2025
LOCAL GOVERNMENT
BUDGET PERFORMANCE OVERVIEW
2024/25 Pre-audit Outcomes

CIGFARO Public Sector Finance Seminar
Tuesday, 7 July 2026

Western Cape Government
FOR YOU

Municipal Performance Overview

Operating Revenue
R 97.006 bn | 101.0%

Operating Expenditure
R 93.060 bn | 96.5%

Operating Surplus
R 3.946 bn

Capital Expenditure
R 15.055 bn | 84.6%

Cash Coverage
126% of operating expenditure

Debtors
R 14.42 bn | -5.3%

Creditors
R208.2 m (90 days+)

Consumers Remain Under Pressure

7.563 million: **Population size** of the Western Cape in 2024, growing by 19.6% since 2015.

52.7% The **percentage of the population under the lower-bound poverty line** i.e. R 1 109 per month. Approximately 3.96 million people.

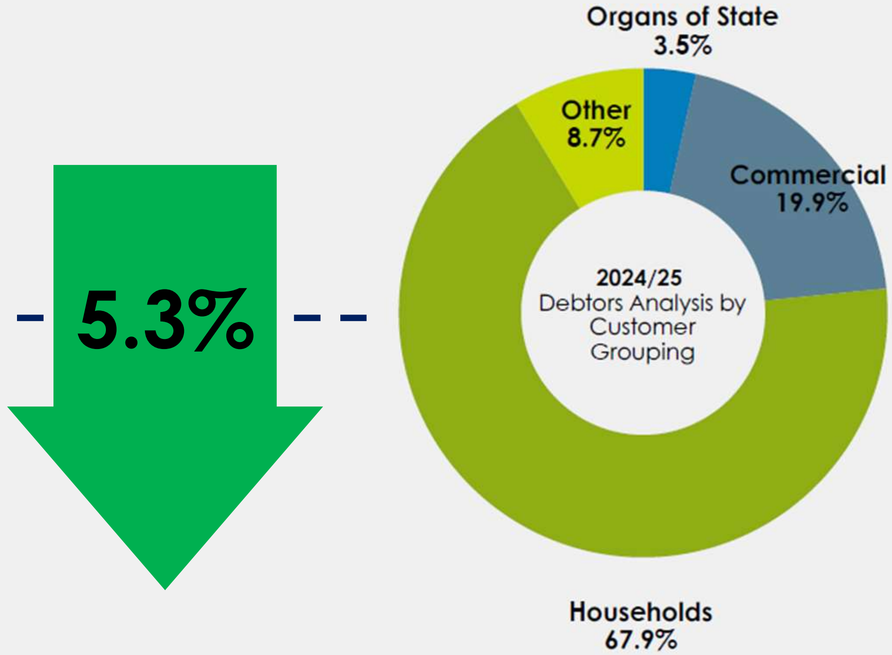
372 559 Number of **registered indigent households** (2024) in the Western Cape who fall below a certain income threshold (as determined by individual municipalities) and subsequently receive free or subsidised basic services

GINI COEFFICIENT A measure of income inequality ranging from 0 (perfect equality) to 1 (perfect inequality). **Improved from 0.61 in 2015 to 0.60 in 2019 and 0.59 in 2024**, suggesting a modest narrowing of income disparities.

Consumer Price Inflation (CPI) of 4.6% in July 2024

What is the impact on municipalities?

