

# Kareeberg



## Municipality (NC 074)

**DRAFT BUDGET EXECUTIVE SUMMARY  
2026/2027 MTREF**

## **Executive Summary**

### **Draft Budget 2026/2027 MTREF**

The budget was prepared in conjunction with the MFMA circulars and other regulations. The Budget was prepared on a conservative approach as stipulated in MFMA Circulars 66, 67, 70, 71, 72, 74, 75, 78, 79, 82, 91, 98, 108, 115, 116, 122, 123, 126, 128. **The latest MFMA Circular, no. 134 set the tone during the budget process.**

The following Capital Budget have been prioritised from the IDP to the Budget:

#### **A. IDP and linkage to IDP to budget (Capital Budget)**

A Revised IDP was tabled to Council during March 2025 and published for comments before it could be adopted by Council during the final budget meeting of 26 May 2025. The municipality received a few budget inputs but these comments were taken onto consider with the preparations of the final budget.

**Kareeberg Municipality total direct Final Capital Budget for 2026/2027 financial year amounts to R18 674 000**

The current linkage of the IDP to the budget is broken down as follows:

<b>1.a</b>	<b>Capital Grants</b>	<b>R18 674 000</b>
<b>1.1</b>	<b>Municipal Infrastructure Grant</b>	<b>R18 137 000</b>
<b>1.2</b>	<b>Integrated National Electrification Programme</b>	<b>R 537 000</b>
<b>1.b</b>	<b>Capital Own funding</b>	<b>R6 000 000</b>
-	Grader	R 3 000 000
-	TLB	R 600 000
-	Tipper Truck	R 1 000 000
-	Low bed	R 1 400 000

#### **B. OPERATING BUDGET**

##### **1. Budget Income**

##### **1.1 Total expected Net Rates Income will be R16 510 000**

The Municipality grants rebates as follow:

- Residential Properties - First R35 000 is exempt from paying rates and taxes (R15 000 is Impersible and R20 000 is income forgone)
- Agriculture properties will receive a 45% rebate
- Business properties who qualify for 40% rebate

##### **1.2 levies**

- 1.2.1 Electricity amounts to R17 545 326
- 1.2.2 Water amounts to R5 960 250
- 1.2.3 Sewerage amounts to R4 612 804
- 1.2.4 Refuse removal amounts to R5 040 069

**1.3 Rental of facilities and equipment expected income will be R222 524**

No rental income at this stage from the rental of the commonage in Vanwyksvlei and partially in Vosburg and Carnarvon.

**1.4 Interest income will be R3 453 484**

1.4.1 Interest on External Investments amount to R3 440 134

1.4.2 Interest charged on arrear accounts amount to zero

1.4.3 Interest earned on cheque account amounts to R13 350

**1.5 Operating Grants and Subsidies amount to R43 919 000**

1.5.1 Equitable Share R38 491 000

1.5.2 Finance Management Grant R 2 800 000

1.5.3 Library Development fund R 1 350 000

1.5.4 EPWP Grants (project) R 1 278 000

**1.8 The Total Budgeted Revenue (Income) for the 2026/2027 Financial year are R104 434 885. The total budgeted income consists out of**

1.7.1 Capital Grants R18 674 000

1.7.2 Operating Grants and Subsidies R43 919 000

1.7.3 Borrowed Capital R 6 000 000

1.7.4 Own generation of budgeted income R 33 158 449

1.7.5 Other income R 2 529 436

## **2. Expenditure**

### **2.1 Salary and wages**

- The total salaries and social contributions for the year amount to R29 102 074
- Annual increase of 4.75% has been budgeted as per Bargaining council.
- The total salary package includes the salary of all the current personnel and exclude some vacant positions.
- Efficient and effective alignment of staff should be undertaken to ensure overall productivity of staff within the municipality.
- The salary budget needs to be monitored as we must really assess the current staff and positions. The productivity of staff needs to be prioritized as much more work must be done on this issue.
- New appointments/filling of vacancies must be reconsidered as the wage bill is increasing at an alarming rate.
- The salary and council remuneration percentage to the **Operating Budget is 26.01%.**

### **2.2 Councillor Remuneration**

- Councillor Remuneration amounts to R5 313 779

### **2.3 Provision for Bad Debts, working capital reserve to R3 244 940**

Great efforts must be employed by Council and Administration to ensure that all communities of Kareeberg pay their municipal accounts. The credit control policy must be enforced otherwise the municipality will experience cash flow problems.

