



ITEM 3.1 OF THE AGENDA OF A SPECIAL COUNCIL MEETING TO BE HELD ON 27 FEBRUARY 2026

ONDERWERP: RAADSLIDVERGOEDING: 2025/26 FINANSIËLE JAAR
SUBJECT: COUNCILOR'S REMUNERATION: 2025/26 FINANCIAL YEAR

1. BACKGROUND / DISCUSSION

- 1.1 The salaries and allowances payable to councillors are regulated in terms of the Remuneration of Public Office-Bearers Act, 1998.
- 1.2 The National Minister for Cooperative Governance and Traditional Affairs, under the powers vested in him in terms of the said act, determined the upper limits of salaries, allowances and benefits of different members of municipal councils effective in respect of the 2025/26 financial year, i.e. from 1 July 2025 as per Government Notice No. 7159 (hereinafter referred to as 'the Notice') as published in Government Gazette No. 54179 dated 20 February 2026, appended hereto as **Annexure A**.
- 1.3 The adjustments made in respect of allowances (refer Items 5, 6, 7, 8, 11 and 12 of the Notice) are as follows:
 - All councillors: a 4.1% increase on the 2024/25 determination
 - Cell phone allowance: remains at R3 600.00 per month
 - Sitting allowance (i.r.o. councillors appointed to a district council or serving in the governance and intergovernmental structures of organized local government): Increased from R1 245.25 per day to R1 296.31 per day
 - Mobile data bundles: remains at R317 per month
- 1.4 It must be noted that the total remuneration package payable to full-time and part-time councillors (Items 5 and 9 respectively) **INCLUDES** the vehicle allowance, housing allowance, municipal contribution to pension fund (also provident or retirement fund) and municipal contribution to medical aid scheme.

2. WETGEWING / LEGISLATION

- 2.1 The salary and allowances of municipal council members are determined by the council by resolution of **a supporting vote of a majority of its members**, in consultation with the member of the Executive Council responsible for local government in the province concerned, having regard to the upper limits in the Notice, the financial year of municipal councils and affordability of municipal councils to pay within the different grades of the remuneration, including the National Treasury austerity measures. The Notice may therefore not be implemented before respective municipal councils have considered a report on the upper limits and have resolved on the levels of remuneration which will apply in that municipality. This consideration must occur with regard to the financial year i.r.o. which the payments must be made, and the affordability thereof for municipalities. This implies that the budget for the year in question must reflect the liability to pay the level of remuneration determined by the council and this must in turn be cash funded.

2.2/...

- 2.2 Further, before implementation, it is necessary for a council to consult with the MEC responsible for Local Government in the Province, motivating the affordability and demonstrating that the liability has been budgeted for. Failure to follow these steps will result in AN ADVERSE OPINION being expressed by the Auditor General.
- 2.3 Based on the consultation prescripts of prior years, the following information is to be submitted to the MEC by Council:
- Grading of municipality for remuneration purposes. The calculation must be provided in the prescribed format, inclusive of Affordability Certificate, extracts of financial statements providing the total revenue as defined;
 - Salaries and allowances determined by the Municipal Council with a supporting vote of the majority of its members;
 - Record of council approval;
 - Statement that budgetary provision has been made for the increased remuneration.
- 2.4 Salary adjustments may only be implemented after the MEC has applied his mind to the resolution and concurred therewith, and is further subject to submission of information as referred to in Item 18 of the Notice.

3. FINANCIAL AND OTHER IMPLICATIONS

3.1 Determination of grading (i.t.o. Items 2, 3 and 4 of the Notice):

Swartland Municipality is graded as a **Grade 4** municipal council, based on the points allocated as follows:

		Number of points
Total municipal income (refer definition*) 2024/25	R1 016 966 513	33.33
Total population (as per the 2022 Census)	148 331	<u>25.00</u>
		<u>58.33</u>

3.2 Annual total remuneration packages (Items 5 & 8):

The increases are applicable i.r.o. the 2025/26 financial year and thus effective as from 1 July 2025. Excluding insurance cover and travel reimbursement (distances travelled for official purposes) to be paid in addition, the total expenditure for the 2025/26 financial year has been determined at R12 753 093.00 as detailed in **Annexure B** to this report.

Adequate financial provision has been made for the above increase in the 2025/26 operating budget, in that an amount of R12 849 762.00 has been budgeted for as a whole.

