

MINUTES

Ref no. 2/1/4/4/2

Date distributed:

MINUTES OF THE 7th COUNCIL MEETING ,2024/2025 FINANCIAL YEAR OF THE BREEDE VALLEY MUNICIPALITY TUESDAY, 2025-03-25 AT 09:00



SPEAKER: ALDERMAN J.F. VAN ZYL

27/03/2025

DATE APPROVED

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1. OPENING AND WELCOME

In terms of the Rules of Order for Internal Arrangement By-Law 2012 (as amended) the chairperson must take the chair at the time stated in the notice of the meeting or as soon thereafter as is reasonably possible: provided that the meeting does not commence later than 30 (thirty) minutes after the time stated in the notice of the meeting and must proceed immediately with the business of the meeting.

The Speaker welcomed all to the 7th Council meeting of the 2025/26 financial year. He led the meeting with the Our Father prayer and a minute of silence was observed for all beliefs and religion.

A special welcome to the members of the public and to the team of Province who is doing a presentation later on in the agenda.

2. OFFICIAL NOTICES**2.1 Disclosure of Interests**

Item 6 of Schedule 7 of the Municipal Structures Amendment Act 3 of 2021 states:

A councillor must –

- (a) disclose to the council, or any committee of which that councillor is a member, any direct or indirect personal or private business interest that that councillor or any spouse, partner or business associate of that councillor may have in any matter before the council or the committee; and
- (b) withdraw from the proceedings of the council or committee when that matter is considered by the council or committee unless the council or committee decides that the councillors' direct or indirect interest in the matter is trivial or irrelevant.

2.2 APPLICATIONS FOR LEAVE OF ABSENCE

In terms of the Rules of Order for Internal Arrangement By-Law 2012 (as amended).

2.2.1 Every Councillor attending a meeting of the Council must sign his or her name in the attendance register kept for such purpose.

2.2.2 A Councillor must attend each meeting except when –

- (a) Leave of absence is granted in terms of Clause 10; or
- (b) The Councillor is required to withdraw in terms of law.

2.2.3 The Attendance Registers will be available at the meeting.

2.2.4 A blank Application for Leave of Absence form is enclosed.

The following councillors will join the meeting via TEAMS: Cllrs N. Nel; V. Bedworth and J. Pieters. Apologies were received from: Ald. C. Ismail, Cllr. E. Isaacs and Cllr. O. Ralehoko

3. COMMUNICATION**3.1 INTERVIEWS OR PRESENTATIONS BY DEPUTATIONS**

In terms of the Rules of Order for Internal Arrangement By-Law 2012 (as amended).

"A deputation seeking an interview with Council must give the Municipal Manager 6 (six) days written notice of its intention and furnish details of the representations to be made and the source of the deputation. The Municipal Manager must submit a request by a deputation for an interview with Council to the Speaker, who may decide to grant or refuse an interview and under what conditions

Presentation by Department of Human Settlement on the Transhex Housing development.
Corrie Landsberg.

3.2 BIRTHDAYS OF COUNCILLORS

Cllr C. T. Nyithana 08 March 2025

Cllr L. R. Yayi 16 March 2025

The Speaker congratulated the councillors on their respective birthdays and thanked them for all they do in the community.

3.3 STATEMENTS BY THE SPEAKER

The Speaker addressed the lack in attendance at council workshops. As a resolution by council the last workshop was very poorly attended. There were those who acted on the notices from the speaker's office and those who just ignored the request. This is unacceptable and if needed the disciplinary process will be followed.

We are compelled to serve our communities by attending workshops relating to service delivery and give back to the community.

The Speaker reminded the councillors of the budget workshop to be held on 10 April 2025.

3.4 STATEMENTS BY THE EXECUTIVE MAYOR

The mayor welcomed all attending the meeting. She states that the Transhex project is not political, but rather in the community's best interest. She expressed excitement about Transhex's progress and the improved span of control in this next phase, ensuring transparency and informing the public about the next steps.

The mayor congratulated the BVM bowls teams and invite all interested councillors to join the teams. She congratulated all participants who stood out in sport within the Breede Valley Municipality. Thanks to the councillors who welcomed the kids back from the championship. The robotics program in Zwelethemba and the roll out thereof to give kids an alternative to what is out there, deserves a pat on the back.

There will soon be another safety at schools meeting, and the mayor invited all councillors to join the initiative. The mayor thanked all councillors working within the communities starting different projects.

The mayor touched on the draft budget and encouraged councillors to attend the workshop to give their inputs and get clarity on issues there are not sure of.

The mayor congratulated the Muslim community on their first successful attempt at organizing a mass 'boeka,' a significant cultural / religious event.

4. CONFIRMATION OF MINUTES

4.1 In terms of the Rules of Order for Internal Arrangement By-Law 2012 (as amended).

- (a) Minutes of the proceedings of meetings must be compiled in printed form and be confirmed by the Council at the next meeting and signed by the Speaker.
- (b) The minutes shall be taken as read, for the purpose of confirmation, if a copy thereof was sent to each Councillor within forty-eight hours before the next meeting, subject to the provisions of sub-Clause (4).
- (c) No motion or discussion shall be allowed on the minutes, except in connection with the correctness thereof.
- (d) The minutes formulated and screened during meetings, shall constitute a resolution for purposes of implementation of decisions.

4.2 Minutes of Council Meeting held on 27 February 2025. (Copy enclosed)

RECOMMENDATION

That in respect of

CONFIRMATION OF MINUTES OF PREVIOUS COUNCIL MEETING

discussed by Council at the Council Meeting held on 25 March 2025:

1. As the Minutes of the Council Meeting held on 27 February 2025 were sent to each councillor at least forty-eight hours prior to the meeting, the minutes of the Council meeting held 27 February 2025 be taken as read and confirmed.

Proposed: Cllr. E. Botha

Seconded: Cllr. J. J. Von Willingh

RESOLVED

That in respect of

CONFIRMATION OF MINUTES OF PREVIOUS COUNCIL MEETING

discussed by Council at the Council Meeting held on 25 March 2025, **resolution number C122/2025:**

1. As the Minutes of the Council Meeting held on 27 February 2025 were sent to each councillor at least forty-eight hours prior to the meeting, the minutes of the Council meeting held 27 February 2025 be taken as read and confirmed.

5. REPORT BY THE EXECUTIVE MAYOR ON DECISIONS TAKEN BY THE EXECUTIVE MAYOR, THE EXECUTIVE MAYOR TOGETHER WITH THE DEPUTY EXECUTIVE MAYOR AND THE MAYORAL COMMITTEE

5.1 THE DEPUTY EXECUTIVE MAYOR: CLLR J.J. Von Willingh

5.2 MMC1: Alderman W. R. Meiring

5.3 MMC 2: Cllr. P.C. Moso

5.4 MMC 3: Cllr. N. Nel

5.5 MMC 4: Cllr. E. Botha

5.6 MMC 5: Cllr J.R. Jack

5.7 MMC 6: Cllr. V.A. Bedworth

5.8 MMC 7: Cllr. J.P. Kritzinger

5.9 MMC 8: Cllr F. Vaughan

6. COLLABORATOR OUTSTANDING RESOLUTIONS REPORT

COMMUNITY SERVICES

Council	Resolution	Meeting Date	Allocate To	% Compl.	Feedback Comment
172625	SUBMISSION OF BY-LAW RELATING TO THE MANAGEMENT AND CONTROL OF FLATS (rental housing units) OWNED OR ADMINISTERED BY THE BREEDE VALLEY MUNICIPALITY RESOLVED C41/2015 That in respect of the SUBMISSION OF BY-LAW RELATING TO THE MANAGEMENT AND CONTROL OF FLATS (rental housing units) OWNED OR ADMINISTERED BY THE BREEDE VALLEY MUNICIPALITY discussed by Council at the Council meeting held on 25 of June 2015: 1. That Council approved the draft By-Law relating to the Management and Control of flats (rental housing units) owned or administer by the Breede Valley	2015-06-25	GMAYEKI	96	The draft by-law has been circulated to the Directorates for comments/review. The final document will be submitted to the Council for approval. It is anticipated that the entire process will be completed by 30 March 2025.

		Municipality; 2. That the administration advertises said draft By-Law for public comments; 3. That all comments be collated submitted to Council for final approval and promulgation in the Provincial Gazette. 4. That the draft By-Law be workshopped with all the Councillors.				
1591078	LAND FOR HUMAN SETTLEMENTS RAWSONVILLE: CONSIDERATION TO PURCHASE PRIVATELY OWNED LAND	RESOLVED That in respect of – LAND FOR HUMAN SETTLEMENTS RAWSONVILLE: CONSIDERATION TO PURCHASE PRIVATELY OWNED LAND as discussed by Council at the Council meeting held on 20 August 2024, resolution number C68/2024 council decide: 1. The Council should note the content of the report as an update of progress 2. That the administration be mandated to follow a public participation process to invite expressions of interest from additional private landowners in Rawsonville to potentially sell land for human settlement purposes to the Breede Valley Municipality; 3. that following the public participation process, an internal stakeholder's engagement be undertaken to consider the submissions received; 4. that after the implementation of item 2, an item be resubmitted to Council to resolve on the most suitable offer received during the expression of interest process; and 5. that upon council resolving on the most suitable offer, the administration be authorised to submit a project application to the Western Cape Department of Infrastructure as part of the Land Acquisition Process.	2024-08-23	GMAYEKI	30	The expression of interest was advertised and closed in November 2024. Two parties submitted interest/ proposals and comments are being sought from internal departments. The final report will be submitted at the next ordinary Council meeting.
1694428	LAND FOR HUMAN SETTLEMENTS RAWSONVILLE: CONSIDERATION TO PURCHASE	RESOLVED That in respect of – LAND FOR HUMAN SETTLEMENTS RAWSONVILLE: CONSIDERATION TO	2025-02-27	GMAYEKI		

	PRIVATELY OWNED LAND	PURCHASE PRIVATELY OWNED LAND RAWSONVILLE HOUSING: CONSIDERATION TO PURCHASE PRIVATELY OWNED LAND Discussed by council at the Council meeting held on 27 February 2025, resolution number C121/2025: 1. That Council note the progress made in respect of the negotiations with private landowners in Rawsonville; and 2. that Directorate: Community Services resubmit a comprehensive item at the Council Meeting within a period of three (3) months as outlined in point (4 & 5) of the Council resolution				
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STRATEGIC SUPPORT SERVICES

Council		Resolution	Meeting Date	Allocate To	% Compl.	Feedback Comment
1352782	2023 CUSTOMER SERVICE CHARTER	RESOLVED: That in respect of - The 2023 Customer Service Charter tabled before Council at the Council meeting held on 30 May 2023 with resolution number C37/2023: 1. That Council, having noted the content of the 2023 Customer Service Charter, provides in principle approval thereof subject to the following conditions: a. The Customer Service Charter be referred to a Council Workshop to be held on 8 June 2023; b. The Customer Service Charter be made public in terms of section 21 of the MSA; c. That such public comments (if any) be tabled at Council for consideration; and d. The Customer Service Charter be resubmitted to Council for final consideration and approval.	2023-05-30	CMALGAS	95	The revised CSC was submitted for consideration and inclusion on the Council agenda dated 4 December 2024. However, the item was withdrawn, citing a need for further refinement of identified service standards. The department is currently engaging internal stakeholders to identify a suitable date for tabling within the current financial period (i.e. on or before 30 June 2025).
1352783	2022/2023 COMMUNICATION STRATEGY	RESOLVED: That in respect of - The 2022/2023 Communication Strategy tabled before Council at the Council meeting held on 30 May 2023 with resolution number C38/2023: 1. That Council, having noted the content of the 2022/23 Communications Strategy, provides in principle approval thereof subject to the following	2023-05-30	CMALGAS	90	The revision of the Municipal Communications Strategy remains work in progress. On 8 November 2024, the Communications Department facilitated an engagement with local media stakeholders to (amongst others) allow for stakeholder input on the policy. The recommendations and key points emanating from the

		conditions: a. The strategy be referred to a Council Workshop to be held on 8 June 2023 ; b. The strategy be made public in terms of section 21 of the MSA and submitted to the relevant stakeholders (i.e. relevant National & Provincial Government Departments as well as the Cape Winelands District Municipality) for input; c. That such public comments (if any) be tabled at Council for consideration; and d. The strategy be resubmitted to Council for final consideration and approval.				engagement, are being reviewed and considered by the unit to determine the veracity for inclusion and/or influencing of the final policy. Resultantly, the timeline for submission to Council must be revised. The Communications Strategy will thus be dealt with as part of the sectoral planning review, which runs concurrently with the IDP-review process. The final Communications Strategy will thus be tabled to Council by no later than 31 May 2025.
1648536	7.14 PROPOSED APPROVAL OF STAFF ESTABLISHMENT IMPLEMENTATION ON 1 JANUARY 2025	RESOLVED That in respect of – PROPOSED APPROVAL OF STAFF ESTABLISHMENT IMPLEMENTATION ON 1 JANUARY 2025 as discussed by the Council at the Council Meeting held on 4 December 2024 with resolution number C100/2024 : 1. That the Council notes the response from the National Minister on the draft staff establishment. 2. That the Council notes that the draft staff establishment does not comply with organisational metrics as prescribed by the MSR. 3. That the administration compiles an Implementation Plan of how the municipality will achieve compliance with the MSR, Structural layers and Span of control and submit the Implementation Plan at the Council meeting in February 2025. 4. That the Council approves the Staff Establishment for Breede Valley Municipality in terms of the MSR for implementation on 1 January 2025. 5. That the Municipal Manager initiates the review of the approved staff establishment in preparation for the next financial year, 2025/2026.	2024-12-04	NM MONYELA	70	The staff establishment is currently being implemented. Placement of employees whose posts have been abolished is due to be completed.
1694402	CONSIDERATION TO REVIEW AND RESCIND COUNCIL RESOLUTION C33/2024: IN PRINCIPLE APPROVAL FOR A LONG-TERM LEASE OF MUNICIPAL PROPERTY: A PORTION OF ERF 17411 SITUATED AT PELIKAAN STREET, WORCESTER and PROPOSED IN	RESOLVED That in respect of – CONSIDERATION TO REVIEW AND RESCIND COUNCIL RESOLUTION C33/2024: IN PRINCIPLE APPROVAL FOR A LONG-TERM LEASE OF MUNICIPAL PROPERTY: A PORTION OF ERF 17411 SITUATED AT PELIKAAN STREET, WORCESTER and PROPOSED IN PRINCIPLE APPROVAL FOR A LONG-TERM LEASE OF MUNICIPAL	2025-02-27	HPOTGIETER	25	04/03/2025: Internal email sent - Resolution to be communicated with applicant for acceptance. 19/03/2025: Resolution duly communicated.