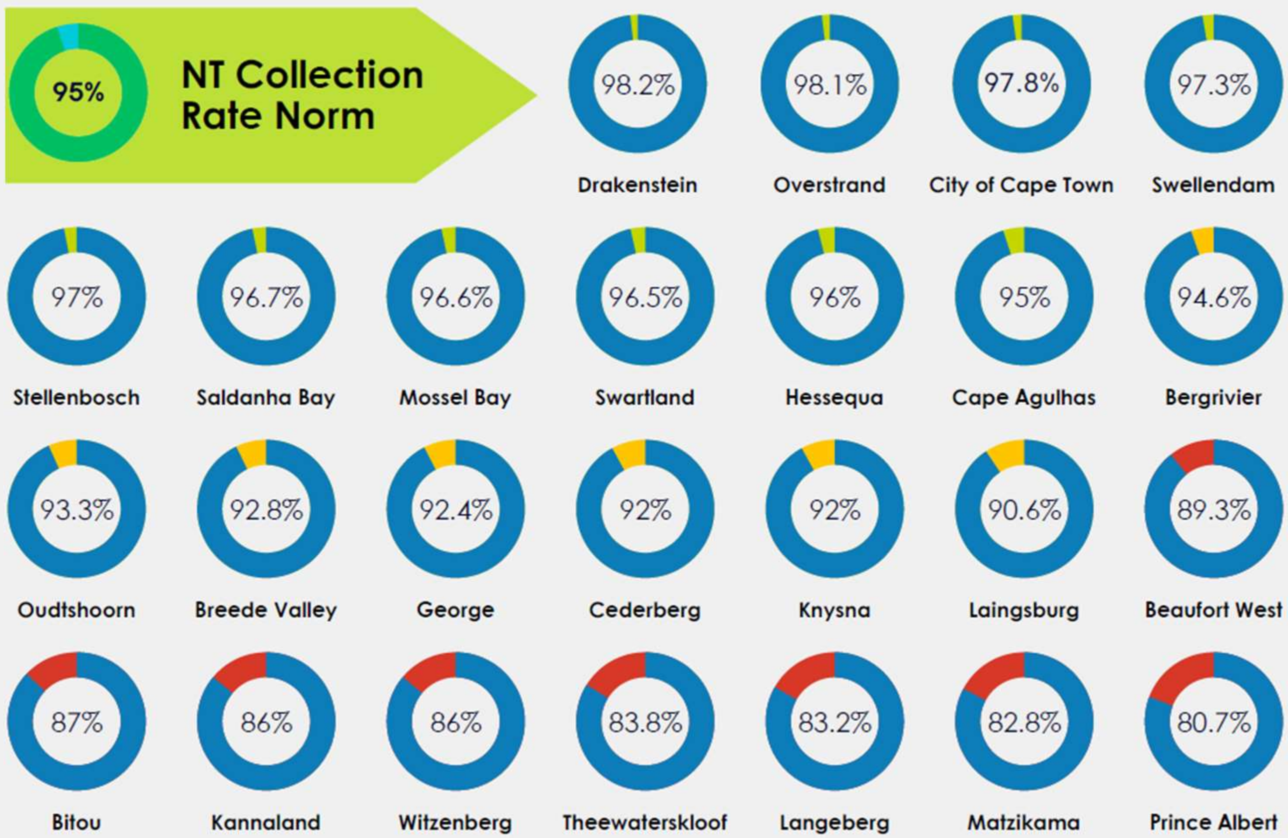
Decline on Outstanding Debtors*



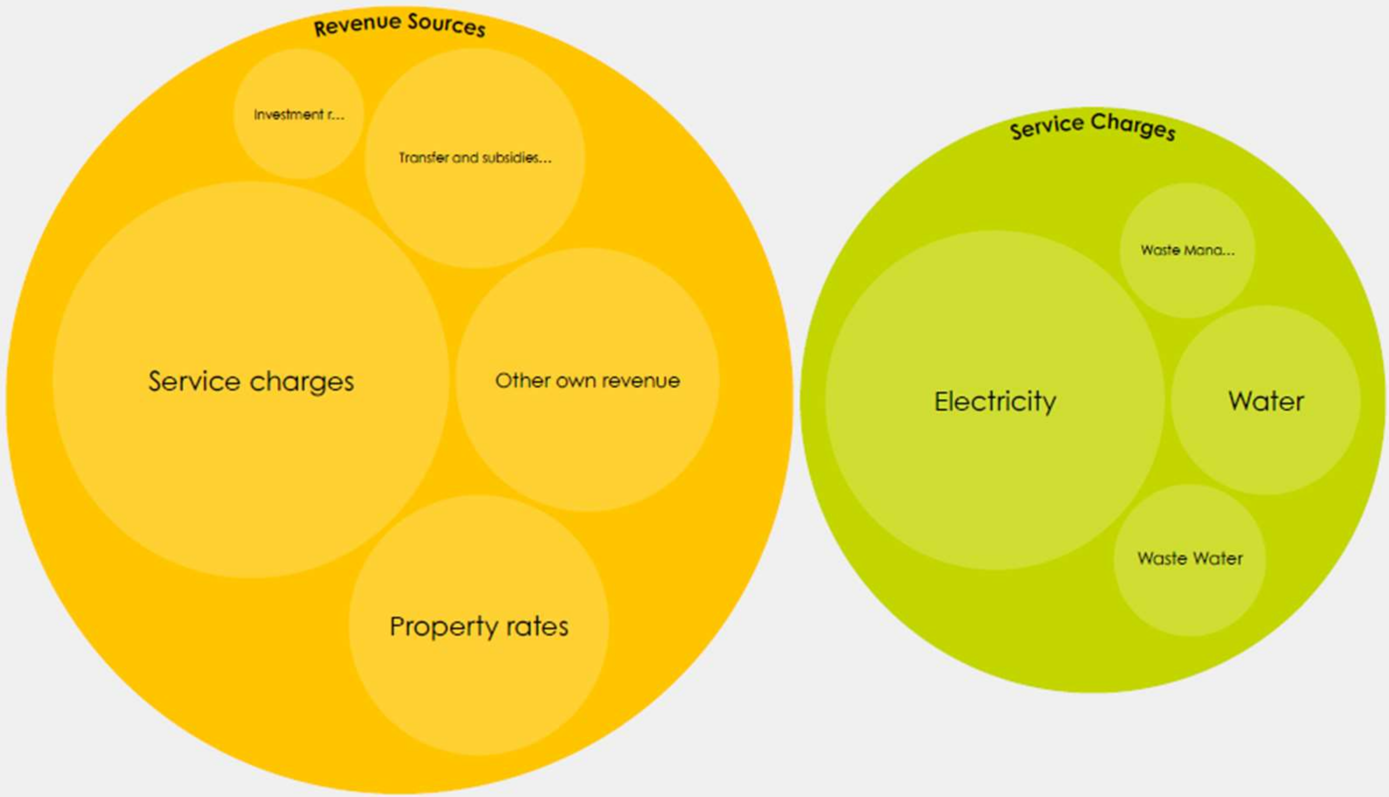
What does this mean?

