

## **REPORT TO COUNCIL: 28 MAY 2026**

### **REVISED 2026/2027 INTEGRATED DEVELOPMENT PLAN, 2026/2027 MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) AND 2026/2027 BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP): BCMM CATALYTIC LAND DEVELOPMENT PROGRAMMES**

[File No: 4/3/2/1]

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#### **1. PURPOSE**

The purpose of this report is for Council to adopt the Revised 2026/2027 Integrated Development Plan (IDP), 2026/2027 Medium-Term Revenue and Expenditure Framework (MTREF), Metro Trading Services Reform for Solid Waste and 2026/2027 Built Environment Performance Plan (BEPP): BCMM Catalytic Land Development Programmes.

#### **2. AUTHORITY**

Buffalo City Metropolitan Council.

#### **3. LEGAL / STATUTORY REQUIREMENTS**

- 3.1. The Constitution of the Republic of South Africa, Act 108 of 1996
- 3.2. The Municipal Systems Act no. 32 of 2000, as amended and Regulations
- 3.3. The Municipal Structures Act no. 117 of 1998
- 3.4. The Municipal Finance Management Act no. 56 of 2003; and its Regulations
- 3.5. The Municipal Property Rates Act no. 6 of 2004
- 3.6. Municipal Budget and Reporting Regulations, 2009
- 3.7. Division of Revenue Bill, 2026
- 3.8. MFMA Budget Circular No. 132 and 134

#### **4. BACKGROUND**

##### **4.1 Integrated Development Plan (IDP)**

Council, at a meeting held on 22 August 2025, adopted the 2026/2031 Integrated Development Plan (IDP)/Budget/Performance Management System (PMS) Process Plan and Time Schedule, in compliance with section 28 of the Municipal Systems Act no. 32 of 2000 as amended. In the time schedule required in accordance with s21(1)(b) of the MFMA, the Budget, IDP and Performance Management processes have been integrated with the IDP Process to ensure alignment, efficiency, effectiveness and cost savings. The plan outlines the process to be followed in reviewing Buffalo City Municipality Metro's Integrated Development Plan (IDP) and Budget Preparation.

In terms of section 30(c) of the Municipal Systems Act, the Executive Mayor of a municipality must submit the Integrated Development Plan to the municipal council for adoption.

In compliance with the above, Buffalo City Metropolitan Municipality has reviewed its IDP and Budget towards the 2026/2027 financial year and beyond in accordance with the requirements set out in the Municipal Systems Act 32 of 2000 as amended, the Local Government: Municipal Planning and Performance Management Regulations 2001 & 2006 and the Municipal Finance Management Act 56 of 2003.

In adherence to legislative prescripts, the Buffalo City Metropolitan Municipality's 2021/2026 IDP has been reviewed for the fifth year and amendments thereto are submitted to Council for adoption. Kindly refer to table 1 below for the structure of the IDP. The Revised 2026/2027 Buffalo City Metropolitan Municipality Integrated Development Plan is attached hereto as **Annexure A**.

**Table 1: Structure of Revised 2026/2027 Integrated Development Plan**

<b>SECTION A</b>	<p><b>INTRODUCTION</b></p> <p>Provides an outline of the legislative imperatives which guide the review of the integrated development plan. An overview of national and provincial plans which were taken into consideration during the development of the plan and an outline of the process that was followed during the review of the IDP form part of this Section.</p>
<b>SECTION B</b>	<p><b>BCMM PROFILE AND ANALYSIS</b></p> <p>This section provides an overview of the municipality focusing on the current situation, key challenges and opportunities in terms of each key performance area. Service delivery backlogs and level of access to municipal services is also outlined.</p>
<b>SECTION C</b>	<p><b>SPATIAL DEVELOPMENT FRAMEWORK</b></p> <p>The SDF provides a spatial analysis of the Municipality, details the spatial development principles / guidelines with accompanying maps indicating the spatial objectives and strategies of the Municipality.</p>
<b>SECTION D</b>	<p><b>ONE PLAN: THREE SPHERES SERVICE DELIVERY BUDGET, PROGRAMMES AND PROJECTS</b></p> <p>The catalytic programmes and projects from all three spheres of government operating in the BCMM space as converged with the global, national and provincial strategic directives are clustered in accordance with the Six Key Transformational Areas of the District Development Model/One Plan.</p>
<b>SECTION E</b>	<p><b>DEVELOPMENT OBJECTIVES, STRATEGIES, KEY PERFORMANCE INDICATORS AND TARGETS</b></p> <p>Contains the development objectives, strategies, indicators and targets for the entire term of Council as revised for the year under review.</p>
<b>SECTION F</b>	<p><b>FINANCIAL PLAN</b></p> <p>A strategic framework for financial management, key financial policies and strategies are outlined in this section. Budget Priorities in the form of projects and programmes as aligned with the Five MGDS/IDP Strategic Outcomes provide clarity on how the metro plans to converge strategic</p>

priorities with the allocation of appropriate resources to enable effective implementation of the IDP.

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**SECTION G** BCMM TRADING SERVICES REFORM PROGRAMME (MTSRP)

The Section provides a summary of operational plans and progress made with BCMM's participation in the South African Metro Trading Services Reform Programme (MTSRP). The MTSRP has been configured to strengthen accountability and financial sustainability, improve service delivery of core municipal services such as water, sanitation, electricity, and solid waste management, and enable spatial transformation, economic inclusion and growth.

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**SECTION H** BCMM OPERATIONAL PLAN

This section outlines the structure of the municipality providing a breakdown for each directorate, the status of the macro-structure and the policy environment informing the governance agenda of the metro.

#### **4.2 Medium Term Revenue and Expenditure Framework (MTREF) Budget**

Section 16(1) of the Municipal Finance Management Act (MFMA) stipulates that the Council of the municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Section 16(2) stipulates that in order to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting 90 days before the start of the budget year.

Section 22 of the MFMA states that immediately after an annual budget is tabled in a municipal council, the accounting officer must make public the annual budget and documents in terms of Section 17; invite the local community to submit representations in connection with the budget; and submit the annual budget to the National Treasury and the relevant Provincial Treasury in printed and electronic formats.

In terms of section 23(2) of the MFMA, after considering all the budget submissions, the Council must give the Executive Mayor an opportunity:

- (a) To respond to the submissions; and
- (b) If necessary, to revise the budget and table amendments for consideration by the Council.

In terms of section 24 of the MFMA:

- 1) "The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- 2) An annual budget—
  - (a) must be approved before the start of the budget year;
  - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
  - (c) must be approved together with the adoption of resolutions as may be necessary—
    - (i) imposing any municipal tax for the budget year;
    - (ii) setting any municipal tariffs for the budget year;
    - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
    - (iv) approving any changes to the municipality's integrated development plan; and
    - (v) approving any changes to the municipality's budget-related policies.
- 3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury."

## **5. EXPOSITION OF FACTS**

### **5.1 INTEGRATED DEVELOPMENT PLAN (IDP)**

#### **5.1.1 PROCESS UNDERTAKEN**

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan. In compliance with this

requirement Buffalo City Metropolitan Municipality undertook the following activities (table 2 below) in line with the IDP process towards the 2026/2027 financial year:

**Table 2: IDP/Budget Review Process followed**

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
<b>JUL – AUG: Preparing for the IDP, Budget and Performance Management Process</b>		
1.	Top Management, Strategic Development Portfolio Committee and Budget Steering Committee: <ul style="list-style-type: none"> <li>• Consider and recommend that IDP/Budget/PMS Process Plan and Time Schedule be approved by Council (at least 10 months before the start of the budget year)</li> </ul>	Senior Management Team: 15 July 2025 Budget Steering Committee: 7 August 2025 Strategic Development Portfolio Committee: 7 August 2025
2.	Top Management: <ul style="list-style-type: none"> <li>• Consider 2025/2026 First Adjustment Budget &amp; the 2024/2025 Fourth Adjustment Budget and recommend these being approved by Council</li> </ul>	07 August 2025
3.	Budget Steering Committee: <ul style="list-style-type: none"> <li>• Consider 2025/2026 First Adjustment Budget &amp; the 2024/2025 Fourth Adjustment Budget and recommend these being approved by Council</li> </ul>	12 August 2025
4.	Council: <ul style="list-style-type: none"> <li>• <u>Approve</u> IDP/Budget/PMS Process Plan and Time Schedule (at least 10 months before the start of the budget year), the 2025/2026 First Adjustment Budget (to be tabled before 25 August 2025) and the 2024/2025 Fourth Adjustment Budget.</li> </ul> AND <ul style="list-style-type: none"> <li>• <u>Note</u> SDBIP approved by Executive Mayor and performance agreements signed by Municipal Manager and Managers directly accountable to the Municipal Manager to Council for notification</li> </ul>	22 August 2025
<b>SEPT – OCT: PHASE 1: Research Information Collection and Analysis</b>		
5.	DDM/One Plan Review Framework /Process Plan developed and integrated with the IDP/Budget/PMS Process Plan of the metro  REF: DISTRICT DEVELOPMENT MODEL- (DDM) / ONE PLAN	5 Sept 2025
6.	DDM/One Plan Conveners Orientation Session:	16 Sept 2025

