



MINUTES OF AN ORDINARY MEETING OF THE SWARTLAND MUNICIPAL COUNCIL HELD IN THE COUNCIL CHAMBER, MALMESBURY ON MONDAY, 31 MARCH 2025 AT 10:00

PRESENT:

Speaker, ald M A Rangasamy
Executive Mayor, ald J H Cleophas
Executive Deputy Mayor, cllr J M de Beer

COUNCILLORS:

Bess, D G (DA)	Penxa, B J (ANC)
Booyesen, A M (VF+)	Pieters, C (ANC)
Fortuin, C (ANC)	Pypers, D C (DA)
Gaika, M F (EFF)	Smit, N (DA)
Jooste, R J (DA)	Soldaka, P E (ANC)
Le Minnie I S (DA)	Van Essen, T (DA)
Nel, M (DA)	Vermeulen, G (VF+)
Ngozi, M (ANC)	Warnick, A K (DA)
O'Kennedy, E C (DA)	Williams, A M (da)
Papier, J R (GOOD)	

Officers:

Municipal Manager, Mr J J Scholtz
Director: Protection Services, Mr P A C Humphreys
Director: Financial Services, Mr M A C Bolton
Director: Electrical Engineering Services, Mr T J Möller
Director: Corporate Services, Ms M S Terblanche
Director: Development Services, Ms J S Krieger
Senior Manager: Public Services and Project Management, Mr J Spies
Manager: Secretariat and Records, Ms N Brand

1. OPENING

The Speaker welcomed the Executive Mayor, alderlady, aldermen, councillors and officials

The Municipal Manager opened the meeting with scripture reading and prayer at the invitation of the Speaker.

The Speaker congratulated councillors who recently celebrated their birthdays.

2. LEAVE OF ABSENCE

Leave of absence is granted to Cllr G E White (PA).

EXCERPT FROM MINUTES:

8. MATTERS FOR DISCUSSION

8.4 TABLING OF THE DRAFT MULTI YEAR CAPITAL AND OPERATING BUDGETS, AMENDED BUDGETS AND RELATED POLICIES, PROPERTY RATES, TARIFFS AND OTHER CHARGES FOR 2025/2026, 2026/2027 AND 2027/2028 FOR SPECIFIC PURPOSES OF GIVING EFFECT TO PUBLIC PARTICIPATION (5/1/1/1, 5/1/1/2, 5/1/4 – 2025.26)

The Executive Mayor tabled the draft Capital and Operational Budgets for the financial years 2025/2026, 2026/2027 and 2027/2028 in terms of Section 16(2) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA) as considered at the meeting of the Executive Mayoral Committee held on 25 March 2025.

The Speaker brought the matter to a vote and it is decided (in the absence of one councillor) with 15 councillors in favour of the draft budget for the purpose of public participation and seven councillors abstaining.

RESOLUTION

(proposed by Ald J H Cleophas, seconded by Cllr N Smit)

- (a) That council takes note that due to the late tabling of the Provincial budget and the late communication of the Provincial Gazette, the 2025/26 MTREF allocations will only be incorporated in the final budget in May – allocations are indicative at this stage;
- (b) That council takes note that the costs as envisaged by Section 19 (2)(a)(b) were derived after consultation with the respective director(s) who has confirmed the costs as per **(Annexure A: 2025/2026 – 2027/2028 Draft Budget and Tariff File)** and consider same;
- (c) That council prior to approving the capital projects above R50 million as listed in **(Annexure B: 2025/2026 – 2027/2028 Capital Projects ito Sec 19)**, first consider the projected cost covering all financial years until the project is operational and the future operational costs and revenue on the project, including municipal tax and tariff implications;
- (d) That council deemed it appropriate to consider the entire capital program excluding the 4 contractually combined projects above R50 million as the aforementioned capital program's operational cost, inclusive of future costs will be covered by the rates regime and the normal cost centres found in the operational budget;
- (e) That council considers the funding sources linked to council's capital program and take note that these funding sources are available and have not been committed for other purposes;