**But, concurrent decline in debt impairment.*

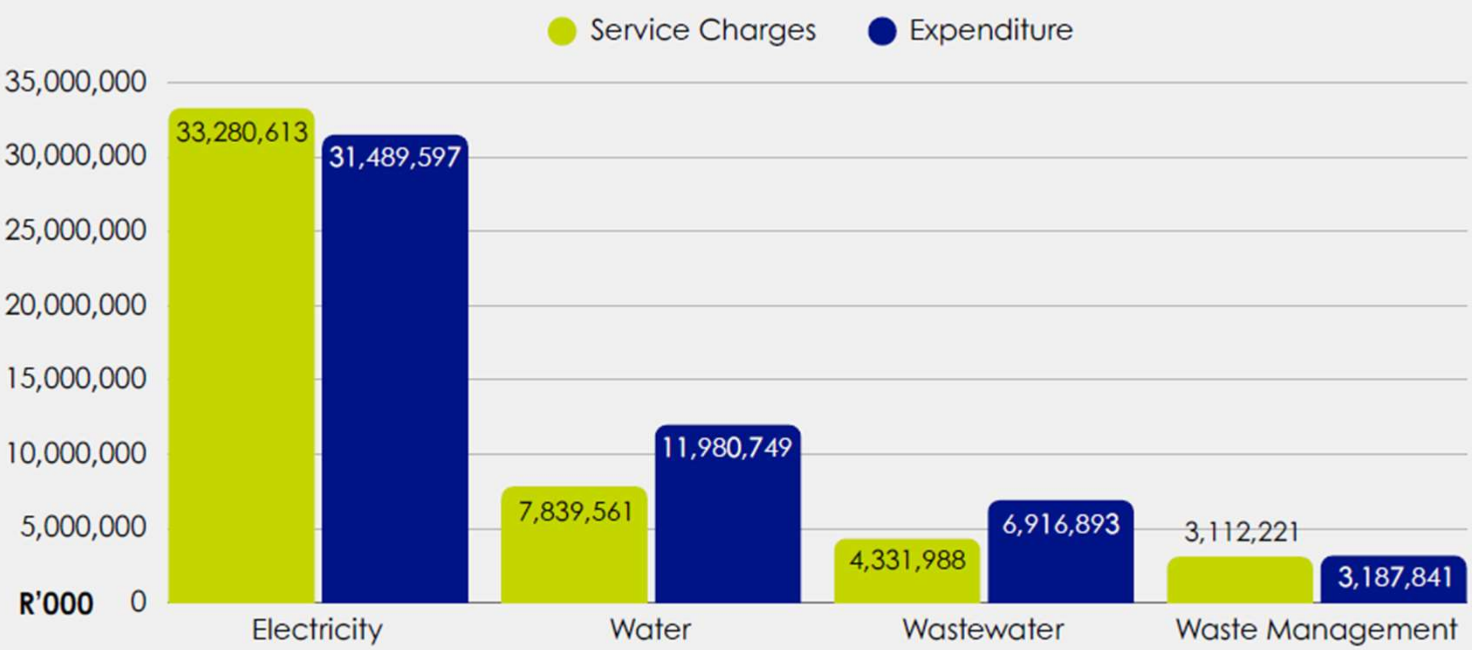
Collection Rates Across Core Functions



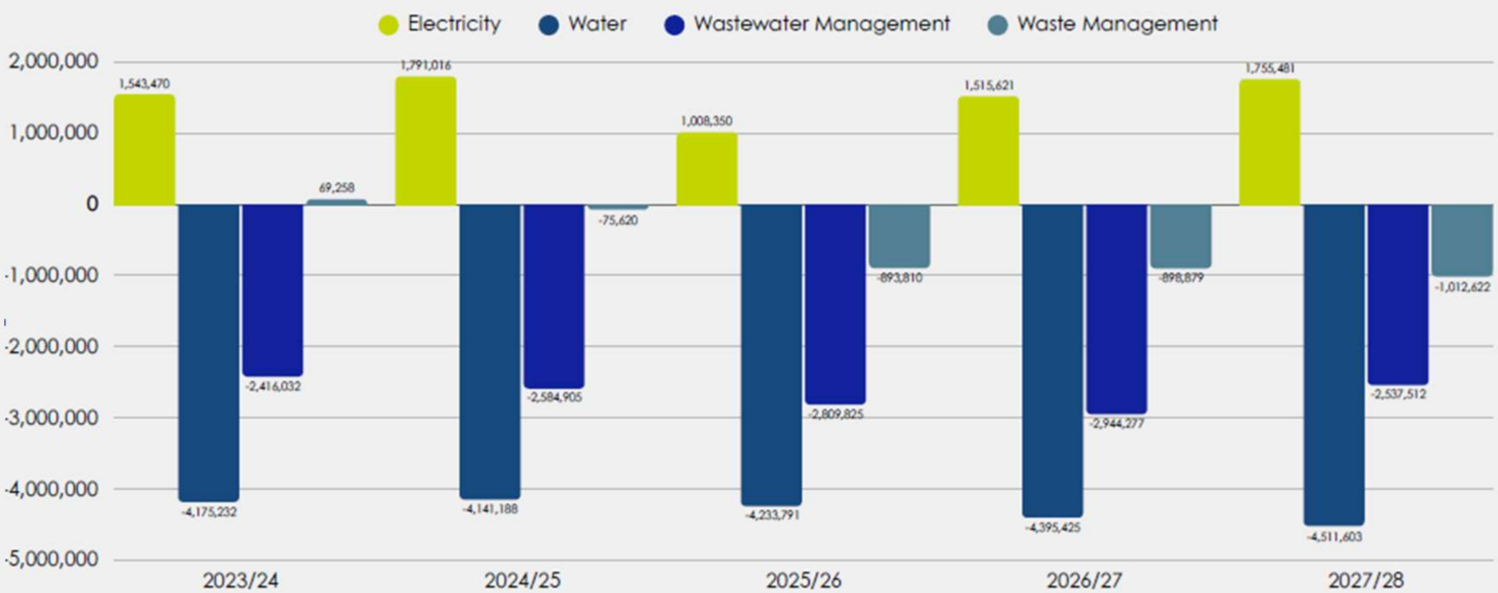