	PRINCIPLE APPROVAL FOR A LONG-TERM LEASE OF	PROPERTY: ALTERNATIVE PORTION OF ERF 17411 SITUATED AT PELIKAAN STREET, WORCESTER as discussed by Council at the Council meeting held on 27 February 2025, resolution number C115/2025, Council decided: 1. That Council resolution C33/2024 be reviewed and rescinded; 2. that a direct lease at a market related rental as determined by HCB Property Valuations as set out in the valuation report attached hereto and marked "Annexure A", of Municipal Property, being a portion of erf 17411, situated at Pelikaan Street, Worcester, for a period of nine (9) years and eleven (11) months, be approved in principle in favor of The Grace Trust (NPO 930-050-826), for the purposes of utilizing the subject property for sports and recreations and other related purposes; 3. that the Applicant must apply for the correct consent / land use in terms of the Breede Valley Land Use Planning By-Law, 2015; 4. that structures may only be erected with the permission of the municipality which structures will revert to the municipality upon termination of the lease; 5. that cognizance be had that the Applicant is a registered social care organization/institution; thus, the monthly lease amount be fixed at a minimum of 50% of the fair market value; 6. that the lease amount annually increases on the 1st of July by a percentage equal to the prevailing consumer price index (all items); 7. that the following of a public participation process, be approved; 8. that an item will only be resubmitted to Council should any representations / objections be received during the public participation process; 9. that all the associated costs in respect of the lease, including but not limited to Town Planning procedures, e.g. rezoning and installation of municipal services be paid by the Applicant; 10. that the Applicant be responsible for the payment of all municipal services including rates and taxes in respect of the				
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		municipal property; 11. that the Applicant comply with all internal departmental requirements to be incorporated in the subsequent Lease Agreement and the right be reserved to supplement such comments; and 12. that it is confirmed that Council has taken cognisance of the fact that the Municipal property herewith leased is not required for the municipality's own use in terms of Regulation 36 of the Asset Transfer Regulations.				
1694411	RESUBMISSION ITEM: ERVEN 8645 AND 194, WORCESTER, COMMONLY KNOWN AS "KLEINPLASIE"	RESOLVED That in respect of – RESUBMISSION ITEM: ERVEN 8645 AND 194, WORCESTER, COMMONLY KNOWN AS "KLEINPLASIE" as discussed by Council at the Council meeting held on 27 February 2025, resolution number C116/2025, Council decided: 1. That council duly considered the representations / comments received during the public participation process followed (Annexures A – D) in respect of Erven 8645 and 194, Worcester, commonly known as "Kleinplasie"; 2. that based on the consideration by council of item 1, council resolves and mandate the administration to call for development proposals before the end of March 2025 with the closing date of the submission before the end of April 2025 for purposes of disposal, or the right to use (a long-term lease) the subject property; 3. that the purpose of the invitation is for the gathering of ideas for the optimal future use of the municipal property; 4. that the preferred proposal may be used as a basis to formulate the specifications for a tender or the conditions of a future public auction; 5. that no rights and/or obligations and/or legitimate expectations will be created or implied by the submission of any proposals; 6. that no compensation will be payable by the Municipality to any party due to a specific idea or proposal being accepted or declined by Council;	2025-02-27	HPOTGIETER	25	Draft notice inviting development proposals compiled for publication.

		7. that an item be resubmitted for council to consider the development proposals in order to identify the most suitable future utilisation of the subject property; and 8. that Council has taken cognisance of the fact that the municipal property is not required for the provision of basic municipal services in terms of the provisions Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).				
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MUNICIPAL MANAGER

Council	Resolution	Meeting Date	Allocate To	% Compl.	Feedback Comment
1625636	7.10 EXTEND THE TERM OF OFFICE OF THE MEMBERS OF THE DISCIPLINARY BOARD: MUNICIPAL REGULATIONS ON FINANCIAL MISCONDUCT PROCEDURES AND CRIMINAL PROCEEDINGS RESOLVED That in respect of EXTEND THE TERM OF OFFICE OF THE MEMBERS OF THE DISCIPLINARY BOARD: MUNICIPAL REGULATIONS ON FINANCIAL MISCONDUCT PROCEDURES AND CRIMINAL PROCEEDINGS as discussed by Council at the Council meeting held on 22 October 2024, resolution number C79/2024: • That Council takes note that the establishment of the current Disciplinary Board was done for a three-year period. This was in accordance with Council Resolution C102/2021, dated 17/11/2021. • That Council notes that the Audit Committee Chairperson appointed in the previous year has been replaced by a new Chairperson, and thus the appointment follows the position rather than the individual. • That extension of three years be considered and approved for the Disciplinary Board, in accordance with the revised MFMA Circular No. 76 Municipal Finance Management Act No. 56 of 2003 "Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings", which would expire on 17 November 2024. • That the only remuneration payable to	2024-10-22	ECLOETE	75	PT has not yet responded. I have contacted the DD. All municipalities will be notified via a circular.

		the Disciplinary Board will be in respect of the Chairperson of the Audit Committee in accordance with Council's approved Audit Committee Charter. • That the Disciplinary Board execute their duties in accordance with the prescripts of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings. • That the appointed Disciplinary Board members receive appointment letters of extension under the hand of the Municipal Manager and the appointments be accepted in writing.				
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7. CONSIDERATION OF AGENDA ITEMS**7.1 2025/26 DRAFT BUDGET MEDIUM TERM REVENUE AND EXPENDITURE
FRAMEWORK****File No. /s:** 3/2/24**Responsible Official:** R. Ontong**Directorate:** Financial Services**Portfolio:** Financial Services

Purpose

The purpose of this submission is to present the 2025/26 MTREF Draft Budget.

Legal Framework

Section 16 of the Municipal Finance Management Act states:

“Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Contents of annual budgets and supporting documents

17. (1) An annual budget of a municipality must be a schedule in the prescribed format —
- (a) setting out realistically anticipated revenue for the budget year from each revenue source;
- (b) Appropriating expenditure for the budget year under the different votes of the municipality;
- (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;

(d) Setting out —

(i) Estimated revenue and expenditure by vote for the current year;
and

(ii) Actual revenue and expenditure by vote for the financial year
preceding the current year; and

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

Financial Implications

The financial implications of the 2025/26 MTREF Draft Budget is captured in the Budget Report.

Annexures

Municipal Budget and Reporting Regulations Schedule-A Budget tables (**Annexure A**)

Quality Certificate (**Annexure B**)

Revised Budget Related Policies (**Annexure C**)

- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Insurance Management Policy
- Long Term Financial Plan Policy
- Property Rates Policy
- Tariff Policy
- Write-off Policy
- Asset Management Policy
- Borrowing Policy
- Budget Implementation and Management Policy
- Budget Virement Policy
- Costing Policy
- Supply Chain Management Policy
- Infrastructure Investment and Capital Projects Policy

Municipal Tariffs (**Annexure D**)

Municipal Finance Management Act Budget Circulars (**Annexure E**)

Demand Management Plan (**Annexure F**)

DRAFT MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK 2025/2026 – 2027/2028



BREDE VALLEY
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

25 MARCH 2025

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7. Measurable performance objectives and indicators
8. Overview of budget related policies
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10. Overview of budget funding
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13. Councillor allowances and employee benefits
14. Monthly targets for revenue, expenditure and cash flow
15. Contracts having future budgetary implications
16. Capital expenditure details
17. Legislation compliance status
18. Other supporting documents
19. Annual budgets of municipal entities attached to the annual budget

Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt-hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System

RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Glossary

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

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

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

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

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short-term investments.

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

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

GDFI - Gross Domestic Fixed Investment

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

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

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

LM – Breede Valley Municipality.

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

mSCOA – Municipal Standard Chart of Accounts

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

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

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

TMA – Total Municipal Account

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

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

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

PART 1 – Annual Budget

1. Mayor's Report

The Breede Valley Municipality remains committed to the cause of bringing respectable services to all households. We as a municipality acknowledge the fact that households are faced with numerous difficulties, ranging from social to economic challenges. We view our role as integral in addressing these challenges to improve quality of life and will therefore continue to play our part by creating a conducive environment for job creation and social development in our community. Not all plans will be completed within the timeframes due to various unforeseen challenges, but Breede Valley Municipality is committed in ensuring that all projects commenced are completed.

This budget serves the purpose of outlining future service delivery objectives by reflecting on the past financial years in planning for anticipated future developments / realizations. The devastating effects post COVID 19 on our communities and those in surrounding municipalities resulted in loss of income, work, and lives and has been worsened through continuous loadshedding. We were all forced to change the way in which we conduct business, our daily lives, and how we interact with each other, posing new and unprecedented challenges to us demanding solutions in order for us to survive and progress to our vision of a '*A unique and caring Valley of service excellence, opportunity and growth*'.

Breede Valley Municipality will continue to address service delivery backlogs and will prioritise where needed to ensure the most urgent matters are catered for. We will continue striving for improvement on all levels to ensure that this municipality better the quality of life for the people within Breede Valley municipal area.

2. Resolutions

It is recommended to council that in respect of the 2025/26 MTREF, and outer financial years that council approves the 2025/26 MTREF budget in terms of section 24 of the Municipal Finance Management Act.

3. Executive Summary**3.1 Legislative Background**

Section 16 of the Municipal Finance Management Act states:

“Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

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

Contents of annual budgets and supporting documents

17. (1) An annual budget of a municipality must be a schedule in the prescribed format —
- (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) Appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) Setting out —
 - (i) Estimated revenue and expenditure by vote for the current year; and
 - (ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed"

3.2 Municipal General Overview

The map below outlines the geographical area of Breede Valley Municipality. As per the map Breede Valley Municipality serves the towns of De Doorns, Rawsonville, Touwsrivier and Worcester. Surrounding municipalities include Drakenstein Municipality, Langeberg Municipality, Laingsburg Municipality, Stellenbosch Municipality, Theewaterskloof and Witzenberg Municipality.



Strategic Framework, Pillars and Objectives of the Municipality



Brede Valley Municipality developed five strategic pillars that are underpinned by, which underpin six strategic objectives. The strategic objectives have been developed to address the challenges identified during the IDP development process and are linked to service areas and predetermined objectives.

STRATEGIC PILLARS	
OPPORTUNITY	Brede Valley Municipality strives to provide an opportunity for every resident to have access to all basic services and to live in a safe, caring and well-managed municipal environment.
SAFETY	Brede Valley Municipality aims to partner with the community, other government departments and community organisations to provide a safe environment in which communities, especially women and children, can thrive in pursuit of good community values.
CARING	Brede Valley Municipality will provide care to all vulnerable groups and encourage social investment with a focus on youth development and opportunities for the youth to play a meaningful role in developing a better and caring Brede Valley community.
INCLUSIVE	Brede Valley plans, in consultation with all residents and partners, to create and stimulate social cohesion, to restore hope and to break down social divisions.
WELL-RUN MUNICIPALITY	Brede Valley Municipality continues to build on being a well-run municipality, with strong and committed administration upholding the principles of good governance,

	maintaining a good credit rating, providing basic services to all and improving our solid productivity rating.
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STRATEGIC OBJECTIVES

Section 24 of the Municipal Systems Act states:

- (1) The planning undertaken by a municipality must be aligned with, and complement, the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of cooperative government contained in Section 41 of the Constitution.
- (2) Municipalities must participate in national and provincial development programmes as required in Section 153(b) of the Constitution.”

STRATEGIC OBJECTIVES	
SO 1	To provide and maintain basic services and ensure social upliftment of the Breede Valley community
SO 2	To create an enabling environment for employment and poverty and poverty eradication through proactive economic development and tourism
SO 3	To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people
SO 4	To provide democratic, accountable government for local communities and encourage involvement of communities and community organisations in the matters of local
SO 5	To ensure a healthy and productive workforce and an effective and efficient work environment
SO 6	To assure a sustainable future through sound financial management, continuous revenue growth, corporate governance and risk management practices

3.3 Budget Principles and Criteria

The 2025/26 MTREF was compiled based on the following principles and criteria considering, the impact of the loadshedding, aftermath of COVID 19 pandemic and on the economy:

Credibility

- Planned Activities must be consistent with the IDP and vice versa.
- Financial viability of municipality should not be jeopardised.
- Ensure Capacity to spend the budget.

Sustainability

-
- Financial sustainability/ overall financial health of Municipality.
 - Revenue/ Expenditure budgeted must be realistic.

Responsiveness

- To the needs of the community / public.
- Alignment of IDP, LED Strategies with Budget to give effect to provincial and national priorities.
- Budget must be responsive to economic growth objectives and the socio-economic needs of the community.

Affordability

- Tariffs must not be increased unreasonably, and consumers must be able to afford tariffs.

The 2025/2026 budget is compiled in line with chapter 4 of the Municipal Finance Management Act, MFMA Budget Circulars and other relevant circulars and / or guidelines from National Treasury and Provincial Treasury. The budget strives to be consistent with the financial norms and ratios as per the MFMA Circular 71 to ensure sound and sustainable management of financial affairs of the municipality. The budget is also consistent with the Long-Term Financial Plan to ensure synergy between long term planning and implementation of planning. Other important principles include addressing the need of access to basic services and the efficient capacitation of the municipality, which is in many instances a challenge given limited financial resources.