FINANCING SOURCES	DRAFT BUDGET 2025/26	DRAFT BUDGET 2026/27	DRAFT BUDGET 2027/28
Capital Replacement Reserve (CRR)	R 128 411 923	R 138 083 611	R 156 818 041
External Loans	R 40 000 000	R -	R -
Municipal Infrastructure Grant (MIG)	R 25 405 000	R 27 293 000	R 28 388 000
Dept. of Infrastructure	R 50 294 362	R 33 735 985	R 52 476 713
Integrated National Electrification Programme (INEP)	R 17 821 124	R 20 868 000	R 21 811 000
Water Services Infrastructure Grant	R 17 044 000	R -	R -
Dept. Cultural Affairs and Sport	R 43 478	R 43 478	R -
GRAND TOTAL	R 279 019 887	R 220 024 074	R 259 493 754

- (f) That council approves the capital projects as part of its consolidated capital program as per **(Annexure A: 2025/2026 – 2027/2028 Draft Budget and Tariff File)**;
- (g) That council approves the raising of an external loan to the amount of ±R30.7 million for the new 2025/26 MTREF for the partial financing of the following capital projects: 132/11kV Eskom Schoonspruit Substation (R30.7 million), by means of testing the market as envisaged by MFMA section 46, requesting tenders from

the financial institutions and that the R9.3 million financing source be amended to CRR for Highlands Landfill Site;

- (h) That the following total expenditure by vote (per directorate) be approved, which includes both operating and capital expenditure per directorate, in order that departments pro-actively prevent unauthorised expenditure;

Budget Year 2024/25 R thousands	Capital Expenditure by Vote			Operating Expenditure by Vote			Total Expenditure by Vote		
	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Vote 1 - Corporate Services	573	575	534	49 311	52 396	55 729	49 885	52 971	56 263
Vote 2 - Civil Services	137 586	116 213	145 139	417 140	448 726	476 306	554 727	564 939	621 445
Vote 3 - Council	12	12	12	25 476	26 510	27 573	25 488	26 522	27 585
Vote 4 - Electricity Services	88 166	62 174	59 942	558 289	595 017	637 151	646 455	657 191	697 093
Vote 5 - Financial Services	168	76	672	84 757	91 101	97 495	84 925	91 177	98 166
Vote 6 - Development Services	51 180	39 826	52 571	176 471	209 586	49 871	227 651	249 412	102 442
Vote 7 - Municipal Manager	12	12	12	11 289	11 911	12 679	11 301	11 923	12 691
Vote 8 - Protection Services	1 322	1 136	612	124 242	130 961	138 152	125 564	132 097	138 764
Grand Total	279 020	220 024	259 494	1 446 976	1 566 208	1 494 955	1 725 996	1 786 232	1 754 448

- (i) That the draft high-level multi-year Capital and Operating budgets in respect of the **2025/2026 – 2027/2028** financial years, be approved as draft, in accordance with sections 16, 17 and 19 of the MFMA, to allow for public participation;

	Original Budget 2024/25	Adjustments Budget 2024/25	Draft Budget 2025/26	Draft Budget 2026/27	Draft Budget 2027/28
Capital budget	376 477 670	308 029 709	279 019 887	220 024 074	259 493 754
Operating Expenditure	1 189 045 717	1 210 970 777	1 446 976 385	1 566 208 166	1 494 954 545
Operating Revenue	1 458 996 894	1 475 819 204	1 586 838 910	1 664 780 877	1 598 962 787
Budgeted (Surplus)/ Deficit	(269 951 177)	(264 848 427)	(139 862 525)	(98 572 711)	(104 008 243)
Less: Capital Grants & Contributions	246 062 275	238 036 010	110 607 964	81 940 463	102 675 713
(Surplus)/ Deficit	(23 888 902)	(26 812 417)	(29 254 561)	(16 632 248)	(1 332 530)

- (j) That council approves the notice given in terms of section 14(1) and (2) of the Local Government: Municipal Property Rates Act, 2004, to levy the draft property tax rates, exemptions and rebates on property reflected in the schedule below and in the property rates policy for the 2025/26 financial year with effect from 1 July 2025, for purposes of allowing for public participation;

Category of property	Rate ratio	(c/R) rate determined for the relevant property category
Residential properties	1: 1	0,5623
Business and Commercial properties	1: 1,6672	0,9374
Industrial properties	1: 1,6672	0,9374
Agricultural properties	1: 0,25	0,1406
Mining properties	1: 1,6672	0,9374
Public Service Infrastructure	1: 0,25	0,1406
Properties owned by an organ of state and used for public service purposes	1: 1,6672	0,9374
Public Benefit Organizations	1: 0	0,0000
Vacant properties	1: 1,4966	0,8415

Municipal properties	1: 0	0,0000
Conservation Areas	1: 0	0,0000
Protected Areas	1: 0	0,0000
National Monuments	1: 0	0,0000
Informal Settlements	1: 0	0,0000

Exemptions and Reductions

- **Residential Properties:** For all residential properties, the municipality will not levy a rate on the first R15 000 of the property's market value. The R15 000 is the statutory impermissible rate as per section 17(1)(h) of the Municipal Property Rates Act.