3.3 Allowances payable to councillors serving in organized local government structures (Item 7)

Councillors appointed to a district council or serving in the governance and intergovernmental structures of organized local government qualify for a sitting allowance of R1 296.31 (previously R1 245.25) per day.

3.4 Motor vehicle and travel allowances [Item 9(1)]:

- 3.4.1 A councillor may structure his/her allowance to provide for a motor vehicle allowance. However, should a councillor elect to include a motor vehicle allowance in the salary structure, he/she may only use a council vehicle for official duties in line with an approved council policy.

- 3.4.2 In Circular 29/2024 issued by SALGA, the latter explains as follows:

“It should be noted that the amount contained under “total remuneration” requires that every councillor who elects to include the motor vehicle allowance in his or her salary structure must/...

3.4.2/...

specifically provide for it. *If a councillor structures his or her total remuneration package to provide for motor vehicle allowance, the councillor must submit proof of ownership of a private motor vehicle. In providing for the travelling allowance councillors' attention should be drawn to the reality that this allowance is granted to cover costs incurred on travelling for official business, which excludes travel between the place of residence and ordinary place of work. Although fully taxable on assessment, only 80% of the allowance is subject to the deduction of PAYE. Again, this does not mean that only 80% is taxable. The full allowance remains taxable and any unspent portion will be included in a Councillor's taxable income and a councillor would be required to account to the South African Revenue Service (SARS) for the use of such an allowance. Councillors who do not have motor vehicles and/or who are likely to have difficulties in accounting to SARS for this allowance are advised not to include the travel allowance in the salary structure."*

Policy measures regarding the payment of travel allowances for official business travel were approved at the first meeting of the 5th municipal council in November 2021 as per **Annexure C** hereto.

3.5 Housing allowance [Item 9(2)]

To be structured as part of total remuneration package where applicable.

3.6 Out of pocket expenses (Item 10)

To be claimed in terms of Council's Travel, Accommodation and Subsistence policy, where applicable.

3.7 Cell phone allowances for councillors (Item 11)

All councillors qualify for an allowance not exceeding R3 600.00 per month.

3.8 Mobile data bundles for councillors (Item 12)

A monthly allowance of R317.00 is payable to all councillors. The payment of the allowance to part-time councillors is regulated in terms of the Tools of Trade Policy for Part-time Councillors as approved by Council at its first meeting held in November 2021. Refer **Annexure C** hereto, with the Tools of Trade Policy appended thereto.

3.9 Pension fund contributions [Item 13(1)]

A councillor may elect to participate in a pension, provident or retirement annuity fund. Contributions by the municipal council are included in the total remuneration package as a total cost to the municipality.

3.10 Medical aid benefits [Item 13(2)]

A councillor may participate in a medical aid scheme duly established in terms of a law. Council contributions are included in the total remuneration package as a total cost to the municipality.

3.11 Special Risk Cover (Item 14)

Although there is an obligation on the Municipality in terms of Item 14(1) to take out risk insurance cover as detailed, paragraph 14(4) is to be noted, namely that councillors are to provide all necessary details to the municipality upon request.

Similarly, councillors who already have their own special risk cover must also declare such information to the Director: Financial Services.

3.12 Tools of Trade (Item 15)

Refer paragraph B of **Annexure C** as policy directive adopted by Council.

As/...

3.12/...

As regards Personal Security, the number of personal protectors to Executive Mayors, Mayors and speakers are limited to “two bodyguards subject to a threat and risk analysis by the South African Policy Service. Deviation may only be based on the recommendations of the South African Police Service”.

To be noted is that the extension of tools of trade is **also subject to concurrence by the MEC for local government**.

3.13 Capacity Building (Item 16)

This Item remains unchanged from the 2024/25 determination, cautioning ‘prudent financial management’ by Council ‘to ensure that the provision of education, training and development of councillors does not undermine the need to prioritise service delivery and sustain a viable municipality.

3.14 Overpayment (Item 17)

Any overpayments to councillors must be recovered from their remuneration, and may not be written off.

3.15 Information to be submitted to the Minister (Item 18)

The Notice determines the information to be provided to the MEC responsible for local government within 60 days from the date of publication of this Notice, i.e. by 21 April 2026, for the latter to submit a consolidated report to the Minister within 90 days from date of publication.