The main challenges experienced with the compilation of the 2025/26 MTREF are as follow:

- Loadshedding implemented by Eskom and associated disruptions (revenue generation and economic activity)
- Consequences of COVID 19 Pandemic
- Amendments to mSCOA;
- Consumers exploring alternative energy sources and using less municipal electricity
- Direct effect of the current state of the economy on larger municipalities relying on progressive economic activity
- Vandalism to strategic infrastructure assets
- Ageing infrastructure and increasing service delivery backlogs
- Increasing cost of bulk purchases versus the electricity tariff increases, resulting in pressure to maintain a balance between sustainability, growth and affordability of services

Service charges and other revenue sources are prepared in accordance with planned activities / initiatives / developments and past performance trends to ensure that the budgeted amounts are realistic and do not negatively affect the credibility of the budget and the financial position of the municipality.

The operating expenditure budget compilation process was done in line with the MFMA budget circulars. In instances of inconsistencies, appropriate reasons for the corresponding deviations are provided.

MFMA circular 70 highlighted examples of non-priority spending that need to be addressed by municipalities. Breede Valley Municipality remains committed to the elimination of these non-priority items and applying zero percent increases on related items where elimination or a decrease in the MTREF budget is not possible.

Further, MFMA circular 82 on cost containment measures was also taken into consideration with the aim of promoting section 62(1)(a) of the MFMA through the effective, efficient and economical use of municipal resources.

The capital budget for 2025/26 aims to address the service delivery needs within the municipal area, given the available resources internally and externally. The main sources of funding are external loans, conditional grant allocations from National and Provincial government departments and internal funding.

3.4 Rebates

Rebates relating to Unemployed, Indigent and Pensioners (under and over 65 years of age) are displayed below:

3.4.1 Rebates: Unemployed and Indigent

Household Income	Rates	Sewer	Refuse	Rental
R0 - R5 250	50%	50%	50%	50%
Max Valuation	R 270 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

3.4.2 Rebates: Pensioner / Disability Rebate Category 1

Household Income	Rates	Sewer	Refuse	Rental
Government Pension & Disability / Pensioners 60 years and older				
R0 - R5 250	100%	100%	100%	100%
Max Valuation	R 450 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

3.4.3 Rebates: Pensioner / Disability Rebate Category 2

Household Income	Rates	Sewer	Refuse	Rental
Government Pension & Disability / Pensioners 60 years and older R5 251 - R6 250	20%	20%	20%	20%
Max Valuation	R 450 000			
<u>Free Basic Services</u>				
Electricity	50 Units			
Water	10 Kilolitre			

3.4.4 Rebates: Pensioner 65 years and older

Pensioners falling in this category are eligible for an additional R360 000.00 rebate on the calculation of their property rates bill. This overall rebate is capped at R450 000.00

3.4.5 Special Rating Area (SRA)

In terms of Section 22 of the Municipal Property Rates Act a municipality may by resolution of its Council determine an area within that Municipality as a Special Rating Area (SRA) and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area. The SRA must submit a budget to the Council annually in terms of the Special Rating Areas By-law. There are currently three approved SRAs, Worcester Improvement District, Langerug Special Rating Area and Fairway Heights Special Rating Area.

3.5 Budget Overview

The budget overview provides insight pertaining to the operating and capital budgets over the MTREF

The current reality of loadshedding and the aftermath of COVID 19 brought high levels of uncertainty relating to projection of the anticipated financial performance and position of the municipality in ensuring that the budget to be approved by Council adheres the requirements of credibility and sustainability.

The current economic situation forces us to remain prudent and continue with applying resources in a well-balanced manner. We have experienced a reduction in the collection rate over recent years which had a severe impact on the cash position of the municipality. This position is further placed under risk with loadshedding given that most households are prepaid electricity users, whom have been using significantly less electricity. Post the 2024 national election, loadshedding was observed to not be actively applied until recently where stage 6 was also applied on a very short notice. This unpredictability in the provision of electricity makes planning and budgeting for this important revenue source very challenging.

Municipal spending of discretionary nature remains at the bare minimum to continue honouring non-discretionary commitments. The utilization of both financial and non-financial resources is being monitored to promote the effective and efficient utilization of these resources. This requires the municipality to continuously adapt and re-design where needed in order to continue implementing its constitutional mandate.

3.5.1 Operating Revenue

The table below reflects the operating revenue in relation to the current year and 2025/26 MTREF.

WC025 Breede Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	492 826	474 632	543 810	612 204	623 822	623 822	623 822	721 887	815 733	921 778
Service charges - Water	2	104 101	105 610	110 405	115 599	117 264	117 264	117 264	127 877	135 549	143 683
Service charges - Waste Water Management	2	84 271	90 274	99 186	92 642	101 541	101 541	101 541	120 306	127 525	135 176
Service charges - Waste Management	2	43 844	46 941	54 422	50 190	56 500	56 500	56 500	76 326	80 906	85 760
Sale of Goods and Rendering of Services		5 639	5 521	5 736	6 164	5 741	5 741	5 741	6 315	6 466	6 630
Agency services		9 061	9 463	8 949	9 391	9 391	9 391	9 391	9 823	10 275	10 532
Interest		(259)	—	—	—	—	—	—	—	—	—
Interest earned from Receivables		8 032	13 266	13 962	16 030	16 030	16 030	16 030	16 768	17 540	17 979
Interest earned from Current and Non Current Assets		11 227	14 384	18 373	19 522	19 522	19 522	19 522	20 420	21 360	21 894
Dividends		—	—	—	—	—	—	—	—	—	—
Rent on Land		—	—	—	—	—	—	—	—	—	—
Rental from Fixed Assets		8 178	7 478	8 979	9 109	9 109	9 109	9 109	9 529	9 970	10 221
Licence and permits		—	—	—	—	—	—	—	—	—	—
Special rating levies		—	—	—	—	—	—	—	—	—	—
Operational Revenue		4 818	10 197	7 753	7 700	6 914	6 914	6 914	8 096	8 118	8 322
Non-Exchange Revenue											
Property rates	2	173 037	180 018	197 548	200 977	207 468	207 468	207 468	226 949	240 566	255 000
Surcharges and Taxes		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		28 741	94 924	72 714	253 897	242 897	242 897	242 897	242 897	253 828	260 175
Licences or permits		2 619	3 123	2 926	4 468	3 485	3 485	3 485	4 674	4 889	5 012
Transfer and subsidies - Operational		153 754	171 643	185 954	198 836	196 144	196 144	196 144	213 615	214 466	208 119
Interest		1 782	2 785	3 436	3 643	3 643	3 643	3 643	3 811	3 986	4 086
Fuel Levy		—	—	—	—	—	—	—	—	—	—
Operational Revenue		—	—	7 633	7 763	7 932	7 932	7 932	8 120	8 494	8 706
Gains on disposal of Assets		56	280	2 155	1 555	1 555	1 555	1 555	1 627	1 702	1 745
Other Gains		519	41 703	9 834	(0)	(0)	(0)	(0)	10 000	10 000	10 250
Discontinued Operations		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 132 247	1 272 244	1 353 773	1 609 689	1 628 958	1 628 958	1 628 958	1 828 999	1 971 372	2 115 065
Expenditure											
Employee related costs	2	335 127	366 251	396 107	456 828	441 985	441 985	441 985	469 245	493 931	512 504
Remuneration of councillors		18 315	19 066	20 467	21 757	21 757	21 757	21 757	21 653	22 792	23 648
Bulk purchases - electricity	2	383 068	372 993	454 652	487 184	522 184	522 184	522 184	598 611	690 034	747 285
Inventory consumed	8	41 188	50 978	50 154	46 872	47 394	47 394	47 394	69 011	72 279	96 095
Debt impairment	3	80 796	116 518	115 605	220 011	121 511	121 511	121 511	121 511	126 979	130 154
Depreciation and amortisation		88 566	94 561	101 941	105 208	105 208	105 208	105 208	110 079	115 174	118 085
Interest		20 974	19 437	31 254	39 842	39 842	39 842	39 842	41 676	43 594	44 685
Contracted services		96 851	112 123	126 490	127 393	123 442	123 442	123 442	148 274	150 325	166 988
Transfers and subsidies		3 767	3 419	3 069	7 711	7 810	7 810	7 810	7 930	4 868	4 990
Irrecoverable debts written off		—	—	—	19	87 519	87 519	87 519	87 519	91 458	93 745
Operational costs		50 713	78 862	94 100	100 614	103 287	103 287	103 287	111 160	116 150	118 016
Losses on disposal of Assets		2 141	741	1 370	4 125	4 125	4 125	4 125	4 320	4 523	4 642
Other Losses		519	1 434	1 150	67	67	67	67	70	74	76
Total Expenditure		1 122 025	1 236 383	1 396 358	1 617 631	1 626 131	1 626 131	1 626 131	1 791 059	1 932 181	2 060 914
Surplus/(Deficit)		10 222	35 861	(42 585)	(7 942)	2 827	2 827	2 827	37 940	39 191	54 152
Transfers and subsidies - capital (monetary allocations)	6	55 756	67 525	97 746	54 410	84 160	84 160	84 160	61 040	62 514	—
Transfers and subsidies - capital (in-kind)	6	—	17 917	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		65 978	121 303	55 162	46 468	86 988	86 988	86 988	98 980	101 705	54 152
Income Tax		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after income tax		65 978	121 303	55 162	46 468	86 988	86 988	86 988	98 980	101 705	54 152
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		65 978	121 303	55 162	46 468	86 988	86 988	86 988	98 980	101 705	54 152
Share of Surplus/Deficit attributable to Associate	7	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	1	65 978	121 303	55 162	46 468	86 988	86 988	86 988	98 980	101 705	54 152

Please refer to Annexure A

Based on the current economic climate within the Breede Valley municipal area, tariffs increases are based anticipated costs and expenses to be honoured over the MTREF. Tariffs increases is anticipated to not compromise the sustainability of the revenue sources and will therefore not be counterproductive and having a negative impact on the collection rate.

The figures represented in this section are the accrued amounts and not actual cash receipts; in other words, the amounts billed for property rates; service charges and interest as it become due.

Property Rates: Budgeted revenue is based on the current performance realised during the 2024/25 financial year and anticipated revenue based on the current valuation roll. The current performance in the 2024/25 financial year suggest revenue generation above the initially anticipated budget, leading to the adjustments made during the February Adjustments Budget process.

Service Charges: The 2025/26 projected revenue for service charges is based on the current performance and anticipated trends over the MTREF. Revenue in the 2024/25 financial year is anticipated to be greater than the Original Budget allocation. Therefore, amendments have been affected during the Adjustments Budget process to align the budget with the revenue trends. Notable additional revenue growth was also noticed during the current financial year, positively impacting the revenue projections for the MTREF.

Interest on External Investments: This budget is informed by the municipality's current investment portfolio, and the anticipated return on investments to be made over the MTREF.

Fines: Fines revenue is adjusted to gradually align revenue and write-off in line with realistic expectations given current and prior performance on this revenue source. This will be reviewed during the Final Budget and also the Mid-year Adjustments Budget to align budget with realistically anticipated revenues.

Transfers Recognised – Operational: This revenue item is based on the operational transfers (conditional and unconditional) as per the 2024/25 budget year allocations. Allocations for the 2025/26 MTREF were not available given the current delays with the National Budget process

3.5.2 Operating Expenditure

The table below reflects the operating expenditure in relation to the current year and 2025/26 MTREF.

WC025 Breede Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	492 826	474 632	543 810	612 204	623 822	623 822	623 822	721 887	815 733	921 778
Service charges - Water	2	104 101	105 610	110 405	115 599	117 264	117 264	117 264	127 877	135 549	143 683
Service charges - Waste Water Management	2	84 271	90 274	99 186	92 642	101 541	101 541	101 541	120 306	127 525	135 176
Service charges - Waste Management	2	43 844	46 941	54 422	50 190	56 500	56 500	56 500	76 326	80 906	85 760
Sale of Goods and Rendering of Services		5 639	5 521	5 736	6 164	5 741	5 741	5 741	6 315	6 466	6 630
Agency services		9 061	9 463	8 949	9 391	9 391	9 391	9 391	9 823	10 275	10 532
Interest		(259)	—	—	—	—	—	—	—	—	—
Interest earned from Receivables		8 032	13 266	13 962	16 030	16 030	16 030	16 030	16 768	17 540	17 979
Interest earned from Current and Non Current Assets		11 227	14 384	18 373	19 522	19 522	19 522	19 522	20 420	21 360	21 894
Dividends		—	—	—	—	—	—	—	—	—	—
Rent on Land		—	—	—	—	—	—	—	—	—	—
Rental from Fixed Assets		8 178	7 478	8 979	9 109	9 109	9 109	9 109	9 529	9 970	10 221
Licence and permits		—	—	—	—	—	—	—	—	—	—
Special rating levies		—	—	—	—	—	—	—	—	—	—
Operational Revenue		4 818	10 197	7 753	7 700	6 914	6 914	6 914	8 056	8 118	8 322
Non-Exchange Revenue											
Property rates	2	173 037	180 018	197 548	200 977	207 468	207 468	207 468	226 949	240 566	255 000
Surcharges and Taxes		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		28 741	94 924	72 714	253 897	242 897	242 897	242 897	242 897	253 828	260 175
Licences or permits		2 619	3 123	2 926	4 468	3 485	3 485	3 485	4 674	4 889	5 012
Transfer and subsidies - Operational		153 754	171 643	185 954	198 836	196 144	196 144	196 144	213 615	214 466	208 119
Interest		1 782	2 785	3 436	3 643	3 643	3 643	3 643	3 811	3 986	4 086
Fuel Levy		—	—	—	—	—	—	—	—	—	—
Operational Revenue		—	—	7 633	7 763	7 932	7 932	7 932	8 120	8 494	8 706
Gains on disposal of Assets		56	280	2 155	1 555	1 555	1 555	1 555	1 627	1 702	1 745
Other Gains		519	41 703	9 834	(0)	(0)	(0)	(0)	10 000	10 000	10 250
Discontinued Operations		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 132 247	1 272 244	1 353 773	1 609 689	1 628 958	1 628 958	1 628 958	1 828 999	1 971 372	2 115 065
Expenditure											
Employee related costs	2	335 127	366 251	396 107	456 828	441 985	441 985	441 985	469 245	493 931	512 504
Remuneration of councillors		18 315	19 066	20 467	21 757	21 757	21 757	21 757	21 653	22 792	23 648
Bulk purchases - electricity	2	383 068	372 993	454 652	487 184	522 184	522 184	522 184	598 611	690 034	747 285
Inventory consumed	8	41 188	50 978	50 154	46 872	47 394	47 394	47 394	69 011	72 279	96 095
Debt impairment	3	80 796	116 518	115 605	220 011	121 511	121 511	121 511	121 511	126 979	130 154
Depreciation and amortisation		88 566	94 561	101 941	105 208	105 208	105 208	105 208	110 079	115 174	118 085
Interest		20 974	19 437	31 254	39 842	39 842	39 842	39 842	41 676	43 594	44 685
Contracted services		96 851	112 123	126 490	127 393	123 442	123 442	123 442	148 274	150 325	166 988
Transfers and subsidies		3 767	3 419	3 069	7 711	7 810	7 810	7 810	7 930	4 868	4 990
Irrecoverable debts written off		—	—	—	19	87 519	87 519	87 519	87 519	91 458	93 745
Operational costs		50 713	78 862	94 100	100 614	103 287	103 287	103 287	111 160	116 150	118 016
Losses on disposal of Assets		2 141	741	1 370	4 125	4 125	4 125	4 125	4 320	4 523	4 642
Other Losses		519	1 434	1 150	67	67	67	67	70	74	76
Total Expenditure		1 122 025	1 236 383	1 396 358	1 617 631	1 626 131	1 626 131	1 626 131	1 791 059	1 932 181	2 060 914
Surplus/(Deficit)		10 222	35 861	(42 585)	(7 942)	2 827	2 827	2 827	37 940	39 191	54 152
Transfers and subsidies - capital (monetary allocations)	6	55 756	67 525	97 746	54 410	84 160	84 160	84 160	61 040	62 514	—
Transfers and subsidies - capital (in-kind)	6	—	17 917	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		65 978	121 303	55 162	46 468	86 988	86 988	86 988	98 980	101 705	54 152
Income Tax		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after income tax		65 978	121 303	55 162	46 468	86 988	86 988	86 988	98 980	101 705	54 152
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		65 978	121 303	55 162	46 468	86 988	86 988	86 988	98 980	101 705	54 152
Share of Surplus/Deficit attributable to Associate	7	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	1	65 978	121 303	55 162	46 468	86 988	86 988	86 988	98 980	101 705	54 152

