts % of ratepayer and other revenue
7	Debt impairment expense % of billable revenue
8	Capital payments % of capital expenditure
9	Borrowing as a % of capital expenditure (less transfers/grants/contributions)
10	Transfers/grants revenue as a % of Government transfers/grants available
11	Consumer debtors' change (Current and Non-current)
12	Repairs & maintenance expenditure level
13	Asset renewal/rehabilitation expenditure level
14	Financial Performance Budget result
15	Financial Position Budget
16	Cash Flow Budget
17	Other key performance measures
18	Summary question

Funding compliance factor description

Each of these 'funding factors' have been analysed and reviewed in their entirety prior to undertaking any analysis. Where the factor appears unfavourable and cannot be adequately motivated, the budget has been adjusted appropriately.

(a) Cash/cash equivalent position

The municipality foresees a positive cash position for the medium term, as the working capital is cash-backed. The cash situation seems as if it is deteriorating, as the funding of capital projects from own funds have been taken into consideration. The Municipality has budgeted for a surplus.

The cash flow is currently positive and the total Cash and Cash Equivalents as at 30 April 2025 is R192 725 540 a decrease from R248 649 747 of 31 March 2025.

(b) Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments identified at factor 1. Below are commitments against Cash and Cash equivalents as at 30 April 2025:

Commitments against Cash & Cash Equivalents		
Item	**Previous Month R'000.**	**Current Month R'000.**
Cash & Cash Equivalents	**248 649 747**	**192 725 540**
Commitments:	**196 151 601**	**191 433 962**
Ceded investment	-	-
Investment in associate	-	-
Unspent Loans	-	-
Unspent Conditional Grants	10 257 715	11 363 721
Capital Funding requirement	-	-
Capital Replacement Reserve	62 920 999	52 434 166
Loan repayment	4 096 156	3 840 972
Sinking Funds	-	-
EFF Roll-overs	-	-
Trust Funds	-	-
Cash Back Reserves	-	-
Year-end creditor payments	118 876 731	123 795 103
Surplus	**52 498 146**	**1 291 578**

(c) Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk (ability to meet monthly payments as and when they fall due) should the municipality be under stress.

The municipality does recover enough cash on a monthly basis to cover its monthly average payments. A financial risk arises if unforeseen circumstances occur, which negatively impacts the recovery of electricity revenue. Financial ratios are compiled monthly and the cash coverage ratio and current ratio as at 30 April 2025 are 2,35 and 1.6:1 respectively.

(d) Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand whether revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets.

This exercise indicates that there will be a surplus if the depreciation has been offset.

(e) Property Rates/service charge revenue % increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the rate or tariff as well as any assumption about real growth (i.e. new property development, services consumption growth).

(f) Cash receipts % of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse an underlying assumed collection rate; i.e. how much cash is expected to be collected from current billing, charges and arrear debtors.

The assumed collection rate is based on collections of service charges of the current year (2025/2026) and is regarded as realistic. The average collection rate on services as at 30 April 2025 was 88%.

(g) Debt impairment expense % of billable revenue

The purpose is to measure whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection.
Debt impairment has been based on service charges not collected during the current year (2024/2025) and is regarded as realistic.

(h) Capital payments % of capital expenditure

The purpose of this measure is to mainly understand whether the timing of payments is being taken into consideration when forecasting the cash position. The measure focuses on the capital budget, because expenditure levels for this component of the budget can vary significantly from month to month, as there tends to be monthly consistency for operational budgets.

(i) Borrowing as a % of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) should be excluded. The municipality will secure an external loan to finance general and specialised vehicles.

(j) Transfers/grants revenue as a % of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from other government (national, provincial or district municipalities) have been included in the municipal budget, or that the transfer/grant budgets do not exceed available funds. A percentage less than 100 per cent could indicate that all Division of Revenue Bill (DORA Bill), provincial transfers or district transfers have not been budgeted and should be immediately reviewed. The transfers/grants as per Division of Revenue Bill (DORA Bill) (100%) have been included in the revenue budget.

(k) Consumer debtors change (Current and Non-current):

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic.
The amounts of outstanding debtors are regarded as realistic.

(l) Repairs & maintenance (R&M) expenditure level

This measure is included within the funding measures criteria because a trend in local government which indicates that insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. The budgeted amount for repairs and maintenance will be included in the budget supporting schedules. The Municipality's target is to spend 5% of property plant and equipment on repairs and maintenance in order to align to the Long-Term Financial Plan.

(m) Asset renewal/rehabilitation expenditure level

This measure has a similar objective to the R&M measures but focuses on the credibility of the levels of asset renewal plans.