RECOMMENDATION

- (a) That the contents of Government Notice 7159 as published in Government Gazette 54179 dated 20 February 2026 be noted, as well as the implications of same in respect of the increased allowances and benefits payable in respect of the 2025/26 financial year by the Municipality as a Grade 4 local authority, as explained in Annexure B to this report;
- (b) That cognisance be taken that adequate provision has been made in the 2025/26 operating budget in order to cover the increased allowances and benefits, and that the implementation of same thereof be approved, with retrospective effect from 1 July 2025;
- (c) That the consultation prescripts of the MEC for local government be complied with in order to obtain the latter’s concurrence with the implementation of the amended allowances and benefits;
- (d) That the Municipal Manager ensures that the information required in terms of Item 18 of the Government Notice be submitted to the MEC for local government, by no later than 21 April 2026.

AANBEVELING

- (a) Dat kennis geneem word van die inhoud van Goewermentskennisgewing 7159 soos afgekondig in Staatskoerant 54179 gedateer 20 Februarie 2026, asook die implikasies wat die verhoogde toelaes en byvoordele vir die Munisipaliteit as ‘n Graad 4 plaaslike owerheid inhou ten aansien van die 2025/26 finansiële jaar, soos toegelig in Aanhangsel B tot hierdie verslag;
- (b) Dat kennis geneem word dat daar genoegsame voorsiening in die 2025/26 bedryfsbegroting gemaak is om die verhoogde toelaes en voordele te dek, en dat die Raad goedkeuring gevolglik verleen vir die implementering daarvan, terugwerkend vanaf 1 Julie 2025;
- (c) Dat daar voldoen sal word aan die oorlegplegingsvereistes van die LUR vir plaaslike regering ten einde lg. se instemming te bekom vir die implementering van die gewysigde toelaes en voordele;
- (d)/...

- (d) Dat die Munisipale Bestuurder hom vergewis dat die inligting wat in terme van Item 18 van die Goewermentskennisgewing vereis word aan die LUR vir plaaslike regering voorgelê word, teen nie later nie as 21 April 2026.

(get) M S Terblanche

MUNISIPALE BESTUURDER

/mst

Raadsitems, SM5/Februarie 2026/Raadslidvergoeding 2025/26



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DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

NO. 7159

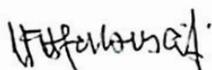
20 February 2026

**REMUNERATION OF PUBLIC OFFICE BEARERS ACT, 1998
(ACT NO. 20 OF 1998)****DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND
BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS**

Under the powers vested in me by sections 7(1), 8(5)(a) and 9(5)(a) of the *Remuneration of Public Office-bearers Act, 1998 (Act No. 20 of 1998)*, I, Velenkosini Hlabisa, Minister of Cooperative Governance and Traditional Affairs, hereby –

- (a) after consultation with the member of the Executive Council responsible for local government in each province; and
- (b) after taking into consideration the matters listed in paragraphs (a) to (i) of section 7(1) of the Act,

determine the upper limits of the salaries, allowances and benefits of the different members of municipal councils as set out in the Schedule.



**VELENKOSINI HLABISA, MP
MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

SCHEDULE

PREAMBLE

The salary and allowances of a councillor is determined by that municipal council by resolution of a supporting vote of the majority of its members, in consultation with the member of the Executive Council responsible for local government in each province, having regard to the upper limits as set out hereunder, the financial year of a municipality and affordability of municipality to pay within the different grades of the remuneration of councillors, including the austerity measures as approved by national Cabinet.

For purposes of implementation of this Government Notice, "in consultation with" means that a municipal council must obtain concurrence of the MEC for local government prior to the implementation of the provisions of this Notice.

1. Definitions

In this Schedule, unless the context indicates otherwise, a word or phrase to which a meaning has been assigned in the *Remuneration of Public Office-bearers Act, 1998* (Act No. 20 of 1998) (hereinafter referred to as "the Act") and the *Local Government: Municipal Structures Act, 1998* (Act No. 117 of 1998) (hereinafter referred to as "the Structures Act"), has that meaning and –

"basic salary" means the salary component of a councillor that excludes a travel allowance as provided in item (9)(1), housing allowance as provided in item 9(2), the municipal contribution to a pension fund as provided in item 13(1) and municipal contribution to a medical aid scheme as provided in item 13(2);

"capacity building programmes" means training courses or programmes as provided for in the education, training and development policy of council, including training conducted by national departments, associated government agencies and SETAs, provincial departments, municipalities and organised local government through institutions of higher learning and Further Education and Training Colleges.