Please refer to Annexure A.

The operational expenditure budget was adjusted to accommodate the projected operational expenditure to be incurred over the MTREF. These amendments/adjustments are based on the 2024/25 Adjustment Budget.

These amendments are informed by the following principles:

- New staff structure implemented.
- New positions budgeted for in line with the amended staff structure
- No new temporary contracts
- EPWP workers to be used as alternative to counter staff shortages where needed
- Review of standby and overtime
- No and/or limited travel and subsistence
- Efficient and effective utilization of internal staff opposed to using external contractors
- Hiring of plant and equipment limited to extreme cases

The principles underpin the renewed approach to service delivery. The municipality established various committees to explore creative and innovative ways to add value to the respective functional areas across the municipality. The committees will address issues pertaining to:

- Costing and expenditure control, including cost containment
- Revenue recovery enhancement
- Financial aspects with focus on Ratio's
- Supporting SCM and compliance
- Prioritization of expenditures to assure essential services and impact on revenue enhancement
- Local economic development,
- Spatial planning integration

Employee related cost: Employee related cost is based on the current approved staff structure and collective agreement.

Debt Impairment: The fines and corresponding write-off will be managed within the available budgets. These amounts will be reviewed with the 2025/26 adjustments budget if needed.

Depreciation and asset impairment: Depreciation is calculated based on the useful lives of assets, which are currently being reviewed. The commission date of the majority of capital projects are more to the end of the financial year (based on past trends), resulting in new additions not having a full year's depreciation, but only a part thereof.

Finance charges: The finance charges are calculated based on the municipality's borrowing portfolio. It should also be noted that the interest portion of the repayment decreases over the term of the loan. This amount includes the finance charges in respect of the new external loan to be acquired.

Bulk Purchases: This item comprises of electricity bulk purchases and is based on the current consumption patterns in terms of usage. The increase in this expenditure item is based on the anticipated increase and also the increase in Bulk Purchases expenditure experienced in the 2024/25 financial year.

Inventory consumed and Contracted Services: The budget for other materials and contracted services is also based on the 2024/25 Mid-year Adjustments Budget and related contractual commitments. The municipality placed significant emphasis on the funding of temporary workers that will be targeting high priority areas such as area cleaning and basic service delivery aspects where a temporary need exists. Further, maintenance of rental units / flats, relocation of outside toilets for the vulnerable, ward-based projects and maintenance of chemical toilets are projects to received high priority in terms of funding. The implementation of these projects will be closely monitored given the importance and impact it will have on the beneficiaries.

Operational Costs: Limited increases were applied in terms of Operational Costs except where contractual commitments are in place. The 2025/26 Draft Budget amount is also based on the 2024/25 performance and is aimed at utilizing resources in a more cost-effective manner to positively influence the financial sustainability of the municipality.

Please refer to SA1 for the detail.

3.5.3 Capital budget

MBRR Table A5 - Budgeted Capital Expenditure by standard classification and funding source

Please refer to Annexure A

The municipality implemented quarterly budget engagements where performance of the capital budget & Grant funding is tracked.

Capital Projects

The list below represents the major / significant capital projects.

Description	Project code	Finance Source	Fund Desc	Draft Budget 2025/26	Draft Budget 2026/27	Draft Budget 2027/28
<u>ENGINEERING SERVICES AND PLANNING, DEVELOPMENT AND INTEGRATED SERVICES</u>						
Stettynskloof Water Supply (Worcester/Rawsonville)						
Increase dam Level (Stetteynskloof Dam)	CP_0461	1,1	Loans	10 000 000	0	0
Klipvlakte/ Transhex Residential Development (13 000 erven)						
Electrical Reticulation	CP_0009	8,2	INEP	19 431 000	17 518 000	0
Upgrading of Sewer Network						
External Loan	CP_0453	1,1	Loans	3 000 000	0	0
CRR	CP_0453	3,0	CRR / Own Funding	0	3 000 000	3 000 000
Touws River: Waste Water Treatment Works (WwTW) Augmentation						
Augmentation Touwsriver WWTW (MIG)	CP_0420	8,0	MIG	10 983 048	0	0

Upgrading of Gravel Roads						
Breede Valley: Roads	CP_0062	3,0	CRR / Own Funding	0	1 000 000	0
Resealing of Roads						
Resealing of Municipal Roads - Rawsonville	CP_0065	3,2	CRR / Own Funding	0	500 000	0
Resealing of Municipal Roads - Worcester						
MIG	CP_0066	8,0	MIG	0	14 950 616	0
CRR	CP_0066	3,2	CRR / Own Funding	0	3 000 000	0
Resealing of Municipal Roads - De Doorns						
CRR	CP_0067	3,2	CRR / Own Funding	0	1 000 000	0
Resealing of Municipal Roads - Touws River						
Resealing of Municipal Roads - Touws River	CP_0068	3,2	CRR / Own Funding	0	500 000	0
Upgrading of Roads						
Municipal Roads (Ward 1, 2, 3, 4, 16, 17 and 18)	CP_0512	3,0	CRR / Own Funding	3 500 000	0	0
Networks						
Pipe cracking (all wards)	CP_0513	3,0	CRR / Own Funding	7 000 000	5 000 000	5 000 000
Electricity (8112)						
RMU/ Main Sub Switchgear Replacements De Doorns	CP_0466	1,1	Loans	3 000 000	0	0
RMU/Main Sub Switchgear replacements Touwsrivier	CP_0467	1,1	Loans	3 000 000	0	0
Zwelethemba removal of mid-blocks	CP_0469	3,0	CRR / Own Funding	0	4 500 000	4 500 000
66KV Ripple Control	CP_0471	1,1	Loans	6 400 000	0	0
Supply and Installation of Load Shedding Solution and Solar PV	CP_0509	3,0	CRR / Own Funding	5 000 000	0	0
Upgrade of Rental Units (Roux Park)	CP_0642	3,0	CRR / Own Funding	3 400 000	0	0
Refurbishment of electrical system (NERSA)						
Altona new Electrical Substation	CP_0426	3,0	CRR / Own Funding	0	1 000 000	0
Electricity - Machinery and Equipment	CP_0428	3,0	CRR / Own Funding	100 000	0	0
SOLID WASTE MANAGEMENT						
WORCESTER						
Wheeliebins	CP_0178	3,0	CRR / Own Funding	1 000 000	1 000 000	700 000

Ward Priorities						
Speed Humps	CP_0432	3,0	CRR / Own Funding	1 000 000	0	0
Fencing of Substations	CP_0435	3,0	CRR / Own Funding	1 000 000	0	0
Playparks	CP_0606	3,0	CRR / Own Funding	1 360 000	0	0
Ward 1						
Upgrading Gravel Roads	CP_0268	3,2	CRR / Own Funding	6 352 250	0	0
Upgrading Gravel Roads	CP_0268	8,0	MIG	2 506 287	0	0
Ward 2						
De Doorns Water Purification Works : Augmentation of DAF Unit (MIG funding)	CP_0130	8,0	MIG	1 188 488	25 145 384	0
De Doorns Water Purification Works : Augmentation of DAF Unit (MIG Counter funding)	CP_0623	3,2	CRR / Own Funding	0	2 498 600	0
Ward 5						
High Mast Light GG Camp - Ward 5	CP_0625	3,0	CRR / Own Funding	801 430	0	0
Ward 15						
Reseal of Municipal Roads - Ward 15	CP_0533	3,0	CRR / Own Funding	1 000 000	0	0
Ward 16						
High Mast Light - New Mandela -Ward 16	CP_0627	3,0	CRR / Own Funding	801 430	0	0
Ward 21		-	-			
Upgrading of gravel roads	CP_0268	8,0	MIG	26 931 177	0	0
SERVICE CONNECTIONS (Depending on Public Contr)						
Sewer Connections	CP_0165	3,3	CRR / Own Funding	1 120 000	1 120 000	1 120 000
Electricity Connections	CP_0166	3,3	CRR / Own Funding	1 000 000	1 000 000	1 000 000
Water Connections	CP_0167	3,3	CRR / Own Funding	2 719 200	2 719 200	1 719 200
Parks and Cemeteries						
Parks - Machinery and Equipment	CP_0479	3,0	CRR / Own Funding	100 000	0	0
Fencing of Cemeteries - Aan De Doorns	CP_0480	3,0	CRR / Own Funding	1 225 000	0	0
ROADS AND STORMWATER						
Roads - Machinery and Equipment	CP_0438	3,0	CRR / Own Funding	305 000	0	0

Land Infill Developments						
Avian Park Industrial - Stormwater (Phase 1 Development)	CP_0392	3,0	CRR / Own Funding	0	1 932 900	1 932 900
Uitvlug Industrial Zone - Water (Phase 1)	CP_0555	3,0	CRR / Own Funding	500 000	0	1 281 230
Uitvlug Industrial Zone - Sewer (Phase 1)	CP_0556	3,0	CRR / Own Funding	500 000	0	1 839 715
Uitvlug Industrial Zone - Electricity (Phase 1)	CP_0557	3,0	CRR / Own Funding	8 500 000	0	5 578 144
Uitvlug Industrial Zone - Roads (Phase 1)	CP_0558	3,0	CRR / Own Funding	500 000	0	14 463 618
Uitvlug Industrial Zone - Stormwater (Phase 1)	CP_0559	3,0	CRR / Own Funding	500 000	0	1 932 908
Uitvlug Industrial Zone - Fencing (Phase 1)	CP_0638	3,0	CRR / Own Funding	500 000	0	4 022 700
SPORT: Boland Park - 5130						
Replacement of fence perimeter	CP_0326	3,0	CRR / Own Funding	300 000	8 000 000	0
Boland Park - Tartan Track	CP_0640	3,0	CRR / Own Funding	0	200 000	3 000 000
RAWSONVILLE SPORTGROUND						
Upgrading of Rawsonville Sportground	CP_0603	8,0	MIG	0	4 900 000	0
Fleet Management – 8860						
Municipal Vehicles - LDV's	CP_0541	3,0	CRR / Own Funding	1 250 000	1 000 000	1 000 000
Municipal Vehicles – Sedans	CP_0542	3,0	CRR / Own Funding	0	1 000 000	1 000 000
Municipal Vehicles – Specialized	CP_0543	3,0	CRR / Own Funding	6 300 000	2 000 000	2 000 000
<u>MUNICIPAL MANAGER</u>						
Admin -0603						
Furniture and Equipment	CP_0021	3,0	CRR / Own Funding	10 000	5 000	5 000
<u>COMMUNITY SERVICES</u>						
ADMIN – 0903						
Furniture & Equipment	CP_0181	4,0	CRR / Own Funding	10 000	10 000	10 000
HUMAN SETTLEMENTS						
Rental Unit Upgrade	CP_0600	3,0	CRR / Own Funding	9 600 000	5 000 000	0
COMMUNITY DEVELOPMENT						
Upgrading of roof - Thusong Centre	CP_0639	3,0	Unfunded	500 000	0	0

