2026 CITY OF EKURHULENI

BUDGET SPEECH

MMC DLABATHI DELIVERS THE CITY OF EKURHULENI'S BUDGET 2026

Member of Mayoral Committee for Finance and Strategy in the City of Ekurhuleni, Ald Jongizizwe Dlabathi tabled a revenue budget of R70.9 Billion when delivering the City's budget for the 2026/27 Fiscal Year at the OR Tambo Government Precinct Council Chamber in Germiston on 23 June 2026.

"We are presenting a realistic budget outlook that can be practically implemented and monitored, taking into consideration the current state of our City's environment," Dlabathi said in his opening remarks.

The budget speech takes its cue from the 2026 State of the City Address presented by the Executive Mayor, Alderman Nkosindiphile Xhakaza, whose posture was to be steadfast in accelerating visible service delivery, driving impactful development, and giving effect to the resolve of decisive action to fix local government and transform the local economy.

Faced with a significant loss to the tune of over R2.5 Billion in electricity revenue during the first quarter of 2024/2025, the City embarked on a vigorous recovery plan, which has yielded the following:

- **Of the R2 Billion** that has been billed, **R819 Million** has been recovered thus far
- Meter reading for LPU's improved from **84% to 97%**.
- An approved and implementable revenue enhancement plan is in place to sustain a **90%** collection rate.
- Cash on hand improved to 28 days.
- Through Operation Clean Audit, we remain committed to addressing previous audit findings.
- The City's credit rating remains stable.
- Metro Trading Services Reforms led to the receipt of an additional R113 Million that was appropriated to the Energy Business Unit.

ECONOMIC OUTLOOK

- This budget statement reaffirms our pledge to support a thriving economy and the creation of a climate for ease of investment by providing and maintaining reliable economic infrastructure.
- Establish the Ekurhuleni Development Agency [EDA] to unlock investment bottlenecks through an Investment Clearing Committee.
- **R15 Million** has been allocated for the EDA, and this will mark a decisive shift from fragmented delivery to a coordinated, investment-led development model.
- 14 hectares of Strategic Land Parcels [SLPs] were successfully adjudicated for leasing in Alberton.
- The release of a 9.7-hectare mixed-use Brakpan parcel is imminent.
- Council approval to tender for the rehabilitation of the Germiston Lake Golf Course and the advancements in the pipeline for Gillooly's Park.
- Our commitment to the education and skilling of the youth is unwavering and, to give effect to this, an allocation of R24 Million has been set aside to support the pursuit of technical skills and development at tertiary level.

PUBLIC PARTICIPATION AND BUDGET ASSESSMENT:

The following are some of the key issues from the **23** consultation engagements:

1. A call for more visible service delivery, improved maintenance, better, measurable living conditions and value for money.
2. Sensitivity to affordability and the cautioning of indigents, particularly from higher inflation rates, and to the extent that we must stand together against NERSA's electricity tariff determination model.TT
3. There was emphasis on the building of municipal capacity to deliver, and the curtailing of contracted services.
4. Completion of key projects and a call for consequence management where project spending is mismanaged.
5. Overly optimistic collection projections and the need to fix revenue collection systems and leakages, while tightening expenditure.
6. Importantly, the dominant needs were related to roads, energy, water and sanitation, human settlements, community services, and safety.

Feedback we received from National Treasury on 11 May 2026 following their assessment pointed to some of the following:

ON CREDIBILITY

- Proposed electricity tariff in line with Eskom.
- Budget assumptions are credible and revenue estimates are realistic.
- Operating budgets are multi-year (variance of less than 5%), and the same applies to the capital budget (variance is less than 10%).
- That there was political oversight on the IDP and budget process as the budget timetable was adopted by Council and a process was undertaken to determine the priorities.

ON RELEVANCE

- IDP strategic objectives align to national and provincial strategies.
- Partially aligned with the IDP, as indicated in the Municipal Budget and Reporting Regulation.
- The City used the guidance provided in the MFMA budget circulars.

ON SUSTAINABILITY

- The need to address debt impairment to qualify the projected surplus.
- Positive cash flow projections over the MTREF.
- Sufficient cash is available to maintain operations but not sufficient to pay all creditors, with strong action required to address liquidity and the current ratio, which is below the norm.
- That the proposed Budget is funded, factoring in the ESKOM Agreement.

ON SERVICE DELIVERY: The National Treasury has noted that Ekurhuleni has steadily managed to increase household access to electricity (up from **85.9% to 90.9%).** Access to water services increased from **97% to 98.2%,** and the feedback cited concern about decreased investments, which, in our view, is limited by the financial constraints we are currently addressing. There was an acknowledgement that our repairs and maintenance as a percentage of Property, Plant and Equipment and investment property is **8.4%,** slightly above the norm of **8%.**

FINANCIAL CAPABILITY, OPERATING REVENUE AND TARIFFS

The total revenue budget of **R70.9 Billion will be funded from:**

- Trading services, revenue collection, impactful credit control, effective debtor management, and curbing revenue leakages.
- Improving meter reading and billing accuracy is our top priority.
- A weekly dashboard mechanism will be put in place to track collection, metering, and billing targets.
- An annual total target of **R800 Million** is projected from the revenue enhancement contract.
- Solution-driven consultations with hostels and informal settlements about the methods that must be applied in respect of payment for services consumed by the dwellers.