### **2.4 Net Impairment of assets & depreciation estimated at R5 543 040.**

### **2.5 Repair and maintenance total estimation are R1 735 798 which is being split between materials and contracted services.**

**Various projects will be initiated in the wards for the upliftment and development of the wards in Kareeberg Municipality.**

### **2.6 Bulk Purchases for Electricity amount to R22 283 235**

### **2.7 Operating Grants and subsidy expenditure amounts to R15 145 352, which are mostly spent on the indigent households for the subsidized free basic services provide to approve indigent households.**

### **2.10 Capital Grants payments amounts to R12 968 000. These amounts are mainly recognized on the income side and on the expenditure side.**

### **2.11 Non-cash generated items R256 181 (provision medical)**

## 2.12 Other expenditure amounts to R6 504 722

The major types have been increasing in relation to the previous year. A marginal increment was allocated at those expenditure types who increased. Real Budget Austerity measures are being introduced to monitor expenditure. Proper planning must be the order of the day when it comes to spending. A collective effort must be employed to eliminate nonpriority spending from all stakeholders in the municipality.

Strict control mechanisms must be enforced by budget drivers. Expenditure must be prioritized. Travelling expenses must be managed properly and only meetings that will add value to the municipality should be attended by Councillors and officials of the municipality.

The budget expenditure was cut to the bone.

The budgeted expenditure for 2025/2026 is **R111 488 859** which comprise of Operating Budget of **R 110 260 629** and the Capital budget of **R18 674 000**. Expenditure budget control will continue to be enforce strictly. The realization of revenue impacts on the expenditure management.

### C. Tariff Increments

**Tariffs expected increases for the 2026/2027 financial year are set out below. These are**

#### 1. Rates and taxes

- Over all the rates and taxes will increase by 6% based on residential property rates.
- The first R35 000 valuation of all residential properties will be exempted from rates and taxes.
- Agricultural properties rebate is 45% excluding state owned properties.
- Businesses properties rebate 40%on application.

#### 2. Electricity

- Basic fee will increase by
  - 1-50 kWh increase by
  - 51-350 kWh increase by
  - 351-600 kWh increase by
  - Above 600 kWh units increase by
  - Commercial units increase by

#### 3. Water

- Basic fee will increase by 6%
- Water consumption will be increased by 6% in all blocks
- A decrease in consumption were experienced.

#### 4. Sewerage and sanitation

- Tariffs increased by 6%
- A monthly levy will be charge on all septic tanks and suction tanks in Carnarvon and Vosburg. The second suction will be charged according to

the tariff schedule. Because of the monthly levy experienced a decrease in suction paid and a request increase for the service.

#### 5. Refuse removal

- Tariffs increased by 6%

#### 6. All other secondary tariffs.

- Some of the tariffs increase minimal.

**The low consumption of water and electricity as well as the total number of consumers per service means that a 6% increase in tariffs does not make a huge impact.**

**Treasury guidelines for tariff increases are between 4% and 6%.**

#### D. Indigent households

A total of almost 1 436 indigent households with a total value of R15 074 352 are expected to receive subsidized services every month. The subsidized services include

1. Rates	R0
(The first R35 000 of municipal valuations exempted from paying Rates and taxes)	
1.1 50 kWh of electricity	R 88.00
1.2 Basic electricity households	R247.46
2.1 Water 6kl	R 12.84
2.2 Basic water households	R238.98
3.1 Monthly sewerage septic tanks basics	R210.48
3.2 Monthly sewerage (sewerage network)	R395.79
4.1 Monthly refuse removal	R255.73

Other sources of energy (wood) are available for the informal housing settlements.

#### E. Conclusion

The 2026/2027 draft budget is a budget to make services affordable to all consumers. It is a plan to implement the cross-cutting of expenditure. The budget testifies of the continuation with the developmental agenda to expand the infrastructure to new and higher levels. It also aims to continue with the creation of jobs, fighting poverty and most of all ensure that we invest in infrastructure assets of the Kareeberg Municipality.

The inflationary increases of tariffs are mainly focused on affordability and to ensure that we generated all revenue as budgeted for. Hence the expenditure control must be sharpened over the next financial year. A concern is that the tariff increases can only be limited because of equitable share and grant income (vat), so we heavily depend on grants. The current collection rate for services and rates seems very low. The budget however is based on a 100% collection rate.

The Council commitment to create a conducive environment for Investors to invest in the economy of Kareeberg Municipality cannot be underestimated.

The various economic initiatives are testimony of Council's commitment, readiness, and ability to ensure that we continue with the path on National Development Plan.

The draft budget is prepared under the auspices and principles of revenue collection and the actual realization of budgeted revenue. Taking these principles into consideration which all of us must ensure that austerity measures are adhered to and implemented. Sustainable service delivery is taking precedence in this budget.

The balance of the budget with restricted income, and to keep tariffs affordable to consumers/ratepayers are a big challenge.

During my term in office, I want to see a better life for all the residents of Kareeberg.

Amandla!!!

Cllr Mayor R. Jikkela

**27 MARCH 2026**