Operating Revenue Sources



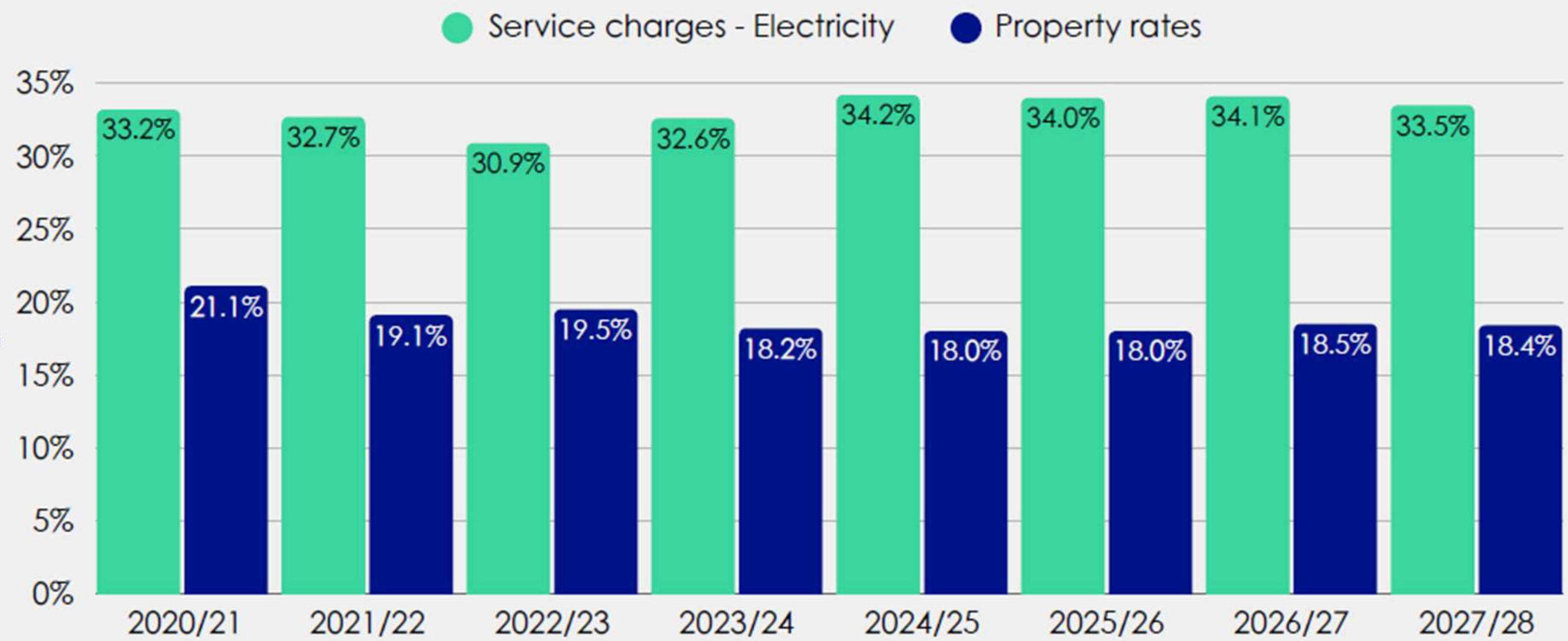
Service Charges Surplus



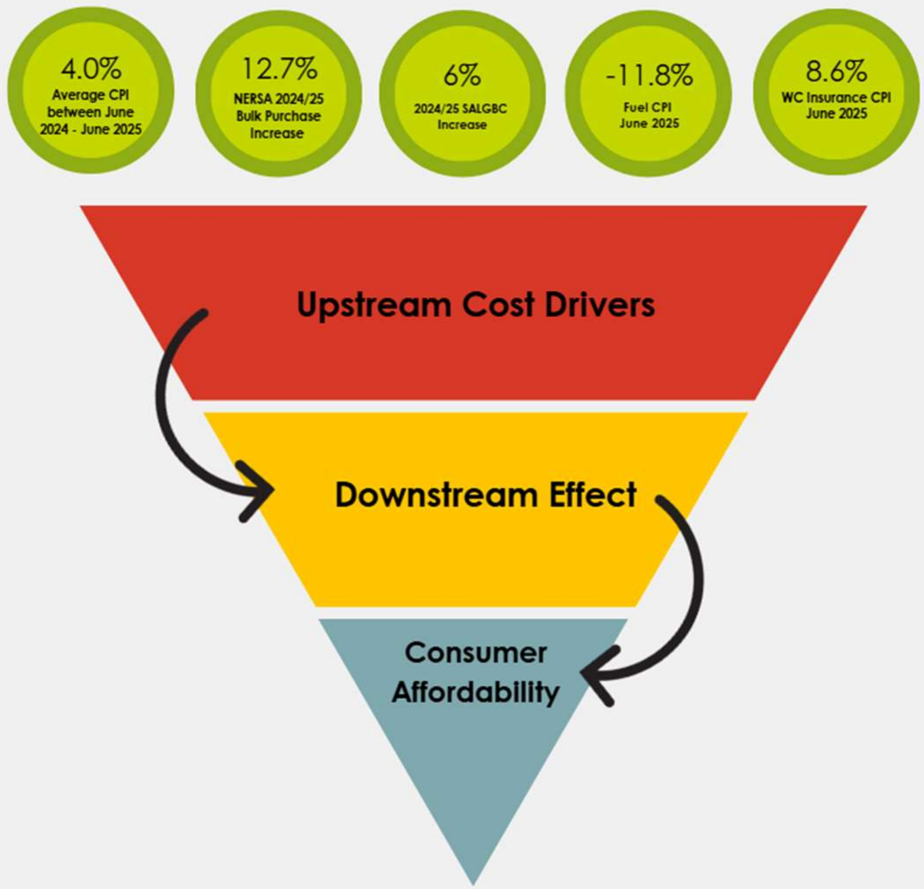