TARIFFS

From the consultation process and after careful consideration, the budget is proposing the following tariff increases

1.5% on property rates, which is below the current Consumer Inflation Rate of 4.0%.

Zero percent [0%] on Burial and Cemetery tariffs is proposed for CoE residents and 3.4% for non-CoE residents.

8.35% for sanitation.

11% for water, against the initial 14% that was in the draft proposal and equally down from the current 15%.

A 3.4% tariff increase for refuse removal for both domestic and business customers, again down from the current 6%.

Electricity tariff increase is proposed in line with the NERSA-approved tariff guideline.

OPERATING AND CAPITAL EXPENDITURE

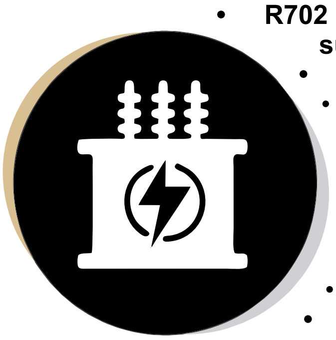
This budget statement reiterates the following non-negotiable conditions and principles in respect of expenditure:

1. Spending within budget and the prevention of material accruals.
2. Prioritising core services with related repairs and maintenance on electricity, water, sanitation, waste, roads, human settlements, and community safety.
3. Economical procurement and contracting.
4. Cost containment.

1. Repairs and maintenance on Property, Plant and Equipment are at **8.4%.**

ENERGY BUSINESS

Key to the overall budget appropriation for **repairs and maintenance** is the following:



- **R702 Million towards the maintenance of energy network infrastructure and electricity substations.**
- **R104.3 Million for streetlight maintenance.**
- **R156.1 Million** is provided for the protection of energy infrastructure through technology and human capacity.
- The overall repairs and maintenance budget for energy has slightly increased from the current adjusted budget of **R1.5 Billion** to **R1.8 Billion.**

ROADS AND STORMWATER

- A total of R803.9 Million to accelerate road rehabilitation and the fixing of potholes.
- **R67 Million is provided for the repairs and maintenance of traffic lights.**

OTHER DEPARTMENTS

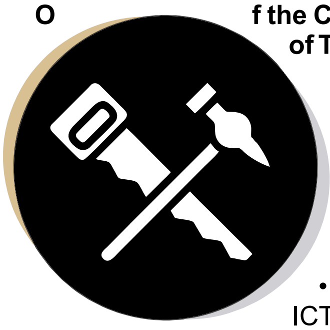
- **R1.6 Billion will be channelled towards sewer purification, maintenance of pump stations and networks.**
- A budget of **R122.8 Million** is allocated for grass cutting, tree pruning, maintenance of parks, cemeteries, wetlands, as well as lakes and dams.
- **R54 Million for repairing sinkholes.**
- **R85 Million** for maintenance of municipal buildings and facilities.
- **R201.3 Million for the maintenance of operational vehicles.**
- The Kwa-Thema transformer is underway for repair, with a budget allocation of **R55 Million.**

The repairs and maintenance budget has increased by **R849.4 Million**, from **R3.8 Billion** in 2025/26 to **R4.6 Billion** in 2026/27, which is an affirmation of our focus on repairs and maintenance.
Moreover, the repairs and maintenance budget still sustain the Mayoral flagship programmes such as **Operation Khanyisa Mhlali, Siyakhuculula Manje, Clean your Kasi and Hlasela Amapotholes.**

Additionally, the allocation for repairs and maintenance provides for tools of trade, equipment and materials that are critical to support the programme of fixing the frontline.

ADDITIONAL STAFF
The appointment of cleaners and Internal Security Officers will be fast-tracked given that the adverts are out, with the closing dates set for 09 and 10 June, respectively. We expect those appointed to start in July 2026, and the recruitment process must be transparent and fair, in that every applicant will have an equal chance.

CAPITAL BUDGET is R3.38 Billion



Of the Capital Budget of R3.38 billion, an amount of R391 Million has been allocated to Tools of Trade.

- **R283 Million** has been provided for vehicles and specialised vehicles for trading services [Energy, Water & Sanitation and Waste], Roads & Stormwater, the replacement of EMPD vehicles and other support departments.
- **12** waste compactor trucks and between **20** to **25** more operational vehicles for EMPD will be procured.
- **R4 Million** has also been allocated for the procurement of graders**.**
- **R107 Million** has been provided for specialised equipment for trading services as well as ICT, furniture, and other support departments.