WATERLOO LIBRARY – 4506						
Furniture and Office equipment	CP_0631	3,0	CRR / Own Funding	100 000	0	0
TRAFFIC						
Buildings						
Machinery and Equipment	CP_0443	3,0	CRR / Own Funding	100 000	0	0
Traffic - Furniture and Office Equipment	CP_0490	3,0	CRR / Own Funding	50 000	0	0
Traffic Vehicles	CP_0444	3,0	CRR / Own Funding	1 000 000	1 600 000	0
FIRE DEPARTMENT: ADMIN - 4203						
Major Fire Engine (Pumper)	CP_0494	3,0	CRR / Own Funding	7 000 000	0	8 764 000
Equipment for Fire Engine	CP_0495	3,0	CRR / Own Funding	1 500 000	0	150 000
Fire Services - Machinery and Equipment	CP_0500	3,0	CRR / Own Funding	200 000	0	0
4x4 veld and bush Fire Engine with tank and pump	CP_0632	3,0	CRR / Own Funding	0	900 000	0
Worcester Fire Station Carport	CP_0634	3,0	CRR / Own Funding	0	265 000	0
Water Tender 6000l	CP_0641	3,0		1 100 000	0	0
<u>FINANCIAL SERVICES</u>						
Admin						
Furniture and Equipment	CP_0182	4,0	CRR / Own Funding	10 000	10 000	10 000
Financial Planning						
Safeguarding of Assets	CP_0115	12,0	Insurance Reserve	400 000	400 000	400 000
FS FP - Insurance claims: Other Assets	CP_0193	12,0	Insurance Reserve	400 000	400 000	400 000
FS FP - Insurance claims: Mach & Equipment	CP_0193	12,0	Insurance Reserve	500 000	500 000	500 000
FS FP - Insurance claims: Comp Equipment	CP_0193	12,0	Insurance Reserve	100 000	100 000	100 000
<u>COUNCIL & MAYCO</u>						
MAYORAL OFFICE - 0306						
Furniture and Equipment	CP_0183	3,0	CRR / Own Funding	10 000	10 000	10 000
<u>STRATEGIC SUPPORT SERVICES</u>						
STRATEGIC SUPPORT - ADMIN - 2103						
Furniture and Equipment	CP_0183	4,0	CRR / Own Funding	10 000	10 000	10 000

Local Economic Development						
LED - Furniture and Office Equipment	CP_0507	4,0	CRR / Own Funding	5 000	0	0
INFORMATION TECHNOLOGY						
ICT - Computer Equipment	CP_0120	3,0	CRR / Own Funding	2 000 000	500 000	500 000
Fibre Links	CP_0544	3,0	CRR / Own Funding	10 000	10 000	10 000
Call Center & Telephone (PBX) System	CP_0445	3,0	CRR / Own Funding	50 000	50 000	50 000
Biometric system	CP_0117	3,0	CRR / Own Funding	150 000	150 000	150 000

Kindly refer to SA36 for the detail capital budget.

4. Annual Budget Tables

The budget tables prepared in accordance with the Municipal Finance Management Act, and Municipal Budget and Reporting Regulations are listed in below:

- **Table A1** Budget Summary
- **Table A2** Budgeted Financial Performance (Revenue and Expenditure by standard classification)
- **Table A3** Budgeted Financial Performance (revenue and expenditure by municipal vote)
- **Table A4** Budgeted Financial Performance (revenue and expenditure)
- **Table A5** Budgeted Capital Expenditure by vote, standard classification and funding
- **Table A6** Budgeted Financial Position
- **Table A7** Budgeted Cash Flows
- **Table A8** Cash Backed Reserves / Accumulated Surplus Reconciliation
- **Table A9** Asset Management'
- **Table A10** Basic Service Delivery Measurement

Kindly refer to Appendix A for the detailed Schedule A tables.

Brede Valley Municipality do not have any entities, therefore, no consolidation of budget information and tables are presented in the document and other supporting documentation.

PART 2 – Supporting Documentation**5. Overview of Annual Budget Process**

Step No	ISSUE	TIMEFRAME
1	IDP/Budget Process Plan/Timetable approved by council	Aug 2024
2	IDP Meetings – inputs from Ward Councilors & Ward Committees	Oct 2024
3	First IDP/ Budget Steering Committee Meeting	Nov 2024
4	Departmental inputs on Draft allocations	Nov & Dec 2024
5	2 nd Budget Steering Committee – Consider Adjustment budget	Jan 2025
6	Draft Budget input captured and Budget balanced	March 2025
7	Draft IDP & Budget tabled in Council	March 2025
8	IDP & Budget workshop – Council	April 2025
9	Public Consultation	April 2025
10	Finalise Sector / Dept Strategy Plan / Budget - IDP	April 2025
11	Consideration of Comments received	April 2025
12	Tabling of Final MTREF	End May 2025

**Process Plan**

	STEP	PROCESS
1.	Planning	Schedule key dates, establish consultation forums, review previous processes
2.	Strategising	Review IDP, Determine priorities, set service delivery targets and objectives for the next three years, consult on tariffs, indigent, credit control, free basic services, etc and consult local, provincial, and national issues, previous years performance and current economic and demographic trends.
3.	Preparing	Prepare budget, revenue, expenditure projections, draft budget policies, consult and consider local, provincial and national priorities.
4.	Tabling	Table draft budget, IDP and budget related policies before the council, consult and consider formal local, provincial, and national inputs and responses.
5.	Approving	Council approves budget and related policies.
6.	Finalising/ Implementation	Publish and approve SDBIP and annual Performance agreements and indicators. Publish Budget in terms of sect.22 MFMA

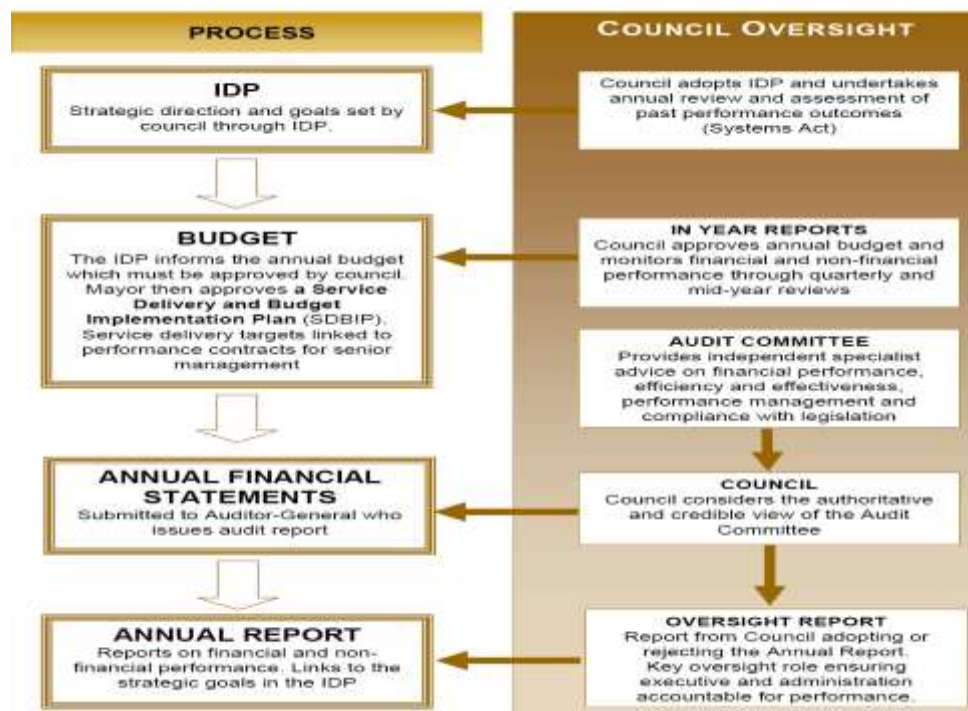
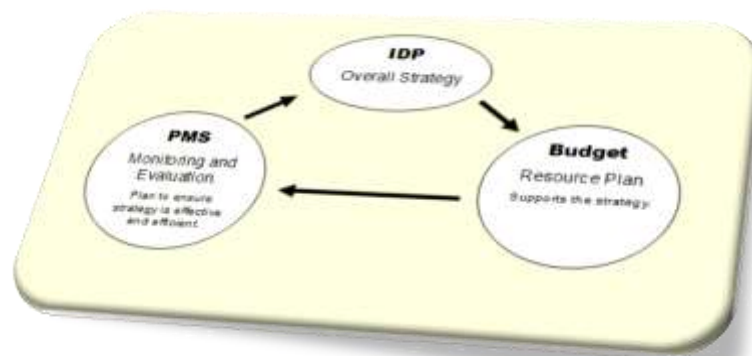
The IDP / Budget process plan was consulted with all relevant stakeholders, whom are:

- Council
- Executive Mayor and Mayoral Committee
- Accounting Officer

- Management
- Institutional Committees
- District Municipality (Cape Winelands District Municipality)
- Intergovernmental (National Treasury, Provincial Treasury and Department of Local Government)
- Ward councillors, ward committees and community in wards

6. Overview of alignment of annual budget with Integrated Development Plan

The below diagrams illustrates the link between the municipality's IDP and Budget



MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Please refer to Annexure A

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Please refer to Annexure A

MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Please refer to Annexure A

7. Measurable performance objectives and indicators

SA7 provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Please refer to Annexure A

8. MBRR Table SA8 - Performance indicators and benchmarks

The following table sets out the municipality's main performance objectives and benchmarks for the 2025/26 MTREF.

Please refer to Annexure A

9. Overview of Budget Related Policies

The following budget related policies are in use:

- Asset Management Policy
- Borrowing Policy
- Budget Policy
- Budget Virement Policy
- Costing Policy
- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Insurance Management Policy
- Long Term Financial Plan Policy
- Property Rates Policy
- Tariff Policy
- Write-off Policy
- Supply Chain Management Policy
- Cost Containment Policy

Please refer to annexure D for the budget related policies.

10. Overview of Budget Assumptions

The following budget assumptions were used as basis for compilation of the 2025/26 MTREF:

- Tariff increases:

Service	Percentage Increase (%)
Electricity	15% (based on the cost of supply)
Water	11%
Sewerage	8%
Refuse	25%
Rates	8%

***Kindly refer to Annexure E for the complete list of tariffs**

- CPIX = 4.4% (MFMA budget circular 129)
- Employee related cost is based on the collective agreement
- Government Grant will be received as gazetted by National and Provincial Government.
- Electricity bulk purchases in line with NERSA guideline.
- Limited growth in revenue base. Mostly related to low cost housing.
- No / limited increases applied on cost containment items.
- Indigent households is anticipated be in the region of 10 000 households (formal)
- Budgeted collection rate equals to 90 percent
- Conditional grant will be fully spent
- Credit rating: Baa1.za

11. Overview of Budget Funding

Funding sources of operating expenditure budget.

This overview provides the funding for operating expenditure to be incurred in future financial years.

Please refer to table A1 of Annexure A

Funding sources of capital expenditure budget

Similar to the operating revenue, the capital funding indicates how the capital programme of the municipality will be financed in future years. Based on the above table, it is clear that the municipality is largely grant dependant when external funding (loans) are not being taken up. However, it should be noted that significant progress was made with regards to the contribution of own resources to the capital programme in recent years.

Internal funding in the form of the Capital Replacement Reserve (CRR) is cash backed and sufficient to cover the related capital expenditure projects for the budget year. The

municipality remains committed in growing the CRR by making contributions to this reserve to enable better service delivery in the form of capital expenditure. Projects funded from the CRR will be closely monitored to aid implementation and where adjustments are required due to implementation challenges, funds will be directed or reprioritised as per the prerogative of management, through the guidance of the IDP and / or the municipality's financial status.

12. Expenditure on allocations and grant programmes

MBRR SA19 - Expenditure on transfers and grant programmes

Kindly refer to table SA19 of Annexure A.

13. Allocations or grants made by the municipality

MBRR SA21- Transfers and grants made by the municipality

Kindly refer to table SA21 of Annexure A.

14. Councillors and board members allowances and employee benefits

MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Kindly refer to table SA23 of Annexure A.

15. Monthly targets for revenue, expenditure and cash flow

MBRR SA25 - Budgeted monthly revenue and expenditure

Please refer to table SA25 of annexure A.

16. Contracts having future budgetary implications

MBRR SA33 – Contracts having future budgetary implications

Please refer to table SA33 of annexure A.

17. MBRR SA35 - Future financial implications of the capital budget

Please refer to table SA35 of annexure A.

18. Capital expenditure details

MBRR SA36 - Detailed capital budget per municipal vote

Please refer to table SA36 of annexure A.

19. Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- **In-year reporting:** Reporting to National Treasury and Provincial Treasuries are done in line with the legislated prescripts.
- **Internship programme:** This programme is fully functional within the municipality with 4 interns being employed under this programme.

-
- **Budget and Treasury Office:** The Budget and Treasury Office has been established in accordance with the MFMA.
 - **Audit Committee:** An Audit Committee has been established and is fully functional.
 - Service Delivery and Implementation Plan
 - **Annual Report:** Annual report is compiled in terms of the MFMA and National Treasury requirements.
 - MFMA Training
 - Policies

20. Other supporting documents

Please refer to annexures E for MFMA budget circular

21. Annual budgets of municipal entities attached to the annual budget

No municipal entities.

COMMENTS BY OTHER DIRECTORATES

Municipal Manager – Recommendation supported

Director Strategic Services – Recommendation supported

Director Engineering Services – Recommendation supported

Director Community Services - Recommendation supported

Director: Planning, Development and Integrated Services - Recommendation supported

RECOMMENDATION

That in respect of

**2025/26 DRAFT BUDGET MEDIUM TERM REVENUE AND EXPENDITURE
FRAMEWORK**

discussed by Council at the Council Meeting of 25 March 2025:

1. Council approves the tabling of the draft annual budget and annual budget supporting tables as prescribed by the Municipal Budget and Reporting Regulations, as set out in Annexure A.
2. Council approves the tabling of the Quality Certificate to the draft budget signed by the Accounting Officer, as per Annexure B.

3. Council approves the tabling of the revised budget related policies as per Annexure C.
4. Council approves the tabling of the draft tariffs, tariff structures and service delivery charges for water, electricity, refuse, sewerage, and other municipal services as per Annexure D

Proposed: Ald. A. Steyn

Seconded: Ald. W. R. Meiring

Council unanimously agreed on the recommendation.