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
	<ul style="list-style-type: none"> <li>Orientation of Management on their roles and responsibilities</li> </ul>	
7.	BCMM DDM Core Group: Internal Work Session: <ul style="list-style-type: none"> <li>Technical Planning Session to solidify and converge plans for Buffalo City Metropolitan Municipality as the local sphere of government contributing to the Revised (Third Generation) One Plan</li> </ul>	10 Oct 2025
8.	Conduct IDP/Budget/PMS Workstreams to: <ul style="list-style-type: none"> <li>Prepare a draft Situational Analysis Report for the Mayoral and Council Lekgotlas; and</li> <li>Assess and identify information from adopted Sector Plans against the backdrop of the SITUATIONAL ANALYSIS, including the LSDFs for integration into the IDP Review document if possible</li> </ul> REF: DISTRICT DEVELOPMENT MODEL- (DDM) / ONE PLAN	14 October 2025
9.	Ward-based Planning Sessions: <ul style="list-style-type: none"> <li>Public engagements to interact with ward communities, listen to needs and concerns and provide feedback on approved programmes and projects for 2026/2027 and review Ward Priorities.</li> </ul>	October 2025 to 3 March 2026.
<b>OCT – DEC:</b> <b>PHASE 2: Vision, Objectives and Strategies</b>		
10.	Three Spheres Joint Planning Session: <ul style="list-style-type: none"> <li>All three spheres reflect on information available at all levels, joint metro spatial analysis, progress on previous commitments, confirm/change strategic direction of development in line with Provincial Growth and Development Strategy and National Spatial Development Plan</li> </ul> REF: DISTRICT DEVELOPMENT MODEL- (DDM) / ONE PLAN	14 November 2025
11.	BCMM DDM Core Group: <ul style="list-style-type: none"> <li>Technical Planning Session to solidify and converge plans for Buffalo City Metropolitan Municipality as the local sphere of government contributing to the Revised (Third Generation) One Plan</li> </ul> REF: DISTRICT DEVELOPMENT MODEL- (DDM) / ONE PLAN	19 November 2025
12.	Budget Preparation sessions with all directorates:	24 November to 9 December 2025

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
	<ul style="list-style-type: none"> <li>• Prepare for 2025/2026 Mid-Year Adjustment Budget Reallocation</li> <li>• Prepare 2026/2027 MTREF Budget Reallocation</li> <li>• Facilitate IDP and Budget Integration through the incorporation of strategic informants to Budget Priorities for Adjustment Budget and MTREF Budget</li> <li>• Confirm 2026/2027 Tariff Process</li> <li>• Verify Fleet and Staff Keys</li> </ul>	
13.	BCMM Technical IGR Forum <ul style="list-style-type: none"> <li>• To present the revised One Plan to stakeholders</li> </ul>	12 December 2025
14.	Council: <ul style="list-style-type: none"> <li>• Endorses the Reviewed DDM/One Plan</li> </ul>	15 December 2025
<b>JAN – FEB: PHASE 3: Development of Programmes and Projects</b>		
15.	Council: <ul style="list-style-type: none"> <li>• To table and adopt the Statement of Financial Performance and the Implementation of the 2025/2026 budget for the second quarter &amp; Mid-year budget and Performance assessment report ended 31 December 2025</li> <li>• To consider Municipal entity's proposed budget, priorities and objectives for 2026/2027 and proposed budget adjustments for 2025/2026</li> <li>• To table the Draft 2024/2025 Annual Report within 7 months after the end of the financial year to which the report relates</li> </ul>	29 January 2026
16.	Ward-based Planning Sessions:  Public engagements to interact with ward communities, listen to needs and concerns and provide feedback on approved programmes and projects for 2026/2027 and review Ward Priorities.	Continued from 30 January to 3 March 2026.
17.	Senior Management Technical Planning Session: <ul style="list-style-type: none"> <li>• Review strategic objectives for service delivery and development;</li> <li>• Reflect on progress made with implementation of strategic priorities during preceding financial years;</li> <li>• Review SITUATIONAL ANALYSIS of the metro that inform priority choices, including community needs expressed;</li> <li>• Reflect on desired key outcomes over the remainder of Council's 5-year term; and</li> <li>• Deliberate on and confirm strategic imperatives that should inform the Budget Priorities</li> </ul>	15 – 17 February 2026
18.	IDP Technical Work Sessions (per directorate):	February – March 2026

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
	<ul style="list-style-type: none"> <li>• Review 2025/2026 service delivery key performance indicators and targets after adjustments budget</li> <li>• Set Key Performance Indicators and Targets for the draft Revised 2026/2027 IDP and SDBIP</li> <li>• Align IDP, Budget, Risk and performance indicators</li> </ul>	
<b>FEB:</b> <b>PHASE 4: Integration and Consolidation</b>		
19.	Budget Steering Committee: <ul style="list-style-type: none"> <li>• Consider 2025/2026 Mid-year Adjustment Budget for recommendation to Council</li> </ul>	11 February 2026
20.	Councillors and Traditional Leaders' Workshop: <ul style="list-style-type: none"> <li>• Deliberate on the proposed 2025/2026 Mid-year Adjustment Budget</li> </ul>	13 February 2026
21.	Top Management Technical Planning Session: <ul style="list-style-type: none"> <li>• Review strategic objectives for service delivery and development</li> <li>• Reflect on progress made with implementation of strategic priorities during preceding financial years</li> <li>• Review SITUATIONAL ANALYSIS of the metro that inform priority choices, including community needs expressed</li> <li>• Reflect on desired key outcomes over the remainder of Council's 5-year term</li> <li>• Deliberate and confirm strategic imperatives that should inform the Budget Process</li> <li>• Incorporate S154 Turnaround Framework into the draft IDP</li> </ul>	17 – 18 February 2025
22.	Council: <ul style="list-style-type: none"> <li>• Consider and adopt 2025/2026 Mid-year Adjustment Budget</li> </ul>	25 February 2026
23.	National Treasury Mid-year Budget and Performance Assessment Review	5-6 March 2026
<b>MAR:</b> <b>PHASE 5: Approval, Adoption and Publication</b> <b>Approval of draft IDP</b>		
24.	Budget Steering Committee: <ul style="list-style-type: none"> <li>• Consider and recommend the draft IDP, MTREF Budget and SDBIP</li> </ul>	19 March 2026
25.	Councillors and Traditional Leaders' Workshop: <ul style="list-style-type: none"> <li>• Review strategic objectives for service delivery and development</li> <li>• Reflect on progress made with implementation of strategic priorities during preceding financial years</li> </ul>	24 March 2026