Service Charges Surplus



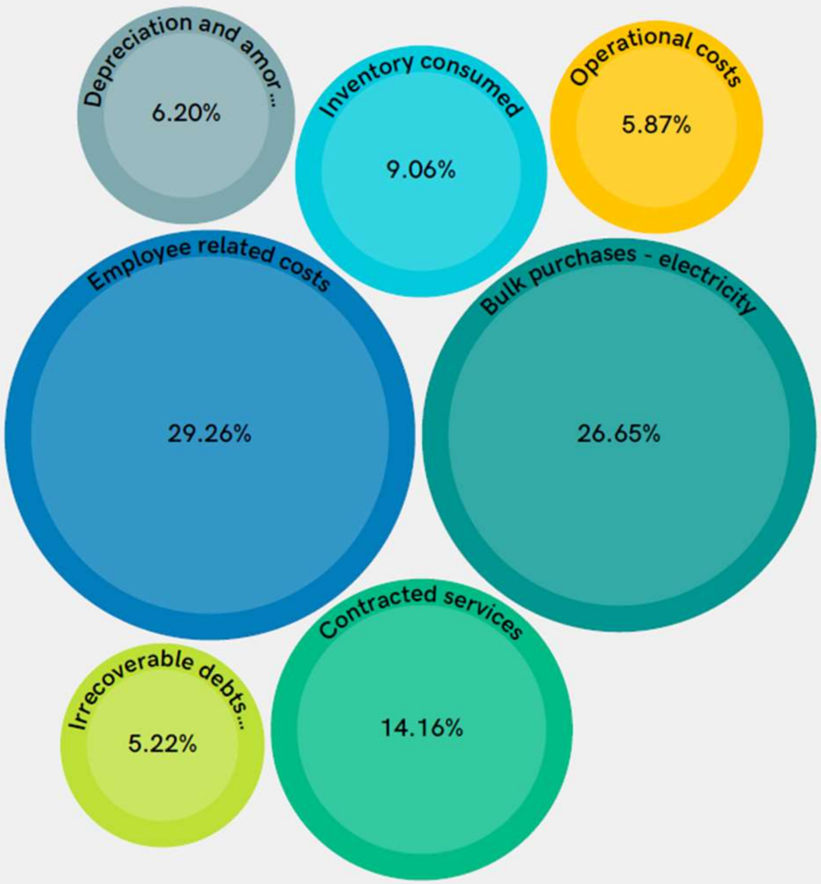
Reliance on Electricity



Easier Said than Done



Operating Expenditure