Rebates in respect of a category of owners of property are as follows:

- **Indigent owners:** 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R105 000;
- **Qualifying senior citizens and disabled persons:** A rebate to an amount equal to the rates payable on the first amount of the valuation of such property to a limit of R300 000.

NB: Please refer to the municipality's property rates policy in respect of all rebates offered.

- (k) That council approve the draft tariff structures and charges for water, refuse removal, sewerage and other sundry charges as set out in **(Annexure A: 2025/2026 – 2027/2028 Draft Budget and Tariff File)** for purposes of allowing for public participation;
- (l) That council approve the electricity tariffs as draft for the 2025/2026 financial year, **bearing in mind that it is still subject to NERSA's final approval;**
- (m) That the phasing in of the restructured electricity tariffs, per the cost of supply study, are planned for implementation in 2026/27;
- (n) That the annual budget tables as required by the Budget and Reporting Regulations be approved as set out in **(Annexure C: Budget Report and A-Schedules 2025/2026 – 2027/2028);**
- (o) That the **amendments** to the budget and related policies as set out in **(Annexure D: Draft Amendments to Budget & Related Policies 2025/2026)** hereto, be approved for purposes of soliciting the views and comment from the public;
- (p) That the amendments to Council's Supply Chain Management Policy, the Preferential Procurement Policy and Funding and Reserves policy be approved with effect from 1 April 2025;
- (q) That the training budget of R1 782 533 for the 2025/2026 financial year be approved as draft;
- (r) That Council takes note of the increases of the Directors that are contractually linked to the other personnel, which is negotiated and determined at a national level:
- In respect of all personnel, an increase of **5.75%** for 2025/2026; **5.25%** for 2026/2027 and **5.75%** for the 2027/2028 financial years, excluding the increase in other benefits that are applicable and the annual 2.415% notch increase where applicable;
 - All salary adjustments are adequately budgeted for;

- Provision has been made for a **3%** increase for political office bearers which is within the mid band of the inflation targets set by the South African Reserve Bank (SARB).
- (s) That Council takes note of the budgeted operating surpluses and that the budget is “cash-funded” as a result of cash reserves in table A8, the total expenditure growth of **19.5%** from the current to the new financial year and the revenue streams with growth in revenue of **7.5% (19.3% excluding capital grant income)** for the MTREF period as well as the cash flow statement as per **(A-schedule A7)** for the next three financial years;
- the budgeted risk factor for cash coverage for operating expenses are **9.6 months** for 2025/26, **9.2 months** for 2026/27 and **10.1 months** for 2027/28;
 - over the next three financial years the planning is such that net operating surpluses are envisaged for 2025/26 to an amount of **R 29 254 561**, for 2026/27 an amount of **R 16 632 248** and for 2027/28 an amount of **R 1 332 530 (excluding capital grant income)**, which is well **below the NT guideline of at least a surplus of 7.5%**.
- (t) That the Director: Financial Services adhere to the requirements of the Budget Circulars and Budget Reforms in the context of the reporting requirements to Provincial and National Treasury and that **MFMA Circular No.130 will be fully incorporated with the Final budget in May 2025 as it was only published on 20 March 2025;**
- (u) That Council specifically adhere to the requirements of the Provincial and National Treasury Budget Circulars as enclosed in “**Annexure E: Budget Circulars**”;
- (v) That Council take note that the budget was prepared in the new mSCOA Version 6.9 as required by National Treasury;
- (w) That council takes note that the extensive revenue modelling exercise, includes a proportion for growth, given the trend of increased household consumption and services connection growth;
- (x) That the process of soliciting public input, views or comments into the draft budget, revised budget and related policies and budget documents, inclusive of the property taxes and tariffs to close at 12 midday on **30 April 2025**.

**SIGNED
SPEAKER**