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
	<ul style="list-style-type: none"> <li>Review SITUATIONAL ANALYSIS of the metro that inform priority choices, including community needs expressed</li> <li>Reflect on desired key outcomes over the remainder of Council's 5-year term</li> <li>Deliberate and confirm strategic imperatives that should inform the Budget Process</li> </ul>	
26.	<p>Council:</p> <ul style="list-style-type: none"> <li>To approve the draft IDP, MTREF Budget and draft policies (at least 90 days before the start of the budget year)</li> <li>To consider the proposed budget of the entity and assess the entity's (BCMDA) priorities and objectives and make recommendations. Board of Directors to consider the recommendations and, if necessary, submit a revised budget.</li> </ul>	31 March 2026
<b>APR – MAY:</b>		
<b>PHASE 5: Approval, Adoption and Publication</b>		
<b>Consultation and refinement</b>		
27.	<p>Municipal Budget and Benchmark Engagement by National Treasury:</p> <ul style="list-style-type: none"> <li>Assess BCMM draft MTREF Budget</li> </ul>	05 May 2026
28.	<p>IDP/Budget Roadshow</p> <ul style="list-style-type: none"> <li>Conducted IDP/Budget Road Show to consult the Draft IDP, Tabled MTREF Budget and draft policies</li> </ul>	<p>INLAND 11 May 2026</p> <p>COASTAL URBAN 13 May 2026</p> <p>MIDLAND 15 May 2026</p> <p>COASTAL RURAL 19 May 2026</p>
<b>APR – MAY:</b>		
<b>PHASE 5: Approval, Adoption and Publication</b>		
<b>Final Adoption</b>		
29.	<p>Top Management:</p> <ul style="list-style-type: none"> <li>To consider and recommend the draft IDP, MTREF Budget and BEPP</li> </ul>	13 May 2026
30.	<p>Budget Steering Committee:</p> <ul style="list-style-type: none"> <li>To consider and recommend the draft IDP, MTREF Budget and BEPP</li> </ul>	19 May 2026
31.	<p>Councillors and Traditional Leaders' Workshop:</p> <ul style="list-style-type: none"> <li>To interrogate Final IDP, MTREF Budget and budget related policies before formal submission to Council for adoption</li> </ul>	20 May 2026

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
32.	Council: <ul style="list-style-type: none"> <li>• To adopt IDP, Performance Management Measures and Targets, MTREF Budget, and the revised Policies (at least 30 days before the start of the budget year)</li> </ul>	28 May 2025

### 5.1.2 KEY INFORMANTS

The 2026/2027 Review of the 2021/2026 IDP was undertaken within the framework of national and provincial legislation and policy directives, which include most notably the National Development Plan 2030, Medium-Term Development Plan (2024/2029), District/Metro Development Model, the South African Economic Reconstruction and Recovery Plan, the Provincial Development Plan (2030), Provincial Spatial Development Strategy, and Provincial Economic Development Strategy.

#### Other factors that were taken into consideration include:

##### a) Assessment Issues

- i. The comments on the last adopted IDP provided by the MEC for Local Government in accordance with Sections 31 and 32 of the Municipal Systems Act;
- ii. Findings contained in the National Treasury Benchmarking Report and Mid-Year Budget Performance Assessment Report;
- iii. Findings contained in the Auditor General's Report of the previous financial year/s; and
- iv. Shortcomings and weaknesses identified through self-assessment.

##### b) Review of the Strategic Elements of the IDP in terms of priorities of Council and the objectives of Management

- i. Review of the Strategic elements of the IDP and Metro Growth and Development Strategy (MGDS) if required; and integrating the strategic intent throughout the budget process, including

- mSCOA alignment, and finalizing of the Service Delivery and Budget Implementation Plan (SDBIP);
  - ii. Update of Master Plans and Sector Plans; and
  - iii. The update of the Financial Plan.
- c) Inclusion of new information where necessary
  - i. Consideration of the impact of Covid-19 Global Pandemic;
  - ii. The impact of changes to the demarcation of municipal boundaries after the next Local Government Elections;
  - iii. Provincial Municipal Infrastructure Grants Risk Adjusted Strategy Framework (PMIG – RAS –FW) Approved 23 June 2023;
  - iv. Medium-Term Development Plan (2024/2029);
  - v. Section 154 intervention (Constitution of South Africa) involving National and Provincial government support to address service delivery failures, financial controls, and governance, intensified as of August 2025. This involves a "ten-point plan" to improve administration and accelerate development;
  - vi. Standing Committee on Public Accounts (SCOPA) and the Portfolio Committee on Cooperative Governance and Traditional Affairs (COGTA) findings on the governance, financial management, and service delivery performance of BCMM;
  - vii. Municipal Finance Management Act No. 56 of 2003 Guidance Notes 1 - 5: Metro preparations for the introduction of trading services reforms
  - viii. Updates - The following updates were done in the IDP document:

**Table 3: Updates done in the IDP document**

**Foreword by the Executive Mayor**

The Executive Mayor provides a contextualised update of the foreword to reflect a summarised setting of the tone for the newly elected Council and key priorities to be focused on for the next term, giving due consideration of the changing socio-economic environment that the city, our country and the world at large are confronting in our development planning endeavours.

**Overview by the City Manager**

Following the tone set by the Executive Mayor, the City Manager expands on situating the IDP Review within the confines of the Metro Growth and Development Strategy, the increasing demand for reliable municipal services and the financial outlook of the metro.

**Executive Summary**

Key updates include:

- The IDP Process Followed for this review period;
- The key informants to the IDP review; and
- The latest available assessment of the IDP and key assessment findings from Provincial Government with recommendations on gaps and improvement measures

**SECTION A**

No amendments were made in respect of Section A – the vision, mission, values, strategic outcomes, strategic objectives and key focus areas are retained for the remainder of the IDP cycle.

**SECTION B**

The BCMM Profile is updated in this section, with more recent statistical data and analysis, taking cognizance of the most recent Census 2022 results and subsequent updates and projections:

- Population Trends and Profile
- Social Development Profile
- Governance and Finance Development Profile
- Infrastructure Development Profile
- A summary of the Key Development Trends in the Metro
- Spatial Development Profile
- Situational Analysis Per BCMM Strategic Outcome and Key Focus Area

**SECTION C**

No amendments or updates have been made to this Section.

**SECTION D**

The section is updated with a summary of the recently Council endorsed Third Generation One Plan for Buffalo City Metro.

**SECTION E**

The key performance indicators and targets have been provisionally updated contingent on the conclusion of the SDBIP within 28 days after adoption of the Budget as per Performance Management Regulations.

<b>SECTION F</b>	The financial plan for the metro is updated as aligned with the MTREF Budget tabled in Council and includes the operational and capital projects for the MTREF period.
<b>SECTION G (NEW)</b>	This section is a new summary of the metro's transitional plans, progress made and other structural/operational matters relating to the introduction trading services reforms for Cohort 1: Electricity and Energy, Water and Sanitation (entered the trading reform in 2025/26); and Cohort 2: Solid Waste Management (entering the trading reform in 2026/2027).
<b>SECTION H (was previously Section G in 2025/26 IDP)</b>	The Operational Plan has been updated.
<b>ANNEXURES</b>	<p>Most significant updates on annexures are:</p> <ul style="list-style-type: none"> <li>• Annexure B - IDP/Budget/PMS Process Plan followed; and</li> <li>• Annexure C - Community and Stakeholder Issues / Priorities Raised (recommended revisions/corrections were received and incorporated into the IDP Review document).</li> </ul>

#### **5.1.2.1 Council Priorities (2021-2026) Revised for 2025/2026**

The Mayoral Strategic Planning Session, followed by the Council Lekgotla held annually are critical instruments of the IDP Process and aids the Executive Mayor in his/her responsibility for the preparation and implementation of the IDP, Budget & Performance Management System. In his/her executive capacity the Executive Mayor has to:

- be responsible for the overall oversight, development and monitoring of the process or delegate IDP & PMS responsibilities to the City Manager;
- ensure that the budget, IDP & budget related policies are mutually consistent & credible;
- approve nominated persons that will be responsible for different roles and activities within the IDP/Budget process; and
- submit the IDP & the Annual Budget to the municipal Council for adoption.