(n) Financial Performance Budget result (surplus/deficit)

The purpose of this measure is to assess the overall budget.
The municipality forecast's a positive cash position for the medium term as the working capital is cash-backed. The cash situation seems to be deteriorating, as the funding of the capital projects from own funds has been taken into consideration.

The municipality does recover enough cash on a monthly basis to cover its monthly average payments. A financial risk arises if unforeseen circumstances occur, which negatively impacts the recovery of electricity revenue.

(o) Financial Position Budget

The purpose of this measure is to also assess the overall budget.

(p) Cash Flow Budget

The purpose of this measure is to also assess the overall budget. The municipality does recover enough cash on a monthly basis to cover its monthly average payments. A financial risk arises if unforeseen circumstances occur, which negatively impacts the recovery of electricity Revenue.

(q) Summary

The municipality currently has enough funds and generates enough cash to meets its operational requirements. The financial position of the municipality is monitored on a daily basis by the relevant finance officials and reports are submitted to the Finance Portfolio Committee on a monthly basis and if needed correctional steps are taken.

7. Expenditure on allocations and grant programmes

Particulars of budgeted allocations and grants over the MTREF period:

Operating Budget

Allocation Name	Government Sphere	Expenditure Type	20252026 MTREF BUDGET YEAR 2025/2026	OUTER YEAR 1 2026/2027	OUTER YEAR 2 2027/2028
Equitable Share	National	Operational	121 625 000.00	128 686 000.00	134 475 000.00
Local Government Financial Management Grant	National	Operational	1 700 000.00	1 800 000.00	1 900 000.00
Expanded Public Works Programme Integrated Grant for Municipalities	National	Operational	2 709 000.00	-	-
Municipal Infrastructure Grant-Operational	National	Operational	805 000.00	-	-
Neighbourhood Development Partnership Grant (Technical)	National	Operational	1 000 000.00	1 000 000.00	1 000 000.00
Total National			**127 839 000.00**	**131 486 000.00**	**137 375 000.00**
Human Settlement Development Grant (Beneficiaries)	Provincial	Operational	16 100 000.00	8 950 000.00	8 950 000.00
Informal Settlements Upgrading Partnership Grant: Provinces (Beneficiaries)	Provincial	Operational	9 753 000.00	3 000 000.00	3 000 000.00
Replacement Funding For Most Vulnerable B3 Municipalities (MRF)	Provincial	Operational	7 003 000.00	7 229 000.00	7 144 000.00
Community Library Services Grant (CG)	Provincial	Operational	4 228 000.00	4 270 000.00	5 060 000.00
Community Development Workers Operational Support Grant (CDW)	Provincial	Operational	48 000.00	48 000.00	48 000.00
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastru	Provincial	Operational	135 000.00	135 000.00	152 000.00
Tittle Deeds Restoration Grant	Provincial	Operational	602 000.00	-	-
Total Provincial			**37 869 000.00**	**23 632 000.00**	**24 354 000.00**
Cape Winelands Community Safety Grant	District	Operational	500 000.00	-	-
Total District			**500 000.00**	**-**	**-**
Total			**166 208 000.00**	**155 118 000.00**	**161 729 000.00**

Capital Budget

Allocation Name	Government Sphere	Expenditure Type	20252026 MTREF BUDGET YEAR 2025/2026	OUTER YEAR 1 2026/2027	OUTER YEAR 2 2027/2028
Municipal Infrastructure Grant	National	Capital	32 780 000.00	28 145 000.00	29 282 000.00
Integrated National Electrification Programme (Municipal) Grant	National	Capital	8 347 000.00	3 500 000.00	3 658 000.00
Neighbourhood Development Partnership Grant (Capital)	National	Capital	4 000 000.00	11 000 000.00	2 000 000.00
Water Services Infrastructure Grant	National	Capital	12 302 000.00	-	-
Total National			**57 429 000.00**	**42 645 000.00**	**34 940 000.00**
Development of Sport and Recreation Facilities	Provincial	Capital	619 000.00	-	-
Municipal Water Resilience Grant	Provincial	Capital	2 000 000.00	-	-
Total Provincial			**2 619 000.00**	**-**	**-**
Total District			**-**	**-**	**-**
Total			**60 048 000.00**	**42 645 000.00**	**34 940 000.00**

The above allocations and grants have been included in the operating and capital budgets.

8. Allocations or grants made by the Municipality

The municipality has made provision in the 2025/2026 budget for the following transfers:

- Grant-in-aid;
- Bursaries to non-employees
- Tourism development; and
- Skills development training.

9. Councillor allowances and employee benefits

Councillors

- Salary
- Allowances for cell phones
- allowances for transport
- Contributions

Senior Managers of the Municipality (S57)

- Salary
- Allowances for transport
- Contributions
- Performance bonuses
- Allowances in terms of their contract agreements.