"full-time councillor" means a councillor who has been elected or appointed to an office which has been designated as full-time in terms of section 18(4) of the Structures Act;

"grade" in relation to this Notice means the grade of municipal council as determined in terms of item 4;

"MEC" means the member of the Executive Council of a province responsible for local government in the province;

"oversight committee" means a committee of the municipal council established in terms of section 79 or 79A of the Structures Act;

"part-time councillor" means a councillor other than a full-time councillor;

"pension fund" means any fund established and registered in terms of, and subject to, any law governing the registration and control of pension funds in the Republic of South

Africa and to which an office bearer contributes or any pension scheme approved by Parliament for such office bearers;

"SETAs" means the Sector Education and Training Authorities established in terms of section 9 of the *Skills Development Act, 1998* (Act No. 97 of 1998);

"special risk cover" means an insurance cover, provided to a councillor by the municipality, which covers the loss of or damage to a councillor's personal immovable or moveable property and assets, excluding property used by such councillor for business purposes, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder;

"tools of trade" means the resources provided by a municipal council to a councillor to enable such councillor to discharge his or her duties in the most efficient and effective manner, and at all times remain the assets of the municipality concerned;

"total municipal income" means gross income in respect of a metropolitan, local or district municipality based on actual income received as stated in the statement of financial performance of the audited financial statements of that municipality for the 2024/ 2025 financial year. The gross income for the municipality will include the following:

- rates on property;
- fees for services rendered by the municipality, or on its behalf by a municipal entity;
- surcharges;
- other authorised taxes;
- levies and duties;
- income from fines for traffic offences and contravention of municipal by-laws or legislation assigned to the local sphere of government;
- regional services council replacement grant for district municipalities;
- interest earned on invested funds other than national and provincial conditional grants;
- rental for the use of municipal movable or immovable property; and
- amounts received as agent for other spheres of government.

The gross income excludes the following:

- transfers and / or grants from the national fiscus and provincial fiscus, with the exception of regional services council replacement grant for district municipalities; and
- all value added tax (VAT) refunds.

"total population" means the official statistics of the population residing in the area of jurisdiction of a metropolitan, district or local municipality, as determined by the Statistician-General for the 2022 Census, in terms of section 14(7) of the *Statistics Act, 1999* (Act No. 6 of 1999); and

"total remuneration package" means the total cost to a municipality of a basic salary component, a motor vehicle allowance as provided in item 9(1), housing allowance as provided in item 9(2), the municipal contribution to a pension, provident or retirement annuity fund as provided in item 13(1) and municipal contribution to a medical aid scheme as provided in item 13(2) to a councillor in a municipal financial year.

2. Allocation of number of points for total municipal income

The number of points allocated for the total municipal income of a municipality is as follows:

TOTAL MUNICIPAL INCOME			NUMBER OF POINTS
R0	-	R 11,407,991	8.33
R11, 407,992,	-	R57, 039,955	16.67
R57,039,956	-	R228,159,822	25.00
R228,159,823	-	R1,711,198,662	33.33
R1,711,198, 663	-	R2,281,598, 217	41.67
More than R 2,281,598,218			50.00

3. Allocation of number of points for total population

The number of points allocated for the total population within a municipality, is as follows:

TOTAL POPULATION			NUMBER OF POINTS
0	-	73 857	8.33
73 858	-	123 833	16.67
123 834	-	309 583	25.00
309 584	-	681 083	33.33
681 084	-	2 229 001	41.67
More than 2 229 001			50.00

4. Determination of grade of municipal council

(1) The sum of the number of points allocated to a municipal council in terms of items 2 and 3 of the Notice, determines the grade of such municipal council as follows:

GRADE OF MUNICIPAL COUNCIL	POINTS
1	0 to 16.66
2	16.67 to 33.33
3	33.34 to 50.00
4	50.01 to 66.67
5	66.68 to 83.35
6	83.36 and above

5. Upper limits of the annual total remuneration packages of full-time councillors

The upper limits of the annual total remuneration packages of full-time councillors are as follows:

GRADE	TOTAL REMUNERATION PACKAGE			
	EXECUTIVE MAYOR OR MAYOR	SPEAKER, DEPUTY EXECUTIVE MAYOR OR DEPUTY MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE, WHIP OR CHAIRPERSON OF A SUBCOUNCIL	CHAIRPERSON OF A SECTION 79 OR SECTION 79A COMMITTEE
6	R1,650,039	R1,332,597	R1,255,291	R1,218,468
5	R1,230,245	R984,192	R922,683	R895,618
4	R1,050,284	R840,233	R788,073	R764,612
3	R1,011,529	R809,224	R758,650	R743,407
2	R947,146	R757,718	R717,123	R696,089
1	R919,541	R742,644	R696,226	R675,804