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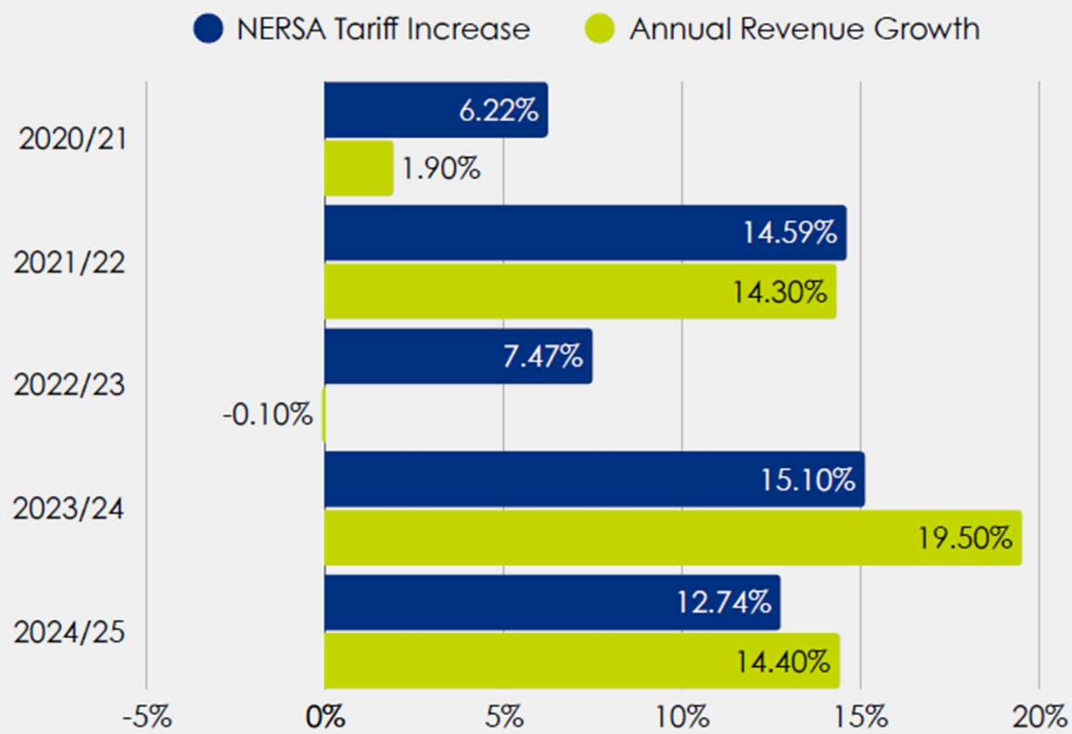
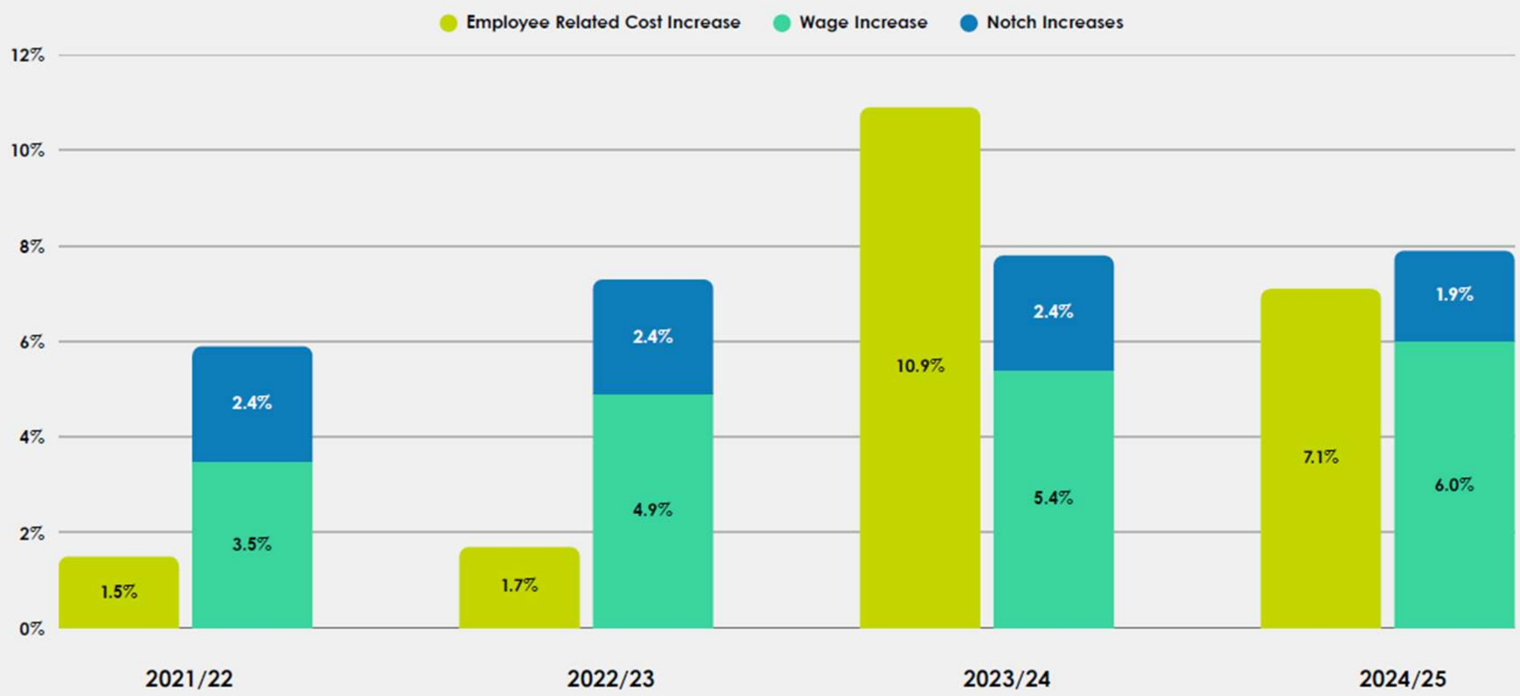
Price Pressures