Other Employees

- Salary
- Housing Subsidy
- Long service awards
- Allowances for transport
- Contributions to medical and pension fund

Budgeted cost to the municipality for the 2025/26 financial year:

	2025/2026	2026/2027	2027/2028
· Speaker (1)	977 685	1 036 346	1 098 526
· Executive Mayor (1)	1 205 939	1 278 296	1 354 993
· Deputy Executive Mayor (1)	977 685	1 036 346	1 098 526
· Executive Committee (4)	3 680 145	3 900 954	4 135 010
· Chairpersons S79 Committees (6)	528 217	559 910	593 504
· Other Councillors (10)	6 346 003	6 726 764	7 130 369
	13 715 674	**14 538 616**	**15 410 931**

Senior Managers

	2025/2026	2026/2027	2027/2028
· Municipal Manager	2 816 607	2 957 719	3 105 901
· Chief Financial Officer	2 359 147	2 477 340	2 601 455
· Director: Strategy and Social Development	2 265 366	2 378 861	2 498 041
· Director: Corporate Services	2 201 272	2 311 556	2 427 365
· Director: Engineering Services	1 752 683	1 840 318	1 932 518
· Director: Community Services	2 231 506	2 343 305	2 460 704
	13 626 582	**14 309 099**	**15 025 985**

*These figures are based on total budgeted cost to company figures in terms of the employment contracts between the different senior managers and council.

	2025/2026	2026/2027	2027/2028
· **All other staff**	**297 245 355**	**312 137 522**	**327 775 612**

10. Monthly targets for revenue, expenditure and cash flow

The monthly targets for revenue, expenditure and cash flows are provided in SA 25.

11. Capital spending detail

Information/detail regarding capital projects by vote is provided in the Capital Budget.

12. Legislation compliance status

Langeberg Municipality complies in general with legislation applicable to municipalities.

13. Other supporting documents

None

14. Municipal Manager's quality certification

Quality Certificate

I, Mr Daniël Petrus Lubbe, Municipal Manager of Langeberg Municipality, hereby certify that the original budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the budget and supporting documentations are consistent with the Integrated Development Plan of the municipality.

Print name Mr DP Lubbe

Municipal Manager of LANGEBERG MUNICIPALITY

Signature ______________________

Date 28 May 2025

Service Level Standard

DIRECTORATE: FINANCE	
Services	**Standards**
Answering telephone calls	Within 5 rings
Return your call	1 working day
Acknowledge all correspondence telephone calls/ faxes/emails and other communications	1 working day
Reply to all formal correspondence received	7-10 working days
Notice of tariffs increases	5 working days after council's approval
Customer Information updates	1 working day
Leave a notice with contact details if we call at your residence and you are not home	Immediately
Meter reading queries	3 working days
Account disputes	As per credit control policy in conjunction with section 95 and 102 of the MSA
Application for indigent subsidy	From next billing run after approval
Water and Electricity meter readings	Monthly

DIRECTORATE: STRATEGY AND SOCIAL DEVELOPMENT	
Services	**Standards**
Approval of business Licenses	21 working days
Issuing of informal trading permits	Initial permit – 2 working days. Thereafter, daily and monthly permits are issued immediately at the cashiers' desk
Approval of tourism related road signage applications	2 months from the date of application
Approval of event applications	10 to 15 working days from the date of receiving a complete event application
Deal with air quality, noise, odour and dust complaints	Respond to the complainant within 1 working day. Follow up and respond to complainant within 5 working days

DIRECTORATE: ENGINEERING SERVICES		
Electric Engineering (All Electro-technical services apply to the Langeberg Municipality area of supply and exclude Eskom areas)		
Services	**Standards**	
Repair unforeseen power outages (Electrical faults, malfunctioning equipment, etc)	Restore 95% of municipal power interruptions within 4 hrs (NRS047) (own network)	Restore 98% of power interruptions within 24 hrs (NRS047) (own network)
Scheduled power outages (for upgrading, maintenance, etc)	Maximum of three (3) planned and six (6) forced outages per year, limited to a total of twelve (12) hours per outage per point of supply. • The municipality endeavours to give at least 7 days' notice of scheduled power outages by means of notice boards, advertisements, SMS ,Langeberg Municipality social media platforms	
Electrical new connections, reconnections, upgrades and changes	Standard reconnections – two (2) working days. Provision of standard connections – within fourteen (14) days after payment and if the building is ready and the necessary documentation is completed. Provision of non-standard connections: Quotation basis of twenty-one (21) days, negotiable subject to delivery times of equipment from suppliers to municipality.	
Reports of faulty street lighting, area, building and sports field lighting	95% of cases within seven (7) working days. 100% of cases within ten (10) working days. Faulty street lighting will only be attended to after hours if the area affected is relatively large	