6. Upper limit of annual total remuneration package or allowance in respect of appointed councillors

(1) A councillor appointed to a district council in terms of section 23(1)(b) of the Structures Act, may be paid the upper limit of the total remuneration package or allowance as follows:

- (a) If a councillor is elected or appointed as speaker, mayor, executive mayor, member of a mayoral committee, member of an executive committee, chairperson of a section 79 committee or section 79A committee or part-time member of a district council, such councillor is entitled to an amount equal to the difference between the total remuneration package that a councillor receives as a member of the local council and the total remuneration package allocated to that office in the district council in terms of items 5, 6, 7, 8, 9, 10, 11 and 12, as the case may be.
- (b) If the total remuneration package payable to a councillor as a member of the local council is equal to or higher than the total remuneration package that an appointed councillor to the district council receives, such a councillor is, in addition to the total remuneration package received at the local council, entitled to a sitting allowance not exceeding R1,296,31: Provided that this allowance is limited to R1,296,31 per day, regardless of the number of meetings of the district council or committees of that council that are attended by such councillor on a specific day.

(2) A district municipality is responsible for –

- (a) the payment of the remuneration or the allowance referred to in sub-item (1);
- (b) the reimbursement of travel expenses not exceeding the applicable tariffs prescribed by the national department responsible for transport for the use of privately-owned vehicles incurred by a councillor for the execution of official duties on behalf of that district municipality, in terms of that district council's policy; and
- (c) the payment of cell phone expenses not exceeding 50% of the applicable allowances as prescribed under item 11 incurred by a part-time councillor for the execution of official duties on behalf of that district municipality, in terms of that district council's policy.

7. Upper limit of allowance in respect of councillors serving in the governance and intergovernmental structures of organised local government

(1) (a) A councillor designated by organised local government to serve in a governance structure of organised local government must, in addition to the total remuneration package applicable to that councillor, be paid an allowance not exceeding R1,296,31 per sitting and actual attendance of any meeting: Provided that the allowance is limited to R1,296,31 per day, irrespective of the number of meetings attended by such councillor on a specific day.

- (b) A councillor designated by organised local government to represent organised local government at any intergovernmental structure, including national and provincial executive authorities, must in addition to the total remuneration package applicable to that councillor, be paid an allowance not exceeding R1,296,31 per sitting and actual attendance of such structure: Provided that the allowance is limited to R1,296,31 per day, irrespective of the number of attendances by such councillor on a specific day.

(2) Organised local government is responsible for –

- (a) the payment of the allowance referred to in sub-item (1);
- (b) the payment of accommodation expenses incurred for attending a meeting of governance and intergovernmental structures in terms of applicable organised local government policy; and
- (c) reimbursement of travel expenses, not exceeding the applicable tariffs prescribed by the national department responsible of transport for the use of privately-owned

vehicles, incurred by a councillor for attending a meeting of governance and intergovernmental structures.

8. Upper limits of the annual total remuneration packages of part-time councillors

The upper limits of the annual total remuneration packages of part-time councillors are as follows:

GRADE	TOTAL REMUNERATION PACKAGE				
	EXECUTIVE MAYOR OR MAYOR	SPEAKER, DEPUTY EXECUTIVE MAYOR OR DEPUTY MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE OR WHIP	CHAIRPERSON OF A SECTION 79 OR SECTION 79A COMMITTEE	OTHER PART-TIME MEMBERS
6	R924,909	R782,434	R700,289	R679,746	R617,948
5	R686,316	R549,054	R514,738	R499,635	R388,656
4	R585,927	R468,751	R439,445	R426,555	R332,380
3	R564,302	R451,403	R423,234	R410,810	R320,101
2	R528,382	R422,705	R396,289	R384,664	R299,738
1	R512,986	R410,387	R384,741	R372,678	R290,653

9. Upper limits of allowances of full-time and part-time councillors

The upper limits of allowances of full-time and part-time councillors, that constitute part of the annual total remuneration package, are as follows:

- (1) Motor vehicle and travel allowance
 - (a) A councillor listed in item 5 and 8 of this Notice may, in line with applicable legislation, structure his or her basic salary to provide for motor vehicle allowance.
 - (b) If a councillor structures a vehicle allowance, the councillor must provide proof of ownership of a private vehicle to the municipality and have the vehicle available for official duties.
 - (c) A councillor who uses a privately-owned vehicle for execution of official duties on behalf of the municipality, may be reimbursed for official kilometres travelled, in addition to the total remuneration package of a councillor as determined in terms of items 5 and 8 of the Notice, not exceeding the applicable tariffs as prescribed by the national department responsible for transport and in terms of the municipal council's policy.