RESOLVED

That in respect of

2025/26 DRAFT BUDGET MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

discussed by Council at the Council Meeting of 25 March 2025, **resolution number C123/2025:**

1. Council approves the tabling of the draft annual budget and annual budget supporting tables as prescribed by the Municipal Budget and Reporting Regulations, as set out in Annexure A.
2. Council approves the tabling of the Quality Certificate to the draft budget signed by the Accounting Officer, as per Annexure B.
3. Council approves the tabling of the revised budget related policies as per Annexure C.
4. Council approves the tabling of the draft tariffs, tariff structures and service delivery charges for water, electricity, refuse, sewerage, and other municipal services as per Annexure D

7.2 DRAFT THIRD REVIEW OF THE 5th GENERATION INTEGRATED DEVELOPMENT PLAN (2022 - 2027) FOR THE PERIOD 2025/2026**File No./s:**10/3/8**Responsible Official:** C. Malgas**Directorate:** Strategic Support Services**Portfolio:** IDP/PMS/SDBIP

1. PURPOSE:

To table the Draft Third Review of the 5th Generation Integrated Development Plan (2022 - 2027) for the period 2025/2026 (hereafter referred to as the Draft 2025/2026 IDP), as prepared in line with the prioritised needs of the Breede Valley community, in accordance with the budgetary resources available.

The Draft 2025/2026 IDP will be consulted with the local community and all relevant stakeholders as required by legislation.

2. BACKGROUND:

Municipalities are required to, in terms of the Municipal Systems Act, Act 32 of 2000 (hereafter referred to as the MSA), review and/or amend its 5-year IDP on an annual basis. Section 34 of the MSA specifically states that a municipal council:

- a. must review its integrated development plan:
 - i annually in accordance with an assessment of its performance measurements in terms of section 41; and
 - ii to the extent that changing circumstances so demand; and
- b. may amend its integrated development plan in accordance with a prescribed process

Section 16(1) of the Municipal Systems Act, Act 32 of 2000 refers to the development of a culture of municipal governance that complements representative government with a system of participatory governance, thereby encouraging and creating conditions for the local community to participate in the affairs of the municipality, including:

- (i) The preparation, implementation and review of its integrated development plan; and
- (ii) In execution of the above, Council endorsed a direct IDP/Budget information sharing with the public in all wards of the municipality

For ease of reference, the table below depicts the current status pertaining to the information/sections within the Draft 2025/2026 IDP:

Chapter	Section Description	Summary of Change
	MAYOR'S FOREWORD	To be updated/provided in the final IDP (May 2025)
	MUNICIPAL MANAGER'S FOREWORD	To be updated/provided in the final IDP (May 2025)
1	INTRODUCTION	The purpose of the document has been updated
2	DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE	In process of reviewing and updating the socio-economic statistics in accordance with the latest provincial as well as municipal sources (i.e. latest Census data, Municipal Economic Review & Outlook - Province, Breede Valley Socio-economic Profile - Province, 2023/24 Annual Report – Municipal). The demographic and socio-economic profile will be concluded in the final IDP
5	THE OPPORTUNITY MUNICIPALITY (PROGRAMME 5.1 – 5.9)	In process of revising and aligning information to the latest municipal/departamental strategic implementation plans and statistics (where input has been received). A detailed summary of all changes will be provided in the Council item relating to the final IDP
6	THE SAFE MUNICIPALITY (PROGRAMME 6.1 (a-j))	In process of revising and aligning information to the latest municipal/departamental strategic implementation plans and statistics (where input has been received). A detailed summary of all changes will be provided in the Council item relating to the final IDP
7	THE CARING MUNICIPALITY (PROGRAMME 7.1 (a-e))	In process of revising and aligning information to the latest municipal/departamental strategic implementation plans and statistics (where input has been received). A detailed summary of all changes will be provided in the Council item relating to the final IDP
8	THE INCLUSIVE MUNICIPALITY (PROGRAMME 8.1)	IDP & Budget public engagement methodology & schedules for October-November 2024 were updated accordingly. The March-April 2025 public engagement schedule and methodology will be updated in the final IDP submission to Council. In addition, the ward-based

		plans (particularly 2025/26 ward priorities) have been updated for each ward, as obtained during the October-November 2024 IDP ward committee engagements
9	THE WELL-RUN MUNICIPALITY (PROGRAMME 9.1 – 9.2)	The HR Strategy (in accordance with the Municipal Staff Regulations) has been revised and updated accordingly. Under programme 9.2, the administrative staff establishment (macro structure) was also reviewed and aligned to the draft staff establishment proposed by the municipality
10	BUDGETARY INFORMATION	The draft budget, budget & financial management principles and related information will be incorporated into Chapter 10 as part of the final IDP submission to Council in May 2025.
11	INTER-GOVERNMENTAL ALIGNMENT	The Cape Winelands District JDMA Implementation/One Plan has been updated in accordance with the current project status. National and Provincial funding allocations (in terms of the DORB and planned/estimated provincial expenditure for infrastructure) will be incorporated in the final IDP, as the final allocations are not yet known due to delays in the tabling and adoption of the National Budget. In the interim, the tables depict the budgetary figures encapsulated in the second reviewed IDP
12	PERFORMANCE MANAGEMENT (DRAFT SDBIP 2025/2026)	The draft SDBIP for 2025/2026 has been included. At this stage, the submission of this SDBIP is merely for compliance purposes. Administration is in process of finalising the SDBIP for submission to the Executive Mayor (for approval) and Council (for notification), by no later than 28 days after the approval of the final budget. A final review of the chapter will be done and incorporated in the final IDP, aligned to the final Performance Management Framework.

A copy of the Draft 2025/2026 IDP (Annexure "A") will be circulated as addendum.

The Draft 2025/2026 IDP and its related components will be subjected to public participation to (amongst others) solicit public views and input hereon. A copy of the IDP/Budget engagement methodology (scheduled in March/April 2025) is attached for Council's notification (Annexure "B"). The latter served before Council in February 2025 and has subsequently been confirmed with each ward Councillor per the resolution.

Sectoral Plans:

- **Water Services Development Plan - IDP Water Sector Input Report**
Sections 12 and 13 of the Water Services Act (Act No. 108 of 1997) places an obligation on each Water Services Authority (WSA) to prepare and maintain a Water Services Development Plan (WSDP) - also known as a sector plan - every 5 years and update it annually (i.e. as part of- and aligned to the IDP process).

In addition to its legislative status, the WSDP enables WSA's to adequately plan and execute its primary mandate within its jurisdictioned area, as it provides information on (amongst others) water sources and quality, water balances, water services infrastructure and institutional arrangements for water services. This in turn, underpins the development of realistic long-term water services investment plan(s) which:

- identifies shortfalls and gaps within current levels of water service provisions,
- prioritises the provision of optimal basic water services,
- encourages long-term affordability and sustainability,
- promotes economic development, and ultimately
- pursues the overarching municipal strategic objectives, particularly from a water services perspective.

On this premise, a copy of Breede Valley Municipality's WSDP is attached as Annexure "C".

3. FINANCIAL IMPLICATIONS:

The Medium-Term Revenue and Expenditure Framework (MTREF) will be aligned to the final reviewed and approved IDP.

4. APPLICABLE LEGISLATION:

Municipal Systems Act, Act 32 of 2000

Municipal Finance Management Act, Act 56 of 2003

Local Government: Municipal Planning and Performance Management Regulations, 2001

5. COMMENT OF DIRECTORATES / DEPARTMENTS CONCERNED:

Municipal Manager:	Recommendation Supported
Director: Strategic Support Services:	Recommendation Supported
Director: Financial Services:	Recommendation Supported
Director: Engineering Services:	Recommendation Supported
Director: Planning, Development & Integrated Services:	Recommendation Supported
Director: Community Services:	Recommendation Supported
Senior Legal Manager:	Recommendation Supported
Senior Manager Water Services:	Recommendation Supported



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RECOMMENDATION

That in respect of –

THE DRAFT THIRD REVIEW OF THE 5TH GENERATION INTEGRATED DEVELOPMENT PLAN (2022 - 2027) FOR THE PERIOD 2025/2026,

tabled before Council at the Council meeting held on 25 March 2025:

1. That Council takes note of the Draft 2025/2026 IDP (Annexure A) and endorse that it be and made public in terms of section 21 of the MSA.
2. That Council be reminded of the IDP/Budget Public Engagement methodology and note the final engagement schedule (Annexure B), that will be rolled-out from 26 March – 16 April 2025.
3. That Council provides in principal approval of the Water Services Development Plan – IDP Water Sector Input Report for 2025/2026

Proposed: Ald. A. Steyn

Seconded: Ald. W. R. Meiring

Council unanimously agreed on the recommendation.

RESOLVED

That in respect of –

THE DRAFT THIRD REVIEW OF THE 5TH GENERATION INTEGRATED DEVELOPMENT PLAN (2022 - 2027) FOR THE PERIOD 2025/2026,

tabled before Council at the Council meeting held on 25 March 2025, **resolution number C124/2025:**

1. That Council takes note of the Draft 2025/2026 IDP (Annexure A) and endorse that it be and made public in terms of section 21 of the MSA.
2. That Council be reminded of the IDP/Budget Public Engagement methodology and note the final engagement schedule (Annexure B), that will be rolled-out from 26 March – 16 April 2025.
3. That Council provides in principal approval of the Water Services Development Plan – IDP Water Sector Input Report for 2025/2026

7.3 SUBMISSION OF THE IN-YEAR FINANCIAL MANAGEMENT REPORTS FOR THE PERIOD ENDED 28 FEBRUARY 2025 MFMA SECTION 71 Report

File No. /s: 3/15/1

Responsible Officials: R. Ontong

Directorate: Financial Services

Portfolio: Financial Services

1. PURPOSE

To submit the in-year financial management report for adoption.

2. BACKGROUND

In terms of the Municipal Finance Management Act, 56 of 2003, section 71.

(1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- (a) Actual revenue, per revenue source;
- (b) actual borrowings;
- (c) actual expenditure, per vote;
- (d) actual capital expenditure, per vote;
- (e) the amount of any allocations received;
- (f) actual expenditure on those allocations, excluding expenditure on
 - (i) its share of the local government equitable share; and
 - (ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
- (g) when necessary, an explanation of-
 - (i) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - (ii) any material variances from the service delivery and budget implementation plan; and
 - (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

(2) The statement must include-

- (a) a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and
- (b) the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).

(3) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the municipality's approved budget.

(4) The statement to the provincial treasury must be in the format of a signed document and in electronic format.

(5) The accounting officer of a municipality which has received an allocation referred to in subsection (1)(e) during any particular month must, by no later than 10 working days after the end of that month, submit that part of the statement reflecting the particulars referred to in subsection (1)(e) and (f) to

the national or provincial organ of state or municipality which transferred the allocation.

- (6) The provincial treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities' budgets, per municipality and per municipal entity.
- (7) The provincial treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity. The MEC for finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.

3. FINANCIAL IMPLICATIONS

None

4. APPLICABLE LEGISLATION/ COUNCIL POLICY

Municipal Finance Management Act, 56 of 2003 (Section 71)

Municipal Budget and Reporting Regulations, 2009

5. COMMENT OF DIRECTORATES/ DEPARTMENTS CONCERNED:

Municipal Manager: Recommendation supported

Director: Strategic Support Services: Recommendation supported

Director: Financial Services: Recommendation supported

Acting Director: Community Services: Recommendation supported

Director: Engineering Services: Recommendation supported

Director: Planning Development and Integrated Services: Recommendation supported

RECOMMENDATION

That in respect of

SUBMISSION OF THE IN-YEAR FINANCIAL MANAGEMENT REPORT FOR THE PERIOD ENDED 28 FEBRAURY 2025: MFMA SECTION 71 Report.

discussed by Council at the Council meeting held on the 25 March 2025:

1. That Council take note of the in-year financial management report for the periods ended 28 February 2025.

Proposed: Ald. W. R. Meiring

Seconded: Ald. A. Steyn

Unanimously agreed

RESOLVED

That in respect of

SUBMISSION OF THE IN-YEAR FINANCIAL MANAGEMENT REPORT FOR THE PERIOD ENDED 28 FEBRAURY 2025: MFMA SECTION 71 Report.

discussed by Council at the Council meeting held on the 25 March 2025, **resolution number C125/2025:**

1. That Council take note of the in-year financial management report for the periods ended 28 February 2025.

7.4 PROPOSED AMENDMENT TO BID BVD 663: SUBSCRIPTION TO AN ESRI ARCGIS ONLINE/HOSTED PLATFORM IN COMPLIANCE WITH SECTION 116(3) OF THE MFMA**File No./s:** 5/3/1/146**Responsible Official:** J. De Villiers**Directorate:** Planning, Development and Integrated Services**Portfolio:** GIS

1. PURPOSE

The purpose of this report is to provide the necessary information and motivation on the proposed amendment of the following contract:

ESRI SOUTH AFRICA – (BVD 663: Subscription to an ESRI ARCGIS online/hosted platform).

In terms of section 116(3) of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), Council to make an informed decision whether to consent to the amendment of the contracts.

2. LEGAL REQUIREMENTS

Section 116(3) of the MFMA provides as follows:

“(3) A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after -

- (a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the Council of its parent municipality; and
- (b) The local community-
 - (i) has been given reasonable notice of the intention to amend the contract or agreement and
 - (ii) has been invited to submit representations to the municipality or municipal entity.”

The following three things as set out below must therefore be done before the accounting officer can amend a procurement contract:

- a) The contract must have been procured through the supply chain management policy of the Municipality.
- b) The reasons for the proposed amendment have been tabled in the Council. And
- c) The local community has been given reasonable notice of the intention to amend the contract or agreement, and they have been invited to submit representations to the Municipality.

3. CONTRACTS PROCURED THROUGH THE SUPPLY CHAIN MANAGEMENT POLICY

It is confirmed that the contract as set out below were procured in compliance with the Municipality supply chain management policy.

BVD 663: SUBSCRIPTION TO AN ESRI ARCGIS ONLINE/HOSTED PLATFORM

It is further confirmed that the contract above is still valid and enforceable and may be amended.

4. BACKGROUND/MOTIVATION

The Breede Valley Municipality (BVM) has been using the current GIS (Geographic Information Systems) software solution, being the ESRI suite of software, for over 18 years, with its most recent upgrade to the ESRI ArcGIS Online platform being supported and financed by external grant funding from the Provincial Government of the Western Cape (PGWC). This upgrade was in the form of a one-year contract with ESRI for the implementation and maintenance of the ArcGIS platform (AGOL) built on the ESRI suite of software. This long-term use and recent upgrade indicate that the software is deeply integrated into the Municipality's operations and infrastructure.