These Council Priorities, arranged in accordance with the BCMM Metro Growth and Development Strategy (MGDS) and Integrated Development Plan, are converged with the National and Provincial Imperatives as follows:

**Table 4: Alignment of Council Priorities with National and Provincial Policy Directives**

BUFFALO CITY METRO IMPERATIVES		JOINT IGR IMPERATIVES	PROVINCIAL IMPERATIVES	NATIONAL IMPERATIVES		
BCMM IDP Strategic Outcomes	Revised BCMM Council Priorities 2025/2026	One Plan Focus Areas	Provincial Development Plan (EC Vision 2030)	National Development Plan (NDP: 2030)	Medium-Term Development Plan (MTDP 2024/2029)	Integrated Urban Development Framework (IUDF)
<b>Strategic Outcome 1: An Innovative and Productive city</b>	<ul style="list-style-type: none"> <li>▪ Prioritize Key Infrastructure Projects</li> <li>▪ Infrastructure Audit</li> </ul>	<b>Focus Area 1:</b> People Development & Demographics	<b>Goal 4:</b> Improved human development	<b>NDP Chapter 9</b> – improving education, training and innovation  <b>NDP Chapter 11</b> - social protection  <b>NDP Chapter 12</b> – building safer communities  <b>NDP Chapter 15</b> – nation building and social cohesion  <b>NDP Chapter 10</b> – health care for all	Priority: Reduce Poverty and Tackle the High Cost of Living	<b>Policy lever 7:</b> Empowered active communities
<b>Strategic Outcome 1: An Innovative and Productive city</b>	<ul style="list-style-type: none"> <li>▪ Prioritize Key Infrastructure Projects</li> <li>▪ Infrastructure Audit</li> </ul>	<b>Focus Area 2:</b> Economic Positioning	<b>Goal 3:</b> Rural development and an innovative and high-value agriculture sector	<b>NDP Chapter 3</b> – economy and employment  <b>NDP Chapter 4</b> – economic infrastructure  <b>NDP Chapter 6</b> – inclusive rural economy <b>NDP Chapter 7</b> - South Africa in the region and the world	Priority: Inclusive Growth and Job Creation	<b>Policy lever 6:</b> Inclusive economic development

BUFFALO CITY METRO IMPERATIVES		JOINT IGR IMPERATIVES	PROVINCIAL IMPERATIVES	NATIONAL IMPERATIVES		
BCMM IDP Strategic Outcomes	Revised BCMM Council Priorities 2025/2026	One Plan Focus Areas	Provincial Development Plan (EC Vision 2030)	National Development Plan (NDP: 2030)	Medium-Term Development Plan (MTDP 2024/2029)	Integrated Urban Development Framework (IUDF)
<b>Strategic Outcome 2:</b> A green city  <b>Strategic Outcome 4:</b> A spatially transformed city	<ul style="list-style-type: none"> <li>▪ Prioritize Key Infrastructure Projects</li> <li>▪ Infrastructure Audit</li> </ul>	<b>Focus Area 3:</b> Spatial Restructuring and Environmental Sustainability	<b>Goal 5:</b> Environmental sustainability	<b>NDP Chapter 5</b> - environmental sustainability and resilience  <b>NDP Chapter 8</b> - transforming human settlements	Priority: Build a Capable, Ethical, and Developmental State	<b>Policy lever 1:</b> Integrated urban planning and management  <b>Policy lever 3:</b> Integrated and sustainable human settlements  <b>Policy lever 5:</b> Efficient land governance and management
<b>Strategic Outcome 3:</b> A connected city	<ul style="list-style-type: none"> <li>▪ Prioritize Key Infrastructure Projects</li> <li>▪ Infrastructure Audit</li> <li>▪ Integrated Transport Planning</li> </ul>	<b>Focus Area 4:</b> Infrastructure Engineering  <b>Focus Area 5:</b> Integrated Services Provisioning	<b>Goal 2:</b> An enabling infrastructure network	<b>NDP Chapter 4</b> – economic infrastructure	Priority: Inclusive Growth and Job Creation	<b>Policy lever 4:</b> Integrated urban infrastructure  <b>Policy lever 2:</b> Integrated transport and mobility
<b>Strategic Outcome 5:</b> A well-governed city	<ul style="list-style-type: none"> <li>▪ Customer Debtor Profiling (Data Cleansing)</li> <li>▪ Implement a Transparent</li> </ul>	<b>Focus Area 6:</b> Governance & Financial Management	<b>Goal 6:</b> Capable democratic institutions.	<b>NDP Chapter 13</b> - building a capable and developmental state  <b>NDP Chapter 14</b> – fighting corruption	Priority: Build a Capable, Ethical, and Developmental State	<b>Policy lever 8:</b> Effective urban governance  <b>Policy lever 9:</b> Sustainable finances

BUFFALO CITY METRO IMPERATIVES		JOINT IGR IMPERATIVES	PROVINCIAL IMPERATIVES	NATIONAL IMPERATIVES		
BCMM IDP Strategic Outcomes	Revised BCMM Council Priorities 2025/2026	One Plan Focus Areas	Provincial Development Plan (EC Vision 2030)	National Development Plan (NDP: 2030)	Medium-Term Development Plan (MTDP 2024/2029)	Integrated Urban Development Framework (IUDF)
	Budgeting System <ul style="list-style-type: none"> <li>▪ Strengthen Revenue Collection Systems</li> <li>▪ Improve Debt Collection</li> <li>▪ Material losses and impairments</li> <li>▪ Improve Public Awareness and Compliance (Customer Engagement)</li> <li>▪ Professionalise administration and improve organisational culture</li> </ul>					

### **5.1.3 BCMM KEY ELEMENTS OF THE 2026/2027 REVIEW OF THE 2021/2026 IDP**

The range afforded by key instruments like the MTDf (2024/2029) and the Provincial Municipal Infrastructure Grants Risk Adjusted Strategy Framework (PMIG – RAS –FW) during the metro's technical and strategic planning exercises, allowed the city to align key strategic priorities, programmes and projects with the provincial and national policy directives, not losing sight of the situational analysis influencing decision making.

A further considerable factor in the IDP and Budget Review was the preparations made towards the metro's introduction of Electricity and Energy, Water and Sanitation, and Solid Waste Management as trading services in accordance with guidance and criteria provided by National Treasury through the regulatory instruments of the MFMA.

**The MTDP (Medium-Term Development Plan) 2024-2029** focuses on three key priorities: inclusive growth and job creation, reducing poverty and tackling the high cost of living, and building a capable, ethical, and developmental state.

Here's a more detailed breakdown of the MTDP priorities:

- **Inclusive Growth and Job Creation:**

The MTDP aims to drive economic growth that benefits all South Africans, with a focus on creating jobs and improving livelihoods.

- **Reduce Poverty and Tackle the High Cost of Living:**

The plan addresses the challenges of poverty and rising living costs by implementing policies aimed at improving access to basic services, reducing inequality, and promoting economic opportunities.

- **Build a Capable, Ethical, and Developmental State:**

The MTDP emphasizes the importance of a strong and effective government that can deliver on its promises and promote good governance, accountability, and transparency.

Other Key Areas:

- **Industrialization and Localisation:**

The plan recognizes the importance of local manufacturing and promotes localization through government procurement and public-private partnerships.

- **Infrastructure Development:**

The MTDP emphasizes the need for investment in infrastructure to support economic growth and development.

- **Education and Skills Development:**

Investing in quality education and skills development is crucial for creating a skilled workforce and promoting economic growth.

- **Health Care:**

The plan aims to improve access to quality healthcare services for all South Africans.

- **Social Protection:**

The MTDP focuses on strengthening social safety nets to protect vulnerable populations.

- **Combating Crime and Corruption:**

The plan addresses the challenges of crime and corruption by strengthening law enforcement agencies and promoting good governance.

The **Risk Adjusted Strategy (RAS)** has been developed acknowledging that government implemented similar initiatives like the Balanced Scorecard Performance Management System. Such programmes have not produced results instead most municipalities remained in a state of decay especially on service delivery.

No clear accountability mechanism for Mayors / Executive Mayors, as an instrument in their hands to oversight. Poor service delivery, community protests and unhappy consumers due to the state of service delivery is the order of the day.

Further, the RAS introduces the non-negotiables as an instrument to do those simple things which when done will have major impact and do not require new budget.

The Non-negotiables make service delivery an overarching focal point as a basis for the existence of municipalities. To consolidate all the deliverables in a clear simple and practical way in order to strengthen oversight.

As transformation is a form of change in a revolution, but its intention is to be systematic in introducing changes. As a necessary condition in a country faced by the past historical background, it requires a mindset of change agents who understand that we maintain what is working as we change others.

RAS therefore presents that transformative change that requires a deep understanding in governance, economics, risks, planning and development of systems.

Municipalities are expected to implement all the aspects of the non-negotiables relevant to their functions without fail.

All the tasks outlined in the non-negotiables represents the key performance areas of departments in the municipality and therefore must constitute performance agreements. (BTO, SCM, Tech Services, and the Councils).

The Municipal Manager (MM) is the Chief Implementer of the programme, and this implementation must be cascaded down to the General Worker who must be trained to understand the rationale.

No municipality must consistently perform poorly if the Non-negotiable programme is implemented. Any non-compliance with the required standards must be recorded and reasons explained.

The Mayor is the Chief Oversight Manager of the holistic implementation of the Non-negotiable programme in his/her municipality. Implementation reports must be submitted to COGTA monthly and to council quarterly.