- (d) A councillor who utilises a privately-owned vehicle for official purposes must, for purpose of claiming kilometres travelled, keep a travel logbook containing the following information relating to actual official and private kilometres travelled per month as may be determined from time to time by the South African Revenue Service:
- (i) Date of travel;
 - (ii) Kilometres travelled; and
 - (iii) Travel details (i.e. reason for the trip, duration of trip and place from and place to).
- (e) A councillor may, in exceptional circumstances and upon good cause shown, and with the approval of the Mayor or Speaker, utilise the municipal-owned vehicle for official purposes: Provided that the municipal council must, in line with applicable legislation and approved municipal council policy, exercise prudent financial management to ensure that the provision of motor vehicle does not undermine the need to prioritise service delivery and sustain a viable municipality.
- (f) If a councillor uses a municipal-owned motor vehicle for official purposes, such councillor will not be reimbursed for kilometres travelled.

(2) Housing allowance

A councillor may structure his or her salary to provide for housing allowance as part of the total remuneration package.

10. Out of pocket expenses

A councillor may, in addition to the total remuneration package, be reimbursed for reasonable and actual out of pocket expenses incurred during the execution of official or ceremonial duties, in accordance with the applicable municipal council policy.

11. Upper limits of cell phone allowance for councillors

A councillor may, in addition to the annual total remuneration packages provided for in terms of items 5 and 8 respectively, be paid a cell phone allowance not exceeding R3600.00 per month in accordance with the applicable municipal council policy.

12. Upper limits of mobile data bundles for councillors

A councillor may, in addition to the annual total remuneration packages provided for in terms of items 5 and 8 respectively, be paid an allowance on the use of data bundles not exceeding R317 per month.

13. Upper limits of pension, provident or retirement annuity fund contributions and medical benefits of councillors

(1) Pension, provident or retirement annuity contributions

- (a) A councillor may participate in a pension, provident or retirement annuity fund registered in terms of the Pension Fund Act, 1956 (Act No. 24 of 1956).
- (b) If a councillor elects to participate in a pension, provident or retirement annuity fund, the municipal council must deduct from that councillor's salary, the monthly contributions and pay the contributions to a pension, provident or retirement annuity fund to which the councillor is a member in accordance with the rules of such pension, provident or retirement annuity fund. The contributions by the municipal council and the councillor are included in the total remuneration package as a total cost to the municipality.

(2) Medical Aid Scheme

- (a) A councillor may participate in a medical aid scheme registered in terms of the Medical Schemes Act, 1998 (Act No. 131 of 1998).
- (b) If a councillor elects to participate in a medical aid scheme, the municipal council must deduct from that councillor's salary, the monthly contributions and pay the contributions to a medical aid scheme to which the councillor is a member in accordance with the rules of such medical aid scheme. The contributions by the municipal council and the councillor are included in the total remuneration package as a total cost to the municipality.

14. Special risk cover

(1) A municipality must, in addition to the annual total remuneration packages as provided in items 5 and 8 respectively, take out risk insurance cover, to provide for an insurance cover, provided to a councillor by the municipality, which covers the loss of or damage to a councillor's personal immovable or moveable property and assets, excluding property used by such councillor for business purposes, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder. The special risk insurance on residential property will be limited to R1, 5 million while on vehicles it is limited to R750 000. The life and disability insurance cover is limited to 2 times the total remuneration package of a councillor.

(2) In the event where the residential property of a councillor was damaged or destroyed as a result of riot, civil unrest, strike or public disorder, the municipality may, subject to affordability, provide alternative accommodation to the affected councillor, for a period of 30 days from the date of such an incident.

(3) Notwithstanding sub-item (2), the municipal council may, on good cause shown, provide alternative accommodation for a further period not exceeding 30 days.

(4) A councillor is obliged to submit to the municipality details of property, assets and beneficiaries to be covered by the special risk insurance upon request. A councillor who fails to submit the required details referred to herein will forfeit the benefits associated with the special risk insurance cover.

(5) If a councillor already belongs to another special risk cover, such councillor must declare to the municipality the details of property, assets and beneficiaries to be covered by the special risk insurance.