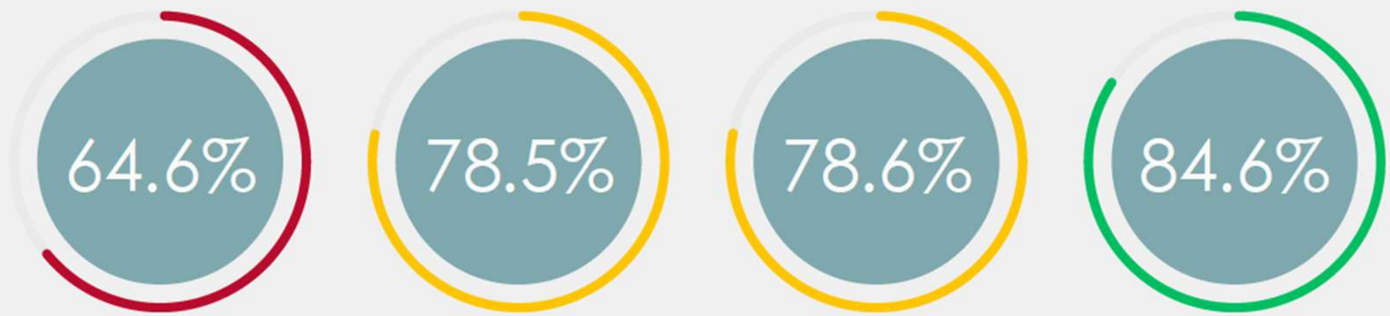


Employee Related Costs



Impact on the Capital Budget

More Effective Spending



2021/22 Audited

2022/23 Audited

2023/24 Audited

2024/25 Pre-Audit

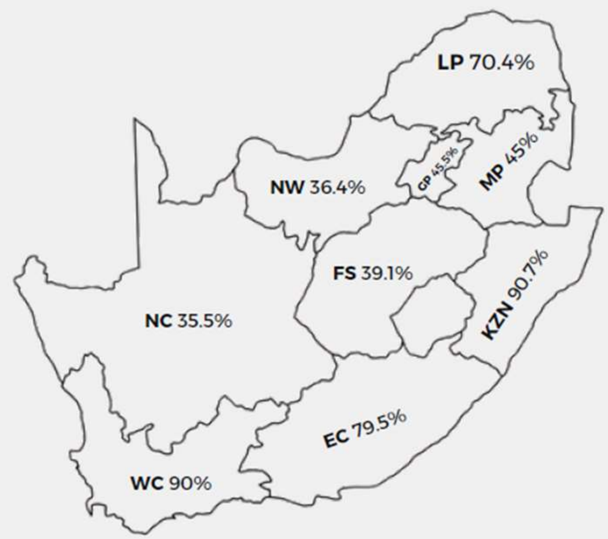
Resilience

2025/26 FUNDED BUDGETS PER PROVINCE

NATIONAL

WESTERN CAPE

Of the 257 municipalities in South Africa, 168 (65.4 per cent) adopted funded budgets for 2025/26. KwaZulu-Natal led with 49 funded municipalities (90.7 per cent), followed by the Western Cape with 27 (90 per cent).



Success

2023/24 Audit Outcomes	Unqualified with no Findings	Unqualified with Findings	Qualified with Findings	Adverse with Findings	Disclaimed with Findings	Outstanding Audits	Total
National	41	99	90	6	11	10	**257**
	16%	39%	35%	2%	4%	4%	
Western Cape	20	6	2	1	1	0	**30**
	67%	20%	7%	3%	3%	0	

Protecting Municipal Revenue in 2026

Drumbeat of communication throughout 2026

Revenue manager request to PT: "Can you send a credit control warning to council every month?"

Drumbeat of communication on collections in the election year:

- November 2025: **PT Circular** on "festive season collections
- March 2026: Follow-up on whether circular was tabled in council
- March 2026: **NT Budget Circular** (PT has requested inclusion of language on election year credit control)
- 1 April: PBGF propose **resolution that all MMCs agree** that credit control policies will be consistently enforced
- June: Follow-up **PT circular** on implementation of credit control in 2026/27 (incl fairness to all consumers)
- Ongoing: **monitoring** through S71(collection rates, debtor growth, disconnections, and payment arrangements), and **engagements** where needed
- Individual responses where we see credit control being relaxed

Medium-term project:

- Analyse 25 Credit Control policies and identify commonalities and differences
- Use RMMC (2 sessions in 2026 – online and in-person) to workshop with municipalities and refine "best practices"
- Issue **Circular on Best Practices for Credit Control**
- Use TIME 2027 to give feedback on alignment of individual municipalities to best practice
- Lobby NT/DCOG to issue circular/norms/regulations (as appropriate)