This platform (AGOL) is subscription based, and BVM's current subscription comes to an end on 17th May 2025. As such BVM will need to continue to finance the subscription or face losing access to the software and work already done using the software. This memorandum requests amendment to BID BVD 663 to enable continuation of the subscription for a two year term to bring it in line with the other core systems of the BVM.

Over and above the loss of access to the software along with the existing work done, additional reasons for amending the existing contract are as follows:

1. **Established and Proven Track Record:** The software has been successfully utilized within the organization for nearly two decades, ensuring stability, reliability, and familiarity with the system. The organization has already invested significant resources in adapting the software to meet its needs, which makes transitioning to a new solution unnecessarily disruptive and costly.
2. **Recent Upgrade and Provincial Government Support:** The recent upgrade, funded through a Provincial Government grant, ensures that the software remains modern and aligned with the Municipality's needs. This funding was provided to extend the life of the current software, demonstrating a commitment to maximizing the value of this existing system. Replacing it would undermine this investment and squander the resources already dedicated to upgrading it.
3. **Impracticality of Market Testing for Alternatives:** Testing the market for alternative solutions would not be a practical or cost-effective course of action at this point. Implementing a new software solution would require significant additional investment, including costs for setup, data migration, system reconstruction, and retraining of staff. Furthermore, the transition could lead to operational downtime that would disrupt the Municipality's essential services, which is particularly concerning given the critical nature of municipal operations.
4. **Data Reconstruction and Integration Challenges:** The Municipality's existing data is structured within the current software system, and migrating this data to a new system would be complex, time-consuming, and costly. Any disruption to the continuity and integrity of this data could result in inefficiencies and potential errors in municipal processes.

5. **Training and Implementation Disruption:** Switching to a new software solution would necessitate significant training for staff, who are already proficient with the current system. This would incur additional costs and likely result in productivity loss during the learning phase. Furthermore, the transition period could cause operational downtime, further disrupting service delivery.

In conclusion, amending the contract for the current software solution is the most pragmatic and cost-effective approach. It will allow the Municipality to continue benefiting from its existing investment, avoid unnecessary costs associated with transitioning to a new system, and maintain operational continuity. Hence, it is proposed that Breede Valley Municipality amend the contract for a period ending 30 June 2027.

5. Financial Implications

The total estimated costs for the two-year contract can be seen in Table 3.

Table 3: Budget 2025/2026/2027 FY

<u>Description</u>	<u>Finance Source Description</u>	<u>Budget 2025/26</u>	<u>Budget 2026/27</u>	<u>TOTAL</u>
Software Subscription	BVM	R288,600.00	R308,802.00	R 597,402.00
Professional Services Support (100hrs/yr)	BVM	R135,000.00	R144,550.00	R 279,550.00
TOTAL BUDGET (Exclusive VAT)		R423,600.00	R453,352.00	R 876,952.00

6. Applicable Legislation / Council Policy

Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003)
 Circular 57, National Treasury Practise note
 Circular 62, National Treasury Practise note
 Circular 73 National Treasury Practise note
 Circular 102, National Treasury Practice note
 Breede Valley Municipality Supply Chain Management Policy, as amended
 Breede Valley Municipality Contract Management Framework as part of the SCM Policy, as amended

Section 116 (3) of the Municipal Finance Management Act 56 of 2003 determines as follows—

“A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, **but only after**— (*own highlight and underlining*)

- (a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and
- (b) the local community—
 - (i) has been given reasonable notice of the intention to amend the contract or agreement; and

- (ii) has been invited to submit representations to the municipality or municipal entity.”

In order to comply with section 116 (3) of the Municipal Finance Management Act, a public participation process was followed, whereby the intention to amend this contract was advertised as follow:

Section 116(3) Notification for Public Participation

Date of Advertising:	04 November 2024
Method of Advertising:	Notice Boards; Breede Valley Municipality Website
Closing Date for Comments:	03 December 2024

Section 116(3)(b) oblige that the local community be given reasonable notice of the intention to amend the contract or agreement and that they are invited to submit representations to the Municipality. The sub-section is not prescriptive whether the notice should be given to the local community before the item is tabled in Council or not.

What is, however, unambiguous is that a contract can only be amended after the local community was given reasonable notice of the intention to amend and they have been offered an opportunity to provide input.

The accounting officer can thus use his discretion in this regard. For this reason, the public notice was already placed on the municipal notice boards, and the website.

No comments were received from the public on the notice that already closed for public input.

7. COMMENT OF DIRECTORATES / DEPARTMENTS

Municipal Manager:	Supported.
Director: Strategic Support Services:	Supported.
Director: Financial Services:	Supported
Senior Manager Supply Chain Management Unit:	Supported.
Director: Engineering Services:	Supported.
Director: Planning Development and Integrated Services:	Author of the item.
Director: Community Services:	Supported.
Legal Services:	Supported.

8. Annexures

Annexure A: Intent to amend document
Annexure B: Bill of Quantities
Annexure C: Proof of Advertisement

RECOMMENDATION

That in respect of –

Proposed amendments to bid BVD663: SUBSCRIPTION TO AN ESRI ARCGIS ONLINE/HOSTED PLATFORM in compliance with section 116(3) of the MFMA

Discussed by Council at the Council meeting held on 25 March 2025:

- 1) That cognisance be taken of the reasons for the proposed amendment of BVD663: SUBSCRIPTION TO AN ESRI ARCGIS ONLINE/HOSTED PLATFORM, enabling provisions of Section 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003), and that the amendments of the contract be consented to
- 2) The contract be amended to extend the duration of the contract for a period ending 30 June 2027. The same terms and conditions of the original contract will apply, inclusive of the escalation clause pertaining to the price.

Proposed: Ald. W. R. Meiring

Seconded: Cllr. E. Botha

Council unanimously agreed on the recommendation

RESOLVED

That in respect of –

Proposed amendments to bid BVD663: SUBSCRIPTION TO AN ESRI ARCGIS ONLINE/HOSTED PLATFORM in compliance with section 116(3) of the MFMA

Discussed by Council at the Council meeting held on 25 March 2025, **resolution number C126/2025:**

- 1) That cognisance be taken of the reasons for the proposed amendment of BVD663: SUBSCRIPTION TO AN ESRI ARCGIS ONLINE/HOSTED PLATFORM, enabling provisions of Section 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003), and that the amendments of the contract be consented to
- 2) The contract be amended to extend the duration of the contract for a period ending 30 June 2027. The same terms and conditions of the original contract will apply, inclusive of the escalation clause pertaining to the price.

7.5 PROPOSED AMENDMENTS TO BID BVA 141/2024: PROVISION OF A DOCUMENT ARCHIVING AND AUTOMATED PROCESS AND WORKFLOW SYSTEM FOR THE PERIOD ENDING 30 JUNE 2027 IN COMPLIANCE WITH SECTION 116(3) OF THE MFMA

File No./s: 5/3/1/124

Responsible Official: Z. Solomon

Directorate: Strategic Support Services

Portfolio: ICT

1. PURPOSE

The purpose of this report is to provide the necessary information and motivation on the proposed amendment of contract BVA 141/2024, in terms of the enabling provisions of section 116(3) of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), to enable Council to make an informed decision whether to consent to the amendment of the contracts.

2. LEGAL REQUIREMENTS

Section 116(3) of the MFMA provides as follows:

“(3) A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after -

- (c) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the Council of its parent municipality; and
- (d) The local community-
 - (i) has been given reasonable notice of the intention to amend the contract or agreement and
 - (ii) has been invited to submit representations to the municipality or municipal entity.”

The following three things as set out below must therefore be done before the accounting officer can amend a procurement contract:

- d) The contract must have been procured through the supply chain management policy of the Municipality.
- e) The reasons for the proposed amendment have been tabled in the Council. And
- f) The local community has been given reasonable notice of the intention to amend the contract or agreement, and they have been invited to submit representations to the Municipality.

3. CONTRACTS PROCURED THROUGH THE SUPPLY CHAIN MANAGEMENT POLICY

It is confirmed that the contract as set out below were procured in compliance with the Municipality supply chain management policy.

BVA 141/2024: PROVISION OF A DOCUMENT ARCHIVING AND AUTOMATED PROCESS AND WORKFLOW SYSTEM

It is further confirmed that the contract above is still valid and enforceable and may be amended.

4. BACKGROUND/MOTIVATION

In terms of the Breede Valley Municipality's Supply Chain Management Policy Contract, BVA 141/2024: Provision of a Document Archiving and Automated Process and Workflow System ending 30 June 2027, was awarded to Business Engineering (Pty) Ltd for the amount of R1 529 595.00 (excl. Vat).

Citizens Engagement mobile app (ComUnity) was procured through our Enterprise Agreement (EA) with Microsoft. The annual licence cost for the app is R 303 861.00 and is subject to R/\$ exchange. In order for the application to function correctly, software was developed by Business Engineering to integrate Collaborator to ComUnity App. The monthly cost of this software is R 5 500.00.

Business Engineering has since developed a Mobile application that will address the requirements of Breede Valley Municipality, at a fraction of the costs. There will also be no additional integration costs if the platform is the same (i.e. Collaborator). For Collaborator App, a once-off installation cost of R 203 895.00 is required. In turn, the municipality will save approximately R 501 861.00 for the remaining contract period.

5. FINANCIAL IMPLICATIONS

If this service is suspended, BVM citizens will not be able to engage with the municipality on issues such as logging of complains/faults, capturing of meter readings, emergency calls etc.

Table 1: Budget 2024/2025 FY

<u>Description</u>	<u>Vote/uKey</u>	<u>Budget 2024/2025</u>	<u>TOTAL CONTRACT VALUE (3 years)</u>
Provision of a Document Archiving and Automated Process and Workflow System	20240701025047 12114222130000	R19 125.00 p.a. (Annual Software licensing) R35 395 per month (Support Agreement) R5 500 per month (Citizens Engagement App)	R57 375.00 R1 27 4220.00 R198 000.00
TOTAL BUDGET (Exclusive VAT)			R1 529 595.00

6. APPLICABLE LEGISLATION / COUNCIL POLICY

Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003)
Circular 57, National Treasury Practice note
Circular 62, National Treasury Practice note
Circular 73 National Treasury Practice note
Breede Valley Municipality Supply Chain Management Policy, as amended
Breede Valley Municipality Contract Management Policy, as amended

Section 116 (3) of the Municipal Finance Management Act 56 of 2003 determines as follows—

“A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, **but only after**— (*own highlight and underlining*)

- (c) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and
- (d) the local community—
 - (i) has been given reasonable notice of the intention to amend the contract or agreement; and
 - (ii) has been invited to submit representations to the municipality or municipal entity.”

In order to comply with section 116(3) of the Municipal Finance Management Act, it is proposed that a public participation process be followed to advertise the Municipality’s intended amendment of the contract, where after any comments / representations will be referred back to Council.

Section 116(3) Notification for Public Participation

Date of Advertising:	17 February 2025
Method of Advertising:	Notice Boards; Breede Valley Municipality Website
Closing Date for Comments:	17 March 2025

Section 116(3)(b) oblige that the local community be given reasonable notice of the intention to amend the contract or agreement and that they are invited to submit representations to the Municipality. The sub-section is not prescriptive whether the notice should be given to the local community before the item is tabled in Council or not.

What is, however, unambiguous is that a contract can only be amended after the local community was given reasonable notice of the intention to amend and they have been offered an opportunity to provide input.

The accounting officer can thus use his discretion in this regard. For this reason, the public notice was already placed on the municipal notice boards, and the website.

No comments were received from the public on the notice that already closed for public input.

7. COMMENT OF DIRECTORATES / DEPARTMENTS

Municipal Manager:	Supported.
Director: Strategic Support Services:	Author of the item.
Director: Financial Services:	Supported.
Senior Manager Supply Chain Management Unit:	Supported.
Director: Engineering Services:	Supported
Director: Planning Development and Integrated Services:	Supported
Director: Community Services:	Supported.
Legal Services:	Supported.

8. ANNEXURES

Annexure A: Intent to amend document
Annexure B: Contract Specification and Bill of Quantities
Annexure C: Proof of Advertisement

RECOMMENDATION

That in respect of –

PROPOSED AMENDMENTS TO BID BVA 141/2024: PROVISION OF A DOCUMENT ARCHIVING AND AUTOMATED PROCESS AND WORKFLOW SYSTEM FOR THE PERIOD ENDING 30 JUNE 2027 IN COMPLIANCE WITH SECTION 116(3) OF THE MFMA

Discussed by Council at the Council meeting held on 25 March 2025:

1. That cognisance be taken of the reasons for the proposed amendment of BVA 141/2024 PROVISION OF A DOCUMENT ARCHIVING AND AUTOMATED PROCESS AND WORKFLOW SYSTEM FOR THE PERIOD ENDING 30 JUNE 2027, enabling provisions of Section 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003), and that the amendments of the contract be consented to
2. The contract be amended to include the additional services as stipulated under paragraph 4, for a period from the 1st of July 2025 till the 30th of June 2027 The same terms and conditions of the original contract will apply, inclusive of the escalation clause pertaining to the price.

Proposed: Ald. W. R. Meiring

Seconded: Cllr. E. Botha

Council unanimously agreed on the recommendation

RESOLVED

That in respect of –

PROPOSED AMENDMENTS TO BID BVA 141/2024: PROVISION OF A DOCUMENT ARCHIVING AND AUTOMATED PROCESS AND WORKFLOW SYSTEM FOR THE PERIOD ENDING 30 JUNE 2027 IN COMPLIANCE WITH SECTION 116(3) OF THE MFMA

Discussed by Council at the Council meeting held on 25 March 2025, **resolution number C127/2025:**

1. That cognisance be taken of the reasons for the proposed amendment of BVA 141/2024 PROVISION OF A DOCUMENT ARCHIVING AND AUTOMATED PROCESS AND WORKFLOW SYSTEM FOR THE PERIOD ENDING 30 JUNE 2027, enabling provisions of Section 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003), and that the amendments of the contract be consented to
2. The contract be amended to include the additional services as stipulated under paragraph 4, for a period from the 1st of July 2025 till the 30th of June 2027 The same terms and conditions of the original contract will apply, inclusive of the escalation clause pertaining to the price.