15. Tools of trade

(1) A municipal council may extend the following tools of trade to a councillor:

	TOOLS OF TRADE	APPLICABLE TO:
(a)	Braille reader	All visually impaired councillors.
(b)	Office space and furniture; Parking bay; Business cards; Calculators; Letter-heads; Stationery; Toner cartridges; Diaries; Postage costs; Office telephone; and Appropriate mobile technology and multi-digital office (excluding cell phones and mobile data card as per item 11 and 12), including facsimile, printer, photocopier and scanner.	Full-time councillors, part-time executive mayors or mayor, part-time deputy executive mayors or deputy mayors, part-time speakers, part-time members of mayoral committee or members of executive committee, part-time chairpersons of section 79 committees, and whips.
(c)	Laptop or tablet	All councillors.
(d)	Official accommodation and furniture where it currently exists.	Full-time Executive Mayors or Mayors
(e)	Business cards; Calculators; Letter-heads; Stationery; and Diaries.	Part-time councillors and the usage must comply with policy directives of the municipality.
(f)	Postage costs; Office telephone; and Multi-digital office, facsimile, printer, photocopier and scanner.	Part-time councillors to have access to these tools of trade at the municipal offices.
(g)	Personal security	Executive Mayor, Mayor, Speaker, Deputy Executive Mayor, Deputy Mayor, Speaker and Whip are entitled to two bodyguards per shift of a two-shift system. Deviation from the norm may only be based on the

	TOOLS OF TRADE	APPLICABLE TO:
		<p>recommendations of the South African Police Service.</p> <p>In the event that a written report is received concerning a threat and risk to the personal security of any of the office bearers referred to above, the municipal council must:</p> <ul style="list-style-type: none"> (i) Determine whether such a threat and risk exist. (ii) Provide bodyguard in terms of this paragraph, if such threat and risk exist. (iii) Exercise financial prudence when providing personal security to any of the office bearers referred to above. <p>All councillors, subject to a threat and risk analysis conducted by the South African Police Service.</p>

(2) If a municipal council makes available tools of trade in terms of sub-item (1), such a municipal council must take into account accessibility, affordability and cost control, equity, flexibility, simplicity, transparency, accountability and value of tools of trade.

(3) The tools of trade must be insured by the council with the exception of sub-item (1)(g).

(4) The application of sub-item (1) is subject to concurrence by the MEC for local government in the province.

16. Capacity building

(1) Every council must develop and adopt a policy to provide for education, training and development of councillors.

(2) Council must make provision in its budget for education, training and development of councillors, which must remain valid for the tenure of office of that council.

(3) A training programme must take into consideration the capacity needs of a councillor to fulfil individual councillor's statutory obligations. Provided that the municipal council must, in line with applicable legislation and approved council policy, exercise prudent financial management to ensure that the provision of education, training and development of councillors does not undermine the need to prioritise service delivery and sustain a viable municipality.

17. Overpayment

(1) Any remuneration paid to a councillor of a municipality otherwise than in accordance with section 167(1) of the *Local Government: Municipal Finance Management Act, 2003* (Act No. 56 of 2003) including any bonus, bursary, loan, advance or other benefit, is an irregular expenditure and a municipality –

- (a) must recover that remuneration from the councillor concerned; and
- (b) may not write-off any expenditure incurred by the municipality in paying or giving that remuneration.

(2) The MEC must report to the Minister –

- (a) any transgression of subsection (1); and
- (b) any non-compliance with this Notice.

18. Information to be submitted to the Minister

(1) A municipal council must submit to the MEC responsible for local government under whose jurisdiction it falls, within 60 days from the date of publication of this Notice on an official letterhead of the municipality, signed by the executive mayor or mayor, a report containing the following information in respect of its serving councillors for the 2025/ 26 financial year:

- (a) Total number of councillors;
- (b) Designation;
- (c) Part-time or full-time;
- (d) Name of incumbent;
- (e) Gender;
- (f) Total municipal income;
- (g) Total population;
- (h) Grading of municipal council;
- (i) Date concurrence granted by the MEC;
- (j) Total remuneration package;
- (k) Total budget for personal security; and
- (l) Any allowance(s) payable to a councillor.

(2) Upon receipt of the information referred to in sub-item 1, the MEC must analyse the information for correctness and completeness and submit a consolidated report to the Minister within 90 days from the date of publication of this Notice.