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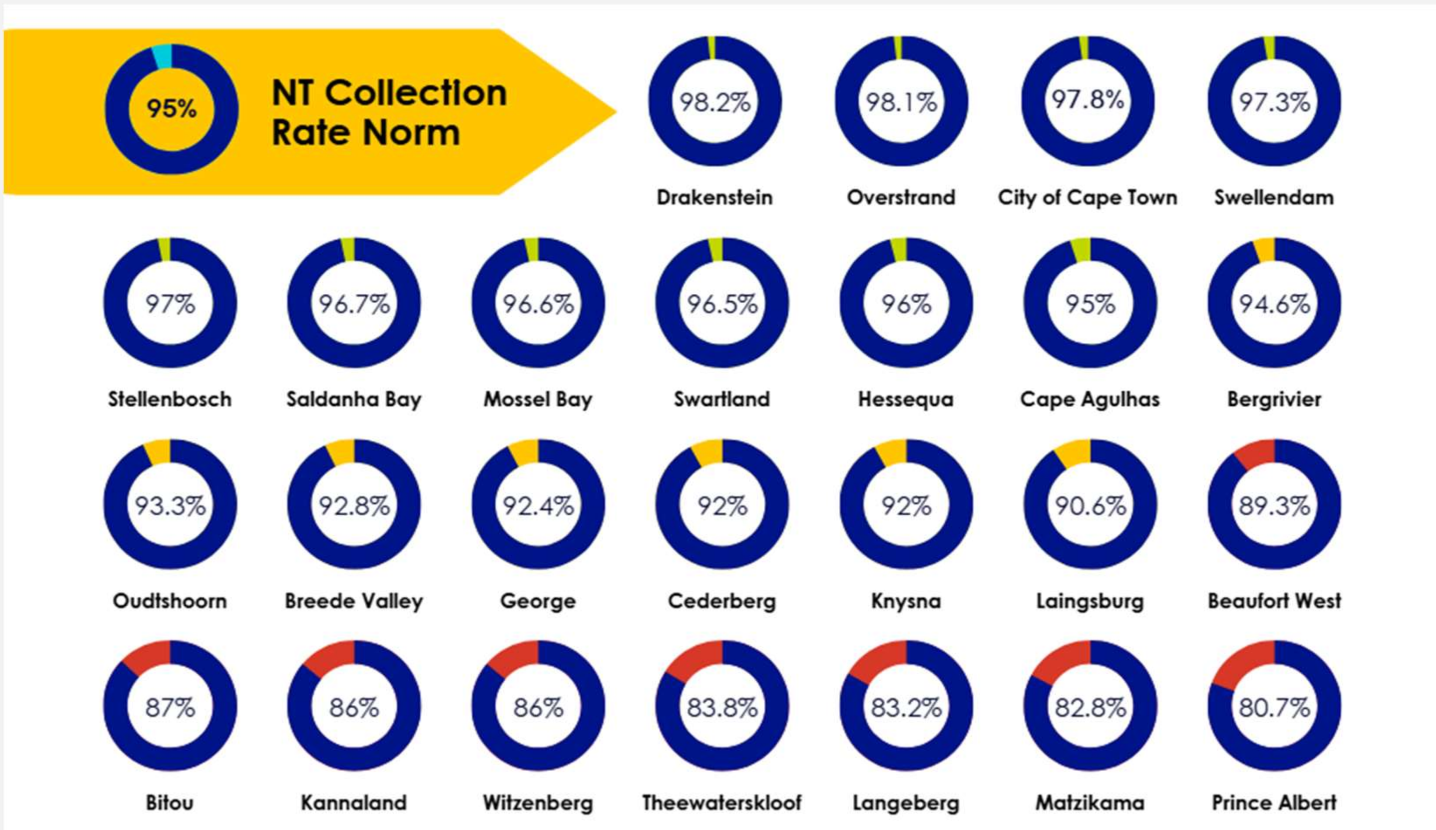
top EMPLOYER SOUTH AFRICA 2024

Western Cape Municipalities

CREDIT CONTROL ENFORCEMENT

Adoption of PT Circular No. 12 of 2025


95%
NT Collection Rate Norm
98.2%
Drakenstein
98.1%
Overstrand
97.8%
City of Cape Town
97.3%
Swellendam
97%
Stellenbosch
96.7%
Saldanha Bay
96.6%
Mossel Bay
96.5%
Swartland
96%
Hessequa
95%
Cape Agulhas
94.6%
Bergrivier
93.3%
Oudtshoorn
92.8%
Breede Valley
92.4%
George
92%
Cederberg
92%
Knysna
90.6%
Laingsburg
89.3%
Beaufort West
87%
Bitou
86%
Kannaland
86%
Witzenberg
83.8%
Theewaterskloof
83.2%
Langeberg
82.8%
Matzikama
80.7%
Prince Albert

Recommendations

- Note the analysis in the LG Budget Performance Overview.
- Note the varying performance on collection rates in 2024/25 and how critical collections are for financial sustainability.
- Members of the PBGF agree to a resolution that our municipalities will consistently implement their credit control policies throughout the financial year, ensuring that there is no interference by councilors in revenue control. And that members will convey this resolution back to their councils, cognisant that this is an election year.

Cost Containment Best Practices

Elimination	Conventional cost containment approach whereby all non-essential and nice-to-have expenses are reduced.
Adaption	Cost saving opportunities associated with the new-way-of-work.
Bundling	Combining services to reduce costs. Typical example would be to make use of a single service provider for certain important business functions, shared service model.
Automation	Significant efficiency made by automating certain business processes. However capital intensive and can lead to job redundancies, increased training costs etc.
Optimisation	Identifying and reviewing case, project and process workflows to remove bottlenecks, and promote system integration.
Substitution	Exploring more cost-effective alternative goods and services without compromising service level standards.
Repurposing	Consideration of how the life cycle of certain strategic assets can be extended beyond its original design.
Deferment	Strictly applies to non-essential goods and services only. Municipalities should under no-circumstances defer financial obligations or repairs and maintenance.