ENERGY BUSINESS UNIT

R591 Million is allocated to the **Energy Business Unit**, of which
- **R311** Million for strengthening the electricity network and substations such as Atom Road, Vulcania, Second Input, Esther Park, and Thembisa**.**
- **R196 Million** for lighting and the electrification programme for **1 250** households, including **150** new streetlights and **30** high-mast lights.
- **R60 Million** has been allocated to drive the electricity revenue enhancement programme.

WATER AND SANITATION
R712 Million is allocated for the **Water and Sanitation Business Unit**, of which

- **R395 Million has been provided to cover the replacement of old asbestos and steel pipes for water and sewer, and pump station upgrades.**
- **R108 Million is allocated to start building internal capacity for water tankers and additional response vehicles.**
- **R40 Million** has also been provided to deal with leakages and the installation of water management restrictors.
- We remain resolute with the implementation of alternative ablution facilities for informal settlements, with a **R140 Million** allocation over the MTREF to build internal capacity and de-risk from the costly chemical toilets.
- The Waste Business Unit is allocated a capital budget of **R814 Million** over the MTREF to focus on, amongst others, the upgrade of landfill sites to the tune of **R330 Million** to ensure regulatory compliance and revenue generation.
- **R78 Million** will be used to upgrade depots.
- **R30 Million** will be used to procure bulk containers.
- **R99 Million** to manage and expand the Simmer & Jack, Rooikraal, Platkop and Weltevreden landfill sites.
- **R10 Million** for the upgrading of Heidelberg Road transfer station.

ROADS AND STORMWATER CONSTRUCTION
A total capital budget of R1.4 Billion over the MTREF to continue improving the quality of the municipal road network and road conditions. The allocation includes provision for the construction of pedestrian bridges and the upgrading of traffic signals. R16 Million over the 2026/27 MTREF has been allocated for the establishment of our own Asphalt Batching Plant.

COMMUNITY SERVICES
- Allocated **R97.7 Million** towards Community Services to cover, amongst others, the revamping and upgrading of parks, protection of cemeteries and reconstruction of swimming pools.
- Included in the allocation above is **R15 Million** towards the reconstruction of the Thembisa Rabasotho Customer Care Centre.

HUMAN SETTLEMENTS
We are deliberately channelling resources into bulk infrastructure for our eleven [11] Mega Human Settlements Projects, thus shifting from piecemeal delivery to scalable, catalytic development that will deliver 70 000 housing units.

John Dube, Chief Albert Luthuli, Helderwyk, Leeuwport, and Clayville Ext 70 and 80 are yielding results with families receiving keys. In this budget, we are also prioritising Vosloorus Ext 9, Thembisa Ex 27 and Clayville Extension 45.

- **R38.5 Million** for the re-blocking of four informal settlements, benefitting 4 893 households.
- **R6.8 Million** is set aside to relocate 6 000 households to serviced stands and viable land.
- **R9.8 Million** will be committed to planning projects to benefit 88 914 households from 10 informal settlements.

COMMUNITY SAFETY
Allocated a capital budget of R88.2 Million to strengthen By-Laws, of which:
- R34 Million is for the establishment of the MVRA/DLTC at Katlehong.

INFORMATION AND COMMUNICATION TECHNOLOGY [ICT] is allocated **R150 Million.**
- **R20 Million** for security for ICT infrastructure.
- **R10 Million** towards the upgrading and refurbishment of the Data and Disaster Recovery environment.
- **R60 Million** for the stabilisation of the broadband fibre.
- **R10 Million** is provided for the Safe City programme.

ERWAT and the Ekurhuleni Housing Company [EHC] receive a total capital allocation of **R377 Million**, which is an increase from the **R300 Million** in the 2025/26 Financial Year.
ERWAT is expected to continue with the scope of refurbishing and upgrading various wastewater treatment plants and related facilities, to sustain the two critical strategic objectives of achieving and maintaining Green Drop certification of Water Care Works and financial sustainability.

R39.5 Million will be spent by EHC on, amongst others, the refurbishment of Portion 62 Airport Park Ext. 2 and Queen Street Social Development.

IN TERMS OF POLICY CHANGES
- The City will move from the Inclining Block Tariffs to a Flat Rate Tariff, aligned to the approach used by Eskom.
- Debt Rehabilitation and Incentive Scheme, where **100%** debt write-off will be implemented against any debt portion that is 12 months and above upon application and approval, an increase from the current **75%.**
- As at the 3rd Quarter of this current fiscal year, **R2.8 Billion** debt write-off has been implemented, benefitting registered indigents and deemed indigents. Notably, **R109 Million** written off because of the available incentives.

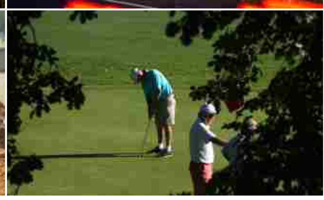
The budget will come into effect from 1 July 2026.











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