DIRECTORATE: ENGINEERING SERVICES	
Water and Sanitation	
Services	**Standards**
Voluntary disconnection and reconnection	As per customer requested date: Within 2 working days
Application forms process time	2 working days
Customer queries on meter reading	3 working days
Meter reading cycle	30 days
Bulk meter processing	Same day
Damaged meter, no meter and buried meter processing 1 working day	1 working day
Respond to water leaks and overflows on pipes	Residential: 24 hours Commercial: 2 hours

Responding to bursts, extensive flooding and sewage overflows/blockages	1 hour
Inspections and treatments of sewerage odours from our wastewater treatment plant	2 working days

DIRECTORATE: ENGINEERING SERVICES	
Roads and Stormwater	
Services	**Standards**
Repair of potholes	As per work schedule
Respond to gravel roads surface complaints	As per work schedule
Respond to complaints of flooding	2 hours
Opening of stormwater blockages after complaint lodged	As per work schedule
Respond to complaints about uneven side walks	As per work schedule
Construction of vehicle access after payment	14 days
Town Planning and Building Control	
Services	Standards
Building plan approval less than 500 m²	30 days
Building plan approval more than 500 m²	60 days
Response to all building control and illegal building activity complaints	5 working days
Respond to land use management and property administration complaints	5 working days
Acknowledge receipt of land use applications and inform applicants of any missing information	14 working days

DIRECTORATE: COMMUNITY SERVICES	
Housing	
Services	**Standards**
Respond to any housing and informal settlement complaints and enquiries. Phone, email and in writing	2 working days
Updating of housing waiting list	As per application
Parks & Amenities	
Maintenance of parks and open spaces	As per pre-scheduled bookings program
Maintenance of sport grounds and community facilities	As per pre-scheduled bookings program
Attend to complaints about overgrown erven	30 days
Booking of community facilities	2 working days once payment has been received
Cleaning of cemeteries	As per pre-scheduled programme
Community Facilities	
Bookings for Community Hall	Immediately. If payment is made and

	proof of payment submitted

DIRECTORATE: COMMUNITY SERVICES	
Libraries	
Services	**Standards**
Feedback on special request for books	On availability & Interlibrary lending facility
Community outreach programmes	Monthly at all libraries, special/school holiday programs are promoted on the Municipality's website
General enquiries	Immediately
Feedback on complaints	As soon as possible
Audio & electronic resources	Available via the LIBBY App accessible with library membership only
ICT, printing and scanning facility	Available at all public libraries
Free WIFI	At Robertson, Nkqubela, Mountain View, Montagu, Sunnyside for the time being. Bonnievale and Happy Valley installed but not yet active

DIRECTORATE: COMMUNITY SERVICES	
Solid Waste Management	
Services	**Standards**
Waste Collection from Businesses	1-3 Removals per week
Waste Collection in 240 Lt wheelie bin from households	1 collection per week
Cleaning of street bins	As and when needed
Removal of refuse dumped illegally	As per request
Street cleaning frequency in CBD	Daily
Street cleaning frequency in areas excluding CBD	Monthly
Fire Fighting Emergency Services	
Fire and emergency rescue services	Reaction time 15 - 20 minutes (in town areas) after receipt of a call
Disaster management	Receive immediate attention and feedback when attended to

DIRECTORATE: CORPORATE SERVICES	
Traffic Services	
Services	Standards
Reaction time to emergencies / fire / accidents	Immediately
Issue of motor registration and licenses	Immediately
Bookings for learner and driver license testing	Immediately pending availability on the eNatis system
Application for discount or acquittal of fines	14 days
Acknowledgement and registration of general complaints	3 working days
Call Centre	
Reaction time on enquiries and requests?	It varies from immediate up to 12 hours
Time to respond to a verbal customer enquiry or request? (working days)	It varies from immediate up to 2 working days
Time to respond to a written customer enquiry or request? (working days)	10 days

15. Budget Supporting Appendices

1. Appendix A – CAPEX

2. Appendix B - Tariffs

3. Appendix C – Organisational Structure

4. Appendix D - Service Delivery and Budget Implementation Plan (SDBIP)

5. Appendix E – Budget Schedules

6. Appendix F – Long-term Financial Plan

6. Appendix G - Annual Procurement Plan – In progress, not yet due.

7. Appendix H – Budget Circulars

DISCLAIMER: The municipality implemented a new financial system starting on the 1st of July 2024. The audited figures for the years 2021/22 – 2022/23 are therefore not included in the budget schedules. However, these schedules are available at the municipality on request and were also submitted to the AGSA, Provincial Treasury and National Treasury.

In addition, the Municipality used the Municipal Economic Review and Outlook (MERO) for demographics and statistics information as a source for the non-financial information on SA9 and A10.