### **Municipal Trading Services Reforms – Electricity, Water and Sanitation and Solid Waste**

Trading services include the provision of electricity, water and sanitation, as well as solid waste management. The National Treasury has recognized the deteriorating state of infrastructure platforms that is driving the decline in the performance of trading services. This is evident in increased operational inefficiencies, declining service quality and reliability, declining cash revenues, and progressively lesser investments into the sector.

This decline is negatively affecting economic growth, and, in the case of cities, their financial sustainability which relies on cash revenues from well-performing trading services. To this end, the National Treasury has initiated reforms to reform trading services in metropolitan municipalities (category A municipalities) through performance-based financial incentives to reward good decisions and performance. These reforms seek to address not only operational inefficiencies but also structural impediments to the performance of trading services.

Conditions that will enable successful reform have been set out and communicated through the Division of Revenue Act, the release of Guidance Notes to support implementation of reform, and engagements with metros including through the City Budget Forum (CBF).

**The primary goals of this initiative are:**

- To increase investment in utility services (such as water, wastewater, electricity, and waste management) by combining grant and loan funding.
- To restructure, manage, and govern utility services more effectively to enhance performance.
- To promote professional management with clear accountability and the necessary skills for efficient service delivery.
- To ensure full financial transparency between municipalities and utility services.

**The programme consists of compulsory and non-compulsory but incentivised parts:**

- a. Trading services financial transparency requirements are compulsory: all metro municipalities will be required to provide separate comprehensive financial statements for their trading service, within their overall municipal statements. The requirements for this, including specimen financial statements, are being communicated separately.
- b. Access to the finance incentive is not compulsory, but is incentivised, based on metro performance against institutional and operational targets set in Council-approved **Trading Sector Reform Strategies (TSRS)** and its annexures (A, A1, A2, A3) that meet the required criteria; and
- c. The introduction over the medium term of the performance-based incentive USDG component for trading services is not intended or planned to disrupt baseline USDG allocations already committed to existing projects. It is specifically intended to reward metros who embark upon trading services reform as indicated here.

Buffalo City Electricity Trading Service Reforms (Cohort 1: entered the reform in 2025/2026)

To ensure the sustainability of service delivery, the Buffalo City Electricity is responsible for maintaining, expanding, and upgrading infrastructure to meet both current and future demands. Additionally, Buffalo City Electricity facilitates investment in the electricity supply industry, promotes universal access to electricity, and encourages the use of diverse energy sources and energy efficiency.

Investment in the network must be planned, and funding secured for capital replacement projects required for upgrading, refurbishing, and replacing equipment to ensure that both existing and new investments can be serviced. The operational and maintenance functions require adequate funding to maintain network stability and ensure the efficient, effective, and sustainable development and operation of electricity supply infrastructure in the BCMM licensed area.

This reform demands a strategic approach to operational excellence and long-term financial sustainability. Thus, the Buffalo City Electricity Business Improvement and Investment Plan will guide the Metro over the next several years, addressing immediate needs, while ensuring long-term objectives are met. The business improvement component of the plan focuses on optimizing internal operations through streamlined processes within BCM as part of a revenue enhancement strategy.

These improvements aim to increase operational efficiency, enhance revenue collection, and improve customer service. This intervention is key to improving infrastructure investment. The capital investment aspect of the plan emphasizes the importance of renewing and expanding. This includes upgrading the aging electricity network and investing in new projects aligned with human settlement development in the area. These capital investments are essential for maintaining system reliability, reducing electricity losses (both technical and non-technical),

and preparing for future demands driven by population growth, climate change, and evolving regulatory requirements.

Buffalo City Water and Sanitation Trading Service Reforms (Cohort: entered the reforms in 2025/2026)

The Buffalo City Water and Sanitation Business and Investment Plan outlines the implementation of the Turnaround Strategy plan and represents a strategic roadmap designed to address evolving challenges and opportunities in the water and sanitation sector. By investing in infrastructure, technology, and people, we aim to enhance operational efficiency, improve customer satisfaction, and ensure the long-term financial sustainability of our organisation.

The aims of the Water and Sanitation Business Improvement and Investment Plan is to serve as a guide for operational and investment decisions to meet customer demands and contribute to national economic growth and facilitate the implementation of the approved Water Services Business Turnaround Strategy.

Five Factors essential to achieve and sustain Business Reform

National Treasury's Cities Support Programme has engaged the eight metropolitan municipalities to provide support to turn around or improve the performance of their trading services, creating viable entities that meet service delivery needs, raise capital funding from the market and generate financial surpluses to reinvest back in the service. International experience and interaction with metropolitan municipalities highlights five factors that are essential to achieve and sustain business reform.

These are:

- a. A single point of management accountability;
- b. A turnaround in cash revenue;
- c. A financial surplus;
- d. A clearly defined relationship between the service and the city;  
and
- e. A fit-for-purpose organisational structure.

Solid Waste Management Trading Service Reform (Cohort 2: entering the reform in 2026/2027)

Buffalo City Metropolitan Municipality (BCMM) has developed a Performance Improvement Action Plan (PIAP) for its Solid Waste Business Unit, in alignment with National Treasury's Trading Services Reform Programme. This plan forms part of a suite of strategic documents required for participation in the Metro Trading Services Incentive Grant, a conditional allocation intended to support sustainable and accountable delivery of trading services.

The PIAP outlines BCMM's commitment to address persistent service delivery and institutional challenges - including aging infrastructure, financial unsustainability, regulatory non-compliance, and customer dissatisfaction - through a structured six-year reform programme. The plan aligns with Treasury's A-Series requirements and is underpinned by the adoption of a Single Point of Management Accountability (SPoMA) model to enhance governance, operational control, and performance.

The PIAP aims to transform BCMM's Solid Waste services into a financially viable business unit which is performance-driven and delivers reliable, compliant and customer-responsive services. The Solid Waste Performance Improvement Action Plan is attached hereto as **Annexure AD**.

**5.1.3.1 Proposed High-Level Changes**

All processes undertaken above contributed to the IDP/Budget review process towards the 2026/2027 financial year. During the planning process BCMM's vision, mission and key strategic focus areas were revisited. Consequently, the vision, mission, values, strategic outcomes, strategic objectives encapsulated in the IDP and MGDS remain unchanged for this second review of the fifth generation Integrated Development Plan.

The Strategic Framework expressed in this IDP is the primary informant of the BCMM Five-Year Performance Scorecard, Multi-Year Budget, Annual Service Delivery and Budget Implementation Plan and Performance Agreements of Senior Managers. The setting of key performance indicators and targets against which the performance of the municipality and its senior management and leadership are measured derive its mandate from this IDP.

The introduction of Key Focus Areas (KFAs) formed part of the 2019/2020 IDP Review and is informed by the need to create more functional synchrony between the strategic imperatives captured in the IDP and the core competencies of the municipality. One of the benefits of the inclusion of KFAs in the IDP is that it improves accountability, since KFAs can be assigned to specific officials and be accentuated in their performance agreements to champion.

**Table 5: BCMM Strategic Framework**

Strategic Outcomes	Strategic Objectives	Key Focus Areas
STRATEGIC OUTCOME 1 (SO1): An innovative and Productive City	To enhance the Quality of Life of the BCMM community with rapid and inclusive economic growth and falling unemployment	KFA 1: Enterprise Development
		KFA 2: Trade and Investment Promotion
		KFA 3: Innovation and Knowledge Management
		KFA 4: Tourism & Marketing
		KFA 5: Job Readiness & Training (External)
		KFA 6: Rural Development & Agrarian Reform
		KFA 7: Arts, Culture and Heritage Resource Management
		KFA 8: Sport Development (Programmes)
		KFA 9: Sport and Recreation Facilities
		KFA 10: Libraries and Halls
		KFA 11: Emergency and Disaster Management
		KFA 12: Safety and Security