7.6 SPORT AND RECREATION POLICY

File No. /s: 3/9/1/C

Responsible Official: M. Planga

Directorate: Community Services

Portfolio: Sport and Culture

1. PURPOSE

The purpose of this item is for Council to consider the approval of the Sport and Recreation Policy.

2. BACKGROUND

The Breede Valley seeks to enhance the quality of life of its inhabitants through the facilitation of sport as a mechanism to increase active participation. The municipality provides a range of sports facilities and programmes in its area of operation.

The Sport and Recreation Policy envisage to ensure that municipal facilities are accessible to all regardless of their origin. In addition, the policy intends to provide clear guidelines for the municipality's relationship with the sport and recreation fraternity.

The draft policy was tabled at the Council meeting of 4 December 2024. It was resolved that a workshop be conducted with councillors, which took place on 3 March 2025.

3. FINANCIAL IMPLICATIONS

There will be no financial implications.

4. APPLICABLE LEGISLATION / COUNCIL POLICY

The Constitution of the RSA

The National Sport and Recreation Act of 1998

5. ANNEXURES

Annexure A: Sport and Recreation Policy

6. COMMENTS OF DIRECTORATES

Municipal Manager:	Supported
Director: Community Services:	Author of the item
Director: Strategic Support Services:	Supported
Director: Financial Services:	Supported
Director: Engineering Services:	Supported
Director: Planning, Development and Integrated Services:	Supported

RECOMMENDATION

That in respect of -

SPORT AND RECREATION POLICY

as discussed by Council at the Council meeting held on 25 March 2025:

That Council approves the Sport and Recreation Policy, with effect from date of approval.

Proposed: Cllr. V. Bedworth

Seconded: Cllr. J. R. Jack

Council unanimously agreed on the recommendation

RESOLVED

That in respect of -

SPORT AND RECREATION POLICY

as discussed by Council at the Council meeting held on 25 March 2025, **resolution number C128/2025:**

That Council approves the Sport and Recreation Policy, with effect from date of approval.

7.7 CONSIDERATION TO NOT EXERCISE A VESTING RIGHT IN TERMS OF SECTION 28 OF LUPO: PUBLIC OPEN SPACE SITUATED AT ERF 88, DE DOORNS**File no.:** 10/3/3/671**Responsible Official:** H Potgieter**Directorate:** SSS**Portfolio:** Legal Services

1. PURPOSE

The purpose of this item is for Council to consider to not exercise its vesting right in respect of a Public Open Space situated at erf 88, De Doorns.

2. BACKGROUND / DISCUSSION

The history of erf 88, De Doorns dates back to the 1920's. Over the years various subdivisions and rezonings were approved in respect of the subject property.

At present, erf 88 holds a spilt zoning, which consists of Residential Zone V as well as Open Space Zone I and is outlined in yellow on the locality map attached hereto and marked "**Annexure A**". The Open Space Zone I has an extent of $\pm 3964\text{m}^2$ (hereinafter "the subject property") and is indicated in yellow on the locality map attached hereto and marked "**Annexure B**".

The subject property was established as a result of an approved subdivision, which was done in accordance with the Land Use Planning Ordinance 15 of 1985 (hereinafter "LUPO").

Pursuant to section 28 of LUPO, being the prevailing legislation at the time of the subdivision, ownership of public roads and public places established in accordance with an approved subdivision vests in the Municipality. Even if the subject property vests in the Municipality by operation of law, Council should note that the transfer of the vesting right was not put into effect at the Cape Town Deeds Office.

The current owner of erf 88 (which includes the subject property) namely Malan Jordaan Monteroza Trust (hereinafter "*Monteroza*"), have been privately maintaining and servicing the subject property at their cost.

In the matter of *Arun Property Development (Pty) Ltd v City of Cape Town*, the Constitutional Court considered whether a local authority is obligated to provide compensation when land vests in its ownership through legislative operation. The appellant sought compensation under

section 28 of LUPO, which provides that land required for public streets and public places arising from a subdivision shall vest in the local authority without compensation. The appellant argued that land beyond what is required for the "normal need" of the subdivision was also vested in the local authority, thereby entitling it to compensation.

The Constitutional Court held that the automatic transfer of ownership under section 28 of LUPO constitutes an *ex lege* acquisition with the same effect as an expropriation. As a result, the Court determined that the local authority is obligated to provide compensation in terms of section 26(1) of the Expropriation Act, 1975.

Should the Council exercise its rights under section 28 of LUPO, it must ensure that fair compensation is provided for any land acquired beyond the normal subdivision requirements, in line with constitutional and legislative principles governing expropriation.

In addition, it ought to be noted, should Council resolve to exercise its vesting right by formally transferring the property in its name, possible claims might be instituted against the Municipality for *inter alia* the maintenance costs and/or property rates which Monteroza paid over the years. In addition to this, the subject property has not been used as a Public Open Space or park. Thus, should the subject property remain the "ownership" of Monteroza, the public will not be divested of the use of a public facility.

Monteroza intends to further develop the subject property to establish either a retirement facility or a security village, which according to them will be beneficial to the local community. However, said development can only commence should the property remain their ownership.

3. CONCLUSION

It is recommended that Council not exercise its vesting right as provided for in section 28 of LUPO.

4. FINANCIAL IMPLICATIONS

Should the proposed development envisaged by Monteroza materialise, the Municipality stand to gain future rates and taxes.

5. ANNEXURES

1. Annexure A: Locality map of Erf 88, De Doorns
2. Annexure B: Locality map indicating the Open Space

6. COMMENTS OF DIRECTORATES / DEPARTMENTS

It is confirmed that internal comments were obtained (which comments includes the proposed further development of the subject property) and is summarised below under the relevant directorate.

MUNICIPAL MANAGER:

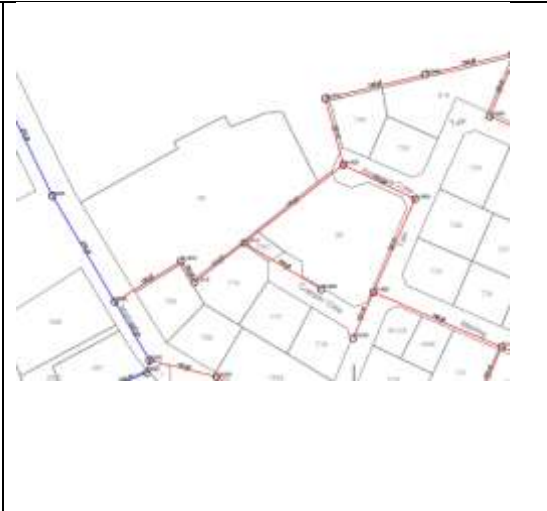
Supported

DIRECTOR ENGINEERING SERVICES:

Item and recommendation supported

Civil Engineering Services:

1. Civil Engineering: As per the municipal records the registered owner of erf 88, De Doorns is Malan Jordaan, Monteroza Trust. The current zoning is public open space.

	
Municipal Records	Propose Sewer Network

Should the registered owner or any other developer develop the subject property, the development should comply with the municipal norms and standards. All in accordance the Development Charges Policy for Engineering Services as approved by the Council.

Electrical Services:

The Electrical Services Department has no objection against the proposed municipal land use application, the application is conditionally approved based on the following:

1. There is no electrical supply to the erf.

2. The consolidated erven must have a single service connection point. Should it happen that there are two, they must be consolidated to form one supply point. All costs will be for the applicant's account.
3. Should there be a need for a New Service Connection, a separate application must be filled out and approval will depend on the availability of the capacity. All costs will be for Applicant's account.
4. Should any municipal electrical service or infrastructure require re-location; it will be for the applicant's account where possible.
5. Any damage to council property will be for the applicant's account.
6. Applicant to ensure the electrical cable positions have been identified before construction commences where construction / excavation work will be performed.
7. No guaranteed approval for any new Electrical connection/Capacity Increase.

DIRECTOR: PLANNING, DEVELOPMENT, AND INTEGRATED SERVICES:

Item supported

Manager: Town Planning:

We have no objection to the proposed alienation. Any change of land use must be applied for by Council as the property in question is currently zoned as Public Open Space.

Roads and Stormwater:

No objections, subject to the existing stormwater pipe present as seen below, will require that a suitable servitude be registered. Stormwater common law applies.



Once a more detailed SDP is submitted the following will be applicable (not limited to):

1. Should the proposed development discharge additional runoff and warrants that the existing stormwater pipe be upgraded, this will be for the account of the Applicant.
2. Any alterations/improvements to the existing road network will be the responsibility of the Applicant if warranted in terms of a Traffic Impact Assessment.
3. All roads and stormwater works shall be designed and supervised by a suitably registered person. Reference can be made to The Neighbourhood Planning and Design Guide for Minimum standards.

Water Services and Networks:

See the arial photo of Erf 88 below. The green lines indicate the future planned sewer lines to service the area, currently this area is serviced by septic tanks. The future main sewer line is traversing along the Northwest boundary of Erf 88.



A service servitude must be registered for the future sewer line along the Northwest Boundary. Building plans must be submitted for any intended future structures. The applicant should apply for a new water connection since Erf 88 is not serviced with a water connection.

CHIEF FINANCIAL OFFICER: Supported

DIRECTOR COMMUNITY SERVICES: Supported

Fire and Rescue Services:

- i. This is to highlight the responsibility of the owner in satisfying the intent of the Fire Protection Regulations as contemplated in Part T of the SABS 0400 Code of Practice, promulgated under the National Building Regulations and Standards Act, 103 of 1977.
- ii. Then also communicate the Fire Services statutory role in ensuring that the property complies with the Fire Protection Regulations and any other concomitant regulations.

-
- iii. Any future structures/buildings being erected on the above-mentioned premises as well as existing structures/buildings, must conform with the provisions of the National Building Regulations, SANS 10400-A:2010, Part T.
 - iv. Access for firefighting and rescue purposes, must be provided in accordance with Regulation T1(1)(e) of the National Building Regulations, read with the Deemed to Satisfy rules, Rule T4.54 of SANS 10400 - 1990, Part T, and in accordance to the Fire Brigade By-Laws of the Breede Valley Municipality. A width of 3.5 meter and a height of 4.2 meter must be maintained for emergency vehicles to enter premises.
 - v. Provision must be made for fire-fighting equipment (fire extinguishers), in accordance to SANS 10400 -2010 Part T 4.37 Table 10.
 - vi. Escape routes must also not be blocked so people can escape in case of emergency.

Traffic Department:

- 1. Traffic supports the application on the following conditions:
 - i. The applicant must provide for each household a parking;
 - ii. The applicant must provide parking for visitors to the respective housing unit; and
 - iii. to ensure there a more regulated traffic flow, the Traffic Department suggest a controlled in and out gate system to the village.

DIRECTOR STRATEGIC SUPPORT SERVICES: Co-author of the item**SENIOR MANAGER LEGAL SERVICES: Author of the item**

RECOMMENDATION

That in respect of –

**CONSIDERATION TO NOT EXERCISE A VESTING RIGHT IN TERMS OF SECTION 28 OF
LUPO: PUBLIC OPEN SPACE SITUATED AT ERF 88, DE DOORNS**

as discussed by Council at the Council meeting held on 25 March 2025 Council decides:

1. that the vesting right established in accordance with section 28 of the Land Use Planning Ordinance 15 of 1985 (LUPO), not be exercised;
2. that Monteroza must apply for the correct consent / land use in terms of the Breede Valley Land Use Planning By-Law, 2015 should any further development take place;
3. that all the associated costs (if any) in respect of the non-exercising of the vesting right, be borne by Monteroza;
4. that Monteroza be responsible for the payment of all municipal services including rates and taxes in respect of the subject property;
5. that Monteroza complies with all internal departmental requirements and conditions and the right be reserved to supplement such comments; and
6. that the Municipal Manager be authorized to sign all documents (if necessary) in respect of the non-exercising of the vesting right.

Proposed: Cllr. F. Vaughan

Seconded: Cllr. J. J. Von Willingh

Council unanimously agreed on the recommendation

RESOLVED

That in respect of –

**CONSIDERATION TO NOT EXERCISE A VESTING RIGHT IN TERMS OF SECTION 28 OF
LUPO: PUBLIC OPEN SPACE SITUATED AT ERF 88, DE DOORNS**

as discussed by Council at the Council meeting held on 25 March 2025, **resolution number C129/2025**, Council decides:

1. that the vesting right established in accordance with section 28 of the Land Use Planning Ordinance 15 of 1985 (LUPO), not be exercised;
2. that Monteroza must apply for the correct consent / land use in terms of the Breede Valley Land Use Planning By-Law, 2015 should any further development take place;
3. that all the associated costs (if any) in respect of the non-exercising of the vesting right, be borne by Monteroza;
4. that Monteroza be responsible for the payment of all municipal services including rates and taxes in respect of the subject property;
5. that Monteroza complies with all internal departmental requirements and conditions and the right be reserved to supplement such comments; and
6. that the Municipal Manager be authorized to sign all documents (if necessary) in respect of the non-exercising of the vesting right.

8. CONSIDERATION OF REPORTS, COMMUNICATIONS, PETITIONS AND APPLICATIONS DEALING WITH MATTERS OF URGENCY SUBMITTED BY THE MUNICIPAL MANAGER

None

9. CONSIDERATION OF MATTERS SUBMITTED BY THE CHAIRPERSON OF COUNCIL

None

10. CONSIDERATION OF NOTICES OF MOTION AND NOTICES OF QUESTIONS WHICH SHALL APPEAR ON THE AGENDA IN THE ORDER IN WHICH THEY HAVE BEEN RECEIVED BY THE MUNICIPAL MANAGER

None

11. CONSIDERATION OF MOTIONS OF EXIGENCY

None

12. CLOSURE

The meeting adjourned at 12:32.