Strategic Outcomes	Strategic Objectives	Key Focus Areas
STRATEGIC OUTCOME 2 (SO2): A green city	To promote an environmentally sustainable city with optimal benefits from our natural assets.	KFA 13: Environmental Management and Climate Change
		KFA 14: Air quality
		KFA 15: Beaches
		KFA 16: Parks and Open Spaces
		KFA 17: Vegetation Control and Biodiversity
		KFA 18: Municipal and Environmental Health
		KFA 19: Solid Waste Management
STRATEGIC OUTCOME 3 (SO3): A connected city	To maintain a world class logistics network.	KFA 20: Roads and Storm water Infrastructure
		KFA 21: ICT
		KFA 22: Transport Planning and Operations
		KFA 23: Energy Supply Efficiency
STRATEGIC OUTCOME 4 (SO4): A Spatially Transformed city	To develop and maintain world class infrastructure and utilities.	KFA 24: Water and waste water
		KFA 25: Spatial and Urban Planning
		KFA 26: Sustainable Human Settlements
		KFA 27: Built Environment Management
		KFA 28: Urban, Rural and Township Regeneration
		KFA 29: Property Management and Land Use
		KFA 30: Cemeteries and Crematoria
STRATEGIC OUTCOME 5 (SO5): A well-governed city	Promote sound financial and administrative capabilities.	KFA 31: Risk Management
		KFA 32: Stakeholder Participation & Customer Relations
		KFA 33: Intergovernmental Relations (IGR) and International Relations (IR)
		KFA 34: Communications (Internal and External)
		KFA 35: Corporate Marketing (Branding)
		KFA 36: Revenue Management
		KFA 37: Expenditure and Supply Chain Management
		KFA 38: Budget and Treasury
		KFA 39: Corporate Asset Management

Strategic Outcomes	Strategic Objectives	Key Focus Areas
		KFA 40: Internal Human Capital and Skills Development
		KFA 41: Gender, Elderly, Youth and Disabled (Vulnerable Groups)
		KFA 42: Performance Management and Monitoring and Evaluation
		KFA 43: Fleet Management
		KFA 44: Employee Performance Management
		KFA 45: Human Resources Management
		KFA 46: Internal Audit

### 5.1.3.2 IDP Recommendations

The Integrated Development Plan (IDP) is the overall strategic development plan for a municipality, prepared in terms of the Municipal System Act, Act 32 of 2000, that guide decision-making, budgeting and development in the municipality. The Spatial Development Framework presents the long-term vision of the desired spatial form of the municipality. The SDF is thus a critical component to the IDP to direct municipal and private sector spending and investment by providing spatial proposals and strategies (thus the location and nature of development) which will support economic growth and integrated human settlements. The amended Spatial Development Framework was adopted by Council in December 2020.

### 5.1.3.3 Community Consultation Process on the 2021/2026 IDP and MTREF Budget for the 2026/2027 period

In developing its Integrated Development Plan, Buffalo City Metropolitan Municipality takes its tune from residents and the broader public of the Metro who participate in a number of public consultation processes and programmes such as the IDP/Budget Roadshow. It is through these engagements that residents are able to define and shape their needs and priorities which must be taken into consideration during planning and

budgeting. BCMM aims to address identified needs and priorities through the 2021/2026 Integrated Development Plan and Budget as revised annually.

The IDP process is an outcome of an intensive and detailed series of engagements with our communities through the following key participatory democracy instruments:

- a. IDP/Budget/PMS Workstreams where external stakeholders also participate in the deliberations;
- b. External IDP/Budget/PMS Representative Forum with external stakeholders to consult the Draft IDP, MTREF Budget and BEPP: Catalytic Land Development Programmes;
- c. Ward-based Community Meetings and Ward Committee Meetings held by Ward Councillors from each of the three functional regions as part of the IDP Review Process; and
- d. IDP/Budget Roadshows where the Draft (Revised) IDP and MTREF Budget were consulted with the public.

Following the publication of the Draft IDP and Budget, members of the public were awarded an opportunity to peruse the documentation at the municipal libraries and key offices of the Metro. Most stakeholders submitted their inputs via an e-mail address which was created for easy submission of comments, objections and proposals on the draft Revised IDP and Budget. Council is requested to consider all public inputs attached hereto as **Annexure AE** in the compilation of the final 2026/2027 Revised IDP, BEPP: BCMM Catalytic Land Development Programmes and MTREF Budget documents.

## **5.2 MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET**

### **5.2.1 BUDGET PROCESS**

The budget process is embedded in the IDP/Budget Process Plan that has been tabulated in table 2 above. The 2026/2027 budget preparation sessions were held with all directorates from 24 November 2025 – 09 December 2025. Thereafter, the directorates and the municipal entity (BCMDA) were requested to prepare and submit budget requests for consideration.

After finalisation of costing of prioritised projects and programmes for 2026/2027 MTREF, a Senior Management session was held on 15 - 17 March 2026 for consideration of the proposed Draft 2026/2027 MTREF, this session was followed by a Budget Steering Committee (BSC) meeting on 19 March 2026. The BSC was chaired by the Executive Mayor, assisted by Member of the Mayoral Committee (MMC) for Finance, acting Chief Financial Officer, Budget & Treasury Management officials and IDP officials.

The primary aim of the Budget Steering Committee was to ensure:

- a) that the process followed to compile the budget complies with legislation,
- b) that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget,
- c) that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available.

On 24 March 2026 a Councillors and Traditional Leaders Budget Workshop on the proposed draft 2026/2027 MTREF was also held.

After BCMM Council adopted the draft Revised 2021/2026 IDP and draft 2026/2027 MTREF on 31 March 2026, the documents were made available and a deadline for submission was set for 11 May 2026.

A Top Management Meeting, Budget Steering Committee and Councillors and Traditional Leaders' Workshop followed the public consultation process to consider the public comments and proposed amendments before final Council adoption.

## **5.2.2 NATIONAL TREASURY MFMA CIRCULARS**

National Treasury issued MFMA Budget Circular No. 132 on 05 December 2025 and MFMA Budget Circular No. 134 on 20 March 2025 to guide the preparation of the 2026/2027 MTREF. Some of the key issues highlighted by the circulars are as follows:

- a) Municipalities must prepare credible and funded budgets, with revenue projections based on realistic and achievable collection assumptions.
- b) There is a continued focus on strengthening revenue management and improving collection, in order to support cash flow and overall financial sustainability.
- c) Expenditure must be aligned to what the municipality can realistically afford, with a strong emphasis on cost containment and avoiding non-essential spending.
- d) Tariffs should be cost-reflective, while still taking into account affordability, especially given the ongoing increases in bulk purchases from Eskom and Water Boards.
- e) Spending must prioritise core service delivery and the maintenance of infrastructure, to ensure sustainability over the medium term.
- f) Municipalities are encouraged to strengthen revenue protection and reduce losses, including improving efficiencies in the system.
- g) The budget must remain aligned to the IDP, ensuring that limited resources are directed towards the municipality's key priorities.

### **5.2.3 BUDGET GUIDELINES AND PRINCIPLES**

The following budget principles and guidelines informed and provided the bases for the compilation of the 2026/2027 MTREF budget:

- a) The 2025/2026 mid-year adjustment budget and actual figures were used as the baseline for the 2026/2027 MTREF budget. Further, reassessment of activities was undertaken to determine if there have been any changes of circumstance that have impact on the compilation of the budget.
- b) The service charge tariffs have been calculated taking into consideration the following:
  - i. the input costs of generating the services
  - ii. the affordability to consumers
  - iii. perception versus the level of affordability when compared across the eight (8) Metros
- c) Cash flow position, level of cash reserves
- d) Cost containment measures
- e) Ability to maintain and renew existing assets whilst also addressing the backlogs was part of the consideration.
- f) The following is applicable to projects and/ or programmes:
  - i. projects with existing contracts must be prioritised
  - ii. projects must be within affordability limits; should additional budget/ funding be available, other projects will be funded in terms of priority and benefit to the Metro
  - iii. no budget allocation to projects that are not in the IDP
- g) The budget must be funded as per MFMA Circular 42.

### **5.2.4 MTREF BUDGET (2026/2027 – 2028/2029)**

Section 17(1) of the MFMA requires that the annual budget of the municipality be in the prescribed format:

- Setting out realistically anticipated revenue for the budget year from each revenue source.
- Appropriating expenditure for the budget year under the different votes of the municipality.

- Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year.
- Setting out the estimated revenue and expenditure by vote for the current year and actual revenue and expenditure by vote for the financial year preceding current year.

The following tabulated budget assumptions were used in the preparation of the MTREF budget, these are narrated beneath the table:

**Table 6: Budget Assumption**

DESCRIPTION	2025/2026	2026/2027	2027/2028	2028/2029
National Treasury Headline Inflation Forecasts	4.30%	3.70%	3.30%	3.20%
Salaries	5.01%	4.75%	4.55%	4.45%
Electricity Purchases	12.74%	8.76%	8.83%	8.83%
Water Purchases	7.26%	5.33%	3.30%	3.20%
Free Basic Electricity	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.
Free Basic Water	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.
Basic Welfare Package	R1,189.57	R1,249.72	R1,286.87	R1,336.92
Equitable Share Allocation	R1,296,018,000	R1,363,341,000	R1,432,070,000	R1,462,480,000
Bad Debt Provision	24.00%	22.75%	21.75%	20.75%
Property Rates	2.00%	2.00%	0.00%	3.20%
Refuse Tariff	4.80%	4.70%	3.30%	3.20%
Sanitation Tariff	4.80%	4.70%	3.30%	3.20%
Electricity Tariff	12.74%	11.10%	8.83%	8.83%
Water Tariff	9.80%	8.33%	3.30%	3.20%
Fire Levy	4.30%	3.70%	3.30%	3.20%
Sundry Income	4.30%	3.70%	3.30%	3.20%

- i. Property Rates tariffs are projected to increase by 2% in the 2026/2027 financial year, remain unchanged at 0% in 2027/2028 and increase by 3.2% in the 2028/2029 financial year.

- ii. Refuse Removal and Sanitation Charges have been projected to increase by 4.7% in the 2026/2027 financial year, with the increase moderating to 3.3% in 2027/2028 and further to 3.2% in 2028/2029 financial year.
- iii. Amatola Water has approved an increase in bulk water tariffs of 5.33% from 01 July 2026. In pursuit of full cost recovery for the Metro and to address water losses, water service tariffs are projected to increase by 8.33% in the 2026/2027 financial year, moderating to 3.3% in each of the two outer years of the MTREF.
- iv. On Electricity, the tariff will increase by 11.10% in the 2026/2027 financial year, decreasing to 8.83% in both the 2027/2028 and 2028/2029 financial years. The 2026/2027 electricity tariff increase is above the National Electricity Regulator of South Africa (NERSA) proposed increase of 8.76%, as the Metro is pursuing improved cost recovery within the electricity service to strengthen the financial sustainability of the trading service and address operational cost pressures.
- v. The Revenue Collection Rate has been projected at 77.25% in 2026/2027, 78.25% in 2027/2028 and 79.25% in 2028/2029 financial year.
- vi. The Repairs and Maintenance budget is currently 4% of the total Operating Expenditure Budget. The City is striving towards a 10% repairs and maintenance of its total operating budget owing to the aging of the City's infrastructure. The City's infrastructure repairs and maintenance programme is complemented by the renewal and upgrading of existing infrastructure programme as the City is using revaluation method to value its infrastructural assets.
- vii. Employee costs as a percentage of total operating costs is 27.5% over the MTREF. Though this rate is still within the norm of 25% to 40% as per MFMA Circular 71, it requires close monitoring to avoid an increasing trend. The Salary and Wage Collective Agreement has been followed in projecting employee costs increases of 4.75% in 2026/2027, increase of 4.55% (CPI+1.25%) in 2027/2028 and an increase of 4.45% (CPI+1.25%) in 2028/2029 financial year.

## **6. CHALLENGES**

### **6.1 INTEGRATED DEVELOPMENT PLAN**

#### Challenges

- Rescheduling of key IDP and Budget engagements that have been incorporated into the Institutional Calendar caused delays with implementation of the IDP/Budget/PMS Process Plan and Time Schedule.
- These delays resulted in a bottleneck of activities in the first three months of the calendar year, which should have been primarily dedicated to focusing on integration between IDP, Budget and Performance Indicators and Targets.
- This bottleneck results in insufficient time to execute the required verification and quality assurance processes pertaining to the IDP document, increasing potential reputational and legal risk.

#### Proposed Solutions

It is recommended that Council and the Administration strictly adhere to the IDP/Budget/PMS Process Plan and Time Schedule to mitigate the risks associated with non-adherence to legislative timeframes.

### **6.2 MTREF BUDGET**

Finding a balance between endless service delivery needs and setting affordable tariffs is always a challenge when compiling a budget and this challenge was also experienced in the compilation of the 2026/2027 MTREF.

The following are the associated risks with achieving the 2026/2027 MTREF projections:

- i. Higher levels of unemployment are likely to increase levels of indebtedness and defaulting on payments.
- ii. Additional budget requests would affect the sustainability of the Metro's finances and could require budget cuts elsewhere.

- iii. Aging infrastructure is a risk that could disrupt the provision of services and cause unhappy consumer that might decide not to honour the municipal accounts.
- iv. Electricity and water losses that are above the norm.

## **7. STAFF IMPLICATIONS**

None.

## **8. FINANCIAL IMPLICATIONS**

The consolidated budget for the 2026/2027 MTREF period is R12.86 billion (2026/2027), R13.43 billion (2027/2028) and R14.22 billion (2028/2029) with the table below summarising the consolidated overview of the 2026/2027 MTREF Budget. A detailed budget report is attached as **Annexure B**:

**Table 7: Consolidated Overview of the 2026/2027 MTREF Budget**

<b>DESCRIPTION</b>	<b>2025/2026 ADJUSTMENT BUDGET</b>	<b>2026/2027 FINAL BUDGET</b>	<b>INCREASE OR (DECREASE) %</b>	<b>2027/2028 FINAL BUDGET</b>	<b>2028/2029 FINAL BUDGET</b>
Total Operating Revenue	10,923,507,109	11,460,359,474	4.91	12,003,432,141	12,585,362,396
Total Operating Expenditure	10,921,538,725	11,458,264,105	4.91	12,001,437,697	12,583,593,739
<b>Surplus/(Deficit) for the year</b>	<b>1,968,384</b>	<b>2,095,369</b>		<b>1,994,444</b>	<b>1,768,657</b>
Total Capital Expenditure	1,549,219,884	1,397,435,154	(9.80)	1,428,975,008	1,641,638,989
<b>Total Opex and Capex Budget</b>	<b>12,470,758,609</b>	<b>12,855,699,259</b>		<b>13,430,412,705</b>	<b>14,225,232,728</b>

## **9. OTHER PARTIES CONSULTED**

- 9.1 Buffalo City Metropolitan Council
- 9.2 Budget Steering Committee
- 9.3 BCMM Top Management
- 9.4 BCMM Directorates
- 9.5 External Stakeholders

## **10. RECOMMENDATIONS**

- 10.1 The Council of Buffalo City Metropolitan Municipality, acting in terms of the Local Government: Municipal Planning and Performance

Management Regulations of 2001 and Section 4(1) of the Municipal Property Rates Act of 2004 considers and notes the public comments received on the Draft (Revised) 2026/2027 IDP, MTREF Budget and budget-related policies attached as **Annexure AE**.

- 10.2 The Council of Buffalo City Metropolitan Municipality, acting in terms of Section 26 (2) of the Municipal Systems Act, 32 of 2000 which states that an Integrated Development Plan adopted by a municipal council may be amended in terms of section 34 of the Municipal Systems Act, 32 of 2000 **approves** and **adopts** the Revised 2026/2027 Integrated Development Plan (IDP) inclusive of the Spatial Development Framework (SDF) as required by S32 of the Municipal Systems Act.
- 10.3 The Council of Buffalo City Metropolitan Municipality **note** that, in embracing the intention of the District/Metro Development Model, which is for all three spheres of government to work off a common strategic alignment platform, Section D of the Revised 2026/2027 IDP is a reflection of the Updated Summary of the Buffalo City Metropolitan One Plan, that has been reviewed and endorsed by Council on 15 December 2025.
- 10.4 The Council of Buffalo City Metropolitan Municipality, acting in terms of Division of Revenue Act (DoRA), **approves** and **adopts** the 2026/2027 Built Environment Performance Plan (BEPP): BCMM Catalytic Land Development Programmes.
- 10.5 The Council of Buffalo City Metropolitan Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) **approves** and **adopts**:

10.5.1 The Consolidated Annual Budget of the municipality for the 2026/2027 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:

- i. Budgeted Financial Performance (revenue and expenditure by functional classification);
- ii. Budgeted Financial Performance (revenue and expenditure by municipal vote);
- iii. Budgeted Financial Performance (revenue by source and expenditure by type); and
- iv. Multi-year and single-year capital appropriations by municipal vote, functional classification and funding by source.
- v. Budgeted Financial Position;
- vi. Budgeted Cash Flows;
- vii. Reserves and accumulated surplus reconciliation;
- viii. Asset management; and
- ix. Basic service delivery measurement.

10.5.2 The Annual Budget of the parent municipality for the 2026/2027 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:

- i. Budgeted Financial Performance (revenue and expenditure by functional classification);
- ii. Budgeted Financial Performance (revenue and expenditure by municipal vote);
- iii. Budgeted Financial Performance (revenue by source and expenditure by type); and
- iv. Multi-year and single-year capital appropriations by municipal vote, functional classification and funding by source.
- v. Budgeted Financial Position;
- vi. Budgeted Cash Flows;
- vii. Reserves and accumulated surplus reconciliation;

- viii. Asset management; and
- ix. Basic service delivery measurement.

10.5.3 The Annual Budget of the municipal entity (BCMDA) for the 2026/2027 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:

- i. Budgeted Financial Performance (revenue by source and expenditure by type); and
- ii. Budgeted Financial Position;
- iii. Budgeted Cash Flows;
- iv. Budgeted Capital by Asset Class and Funding

10.6 The Council of Buffalo City Metropolitan Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) **approves** and **adopts** tariffs effective from 1 July 2026:

10.6.1 Property rates – as set out in Annexure F

10.6.2 Electricity – as set out in Annexure F

10.6.3 Water – as set out in Annexure F

10.6.4 Sanitation services – as set out in Annexure F

10.6.5 Solid waste services – as set out in Annexure F

10.6.6 Other services as set out in Annexure F

10.7 To give proper effect to the Consolidated Annual Budget, the Council of Buffalo City Metropolitan Municipality **approves**:

10.7.1 That an indigent subsidy be granted to registered indigents in terms of Council's Indigent Policy.

10.7.2 That an indigent consumer be given an average social subsidy package on his/her account as contained in table 15 of **Annexure B**.

10.7.3 That free basic electricity be granted for a registered indigent consumer of 50KWh per month.

10.7.4 That free basic water be granted to a registered indigent of 6kl per month.

10.8 The Buffalo City Metropolitan Municipality Council, **approves** and **adopts** the revised budget related policy:

10.8.1 Tariff Policy - as set out in Annexure G

10.8.2 Property Rates Policy- as set out in Annexure H

10.8.3 Supply Chain Management Policy - as set out in Annexure I

10.8.4 Budget Virements Policy – as set out in Annexure L

10.8.5 Credit Control Policy – as set out in Annexure N

10.8.6 Indigent Support Policy – as set out in Annexure O

10.8.7 Receipting Policy - as set out in in Annexure V

10.9 That Council **adopts** the budget-related policies adopted in the previous financial years and where no amendments have been made after review, as listed in Section 2.4.1 of **Annexure B** and are available on BCMM's website at [www.buffalocity.gov.za](http://www.buffalocity.gov.za) .

10.10 That in terms of Section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium-term revenue and expenditure framework as set out in Supporting Table SA7 be **approved**.

10.11 That in terms of Section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 2003, the Revised Integrated Development Plan be **approved**.

10.12 Council **notes** that the Consolidated 2026/2027 MTREF Budget tabled for adoption is structured in terms of the Buffalo City Metropolitan Municipality votes and functions.

- 10.13 MFMA Budget Circular No. 132 and 134 for the 2026/2027 MTREF attached as Annexure X be **noted** by Council.
- 10.14 The Council **approves** and ensures that by June 2027 BCMM will have implemented a Service Compact between the Municipality as a service authority and the Solid Waste Business Unit as the service provider, clarifying the separation of roles between the service authority and the service provider and defining accountabilities and authorities accordingly, as per M1 (**SPoMA Service Compact**).
- 10.15 The Council **approves** and ensures that by June 2027 BCMM will have implemented a formal recruitment process to appoint the head of the Solid Waste Business Unit with the requisite commercial and engineering skills and experience, formalised by a performance contract with performance targets that prioritise reform imperatives, as per M2 (**SPoMA Appointment**).
- 10.16 The Council **approves** and ensure that by June 2027 BCMM will have approved a macro-organisational structure which gives effect to and supports the mandate, responsibility and accountability of the head of the Solid Waste Business Unit and ensures the Business Unit is adequately resourced with all requisite internal capabilities to discharge its mandate across all operational and support value chains, as per M3 (**SPoMA Organisational Structure**).
- 10.17 The Council **approves** and ensures that by June 2027 BCMM will have finalised delegations which give effect to and support the mandate, responsibility and accountability of the head of the Solid Waste Business Unit for all operational and supporting value chains as per M4 (**SPoMA Delegations**).
- 10.18 The Council **approves** and ensures that by June 2027 BCMM will have developed a multi-year utility financial model (i.e. reflecting utility

characteristics and requirements) and use this to prioritise and generate a Business & Investment Plan to achieve long-term strategic objectives starting from 2026/27, according to the requirements set out in M5 **(Financial Model and Business & Investment Plan)**.

10.19 The Council **approves** and ensures that by June 2027 the BCMM overall municipal budget for the 2026/27 MTREF accommodates, supports and funds the business and investment plans of its trading services, to the maximum extent possible, as set out in M6 **(Budget support of Trading Service Business & Investment Plan)**.

10.20 The Council **approves** and ensures that by June 2027 BCMM will be able to provide full separate AFS for Solid Waste trading service (per specimen template provided in an MFMA circular of July 2024) for the 2026/27 financial year and thereafter, and the flows and balances statement, as set out in M7 **(Financial Transparency)**.

10.21 The Council **approves** and ensures that by June 2027 BCMM will have in place effective:

- i. Additional capacity to support and manage the planned organisational change; and
- ii. Additional capacity to support the planned increase in trading services capex,

As set out in M8 **(Support for the management of organisational change and increased delivery)**.

10.22 The Council of Buffalo City Metropolitan Municipality **notes** that the minimum commitments must be maintained throughout the life of the programme, and that any dismantling of these commitments will preclude further participation in the performance-based incentive grant programme of the Urban Development Financing Grant.

10.23 The Council of Buffalo City Metropolitan Municipality further **notes** that overall municipal audit performance is also an essential prerequisite for participation in the programme, **and that an adverse or disclaimed Auditor General audit opinion will preclude further participation by the BCMM in the incentive grant programme** until a satisfactory audit result is achieved.



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P. FAKU

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

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DATE

## ANNEXURES:

- A: Revised 2026/2027 Buffalo City Metropolitan Municipality Integrated Development Plan
- B: 2026/2027 - 2028/2029 Buffalo City Metropolitan Municipality Medium-Term Revenue and Expenditure Framework Budget
- C.1 2026/2027 MTREF Capital Projects - Per Programme/Project
- C.2. 2026/2027 MTREF Capital Projects – Detailed Schedule
- D.1. 2026/2027 MTREF Operating Projects-Per Programme/Project
- D.2. 2026/2027 MTREF Operating Projects – Detailed Schedule
- E: BCMM mSCOA Systems Implementation Status Report
- F: 2026/2027 Tariff Book
- G: 2026/2027 Tariff Policy
- H: 2026/2027 Property Rates Policy & Property Rates By-Law
- I: 2026/2027 Supply Chain Management Policy
- J: 2026/2027 Immovable Asset Policy
- K: 2026/2027 Movable Asset Policy
- L: 2026/2027 Budget Virement Policy
- M: 2026/2027 Funding and Reserves Policy
- N: 2026/2027 Credit Control Policy
- O: 2026/2027 Indigent Support Policy
- P: 2026/2027 Long-Term Borrowing Policy
- Q: 2026/2027 Capital Infrastructure Investment Policy
- R: 2026/2027 Long-Term Financial Planning Policy
- S: 2026/2027 Budget Management and Oversight Policy
- T: 2026/2027 Investment & Cash Management Policy
- U: 2026/2027 Cost Containment Policy
- V: 2026/2027 Receipting Policy
- W: 2026/2027 Service Level Standards
- X: MFMA Budget Circular No. 132 and 134
- Y: Consolidated 2026/2027 MTREF A-Schedules
- Z: 2026/2027 MTREF A-Schedules (Parent)
- AA: 2026/2027 MTREF D-Schedules (Municipal Entity: BCMDA)
- AB: 2026/2027 Built Environmental Performance Plan: BCMM Catalytic Land Development Programmes
- AC: 2026/2027 Consolidated Procurement Plan
- AD: 2026/2027 Trading Services Reform Programme
- AE: Public Comments