19. Transitional measures

(1) If a municipal council has no audited financial statements for 2024/ 25 financial year by the date of publication of this Notice, the audited financial statements for the 2023/ 24 financial year shall apply.

(2) If the grading of a municipal council is lower than the current grade of the municipal council as determined in terms of this Notice, a councillor –

(a) who is in office as at 30 June 2025, will be remunerated in terms of this Notice as per item 5 and 8 in accordance with the grade determined in terms of Government Notice No. 5446, Government Gazette No. 51419 of 21 October 2024, provided that the data used by the municipal council for determination of the grade of a municipal council is correct; and

(b) such councillor is entitled to the applicable cost of living adjustment: Provided that the data used by the municipal council for determination of the grade of a municipal council is correct.

(3) This Notice replaces Government Gazette No. 51419 of 21 October 2024.

20. Short title and commencement

This Notice is called the Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils and takes effect from 1 July 2025.

Designation	Total cost 2025/26
Executive Mayor	1 097 288,00
Executive Deputy Mayor	887 237,00
Speaker	887 237,00
Executive Committee Member	3 340 312,00
Chairpersons Portfolio Committee / MPAC	2 367 795,00
Councillors	4 173 224,00
Total costs	R 12 753 093,00
Total budget 2025/26	R 12 849 762,00

ANNEXURE B

A. Reistoelaes vir amptelike besigheidsreise

Dat reistoelaes geëis mag word uit hoofde van die Raad se Beleid insake die Betaling van Reis-, Akkommodasie- en Verblyfkostes vir amptelike besigheidsreise wat gemaak word na en van die 'munisipale kantore' en 'werksplekke' soos hieronder gedefinieer:

- (a) Ten aansien van **voltydse raadslede**, sal 'munisipale kantore' verwys na:

Darling, in die geval van rde J H Cleophas, M A Rangasamy en A K Warmick
 Malmesbury, in die geval van rde J M de Beer en T van Essen
 Riebeek-Wes, in die geval van rdl N Smit
 Riebeek Kasteel, in die geval van rdl D G Bess

- (b) Ten aansien van **deeltydse PR (proporsionele) raadslede**, sal 'plaaslike munisipale kantore' verwys na Malmesbury Hoofkantoor

(t.o.v. rde E C O'Kennedy, I Le Minnie, B J Penxa, C Pieters, C Fortuin, S Phakamini, G Vermeulen, A Booysen, J Papier en M F Gaika¹)

- (c) Ten aansien van **deeltydse Wyksraadslede**, sal 'gewone werksplek' verwys na:

Moorreesburg, in die geval van rde M van Zyl en D C Pypers
Chatsworth, in die geval van rdl R Jooste
Malmesbury, in die geval van rde M Ngozi en G E White²
Abbotsdale, in die geval van rdl A M Williams³

- (d) Dat 'amptelike besigheidsreise' sal verwys na reise gemaak deur raadslede as amptelike afgevaardigdes van die Raad in die uitoefening van funksies en verpligtinge binne sowel as buite die area van jurisdiksie van die munisipaliteit, bv. om vergaderings by te woon, om die munisipaliteit te verteenwoordig by 'n konferensie, werkwinkel, vergadering, seminar of vir enige ander amptelike verpligting (ter uitsluiting dus van reise gemaak vir normale raadsverpligtinge, bv. bywoning van raads- en komiteevergaderings, wykskomiteevergaderings, besoeke aan en interaksies met kiesers).

B. 'Tools of trade'

Dat die volgende 'tools of trade' aan **voltydse raadslede** beskikbaar gemaak word:

Kantoorakkommodasie en –toerusting; parkeerplekke; besigheidskartjies; sakrekenaars; briefhoofde; skryfbehoeftes; drukkersink ('toner cartridges'); dagboeke; posgeld; kantoortelefoon; en toepaslike mobiele tegnologie en multi-digitale kantoor, ingesluit skoot- en/of 'desktop' rekenaar, drukker, fotokopieerder en scanner;

[Raadsbesluit 7.12 gedateer 16 November 2021]

Dat, ten aansien van **deeltydse raadslede**, die aangehegte '*Tools of Trade Policy for Part Time Councillors*' goedgekeur word vir implementering met onmiddellike effek.

[Raadsbesluit 8.1 gedateer 24/04/2025]

¹ Replaced cllr A A Duda on 3 October 2023

² Replaced cllr C Daniels on 25 April 2024

³ Replaced cllr B Stanley on 8 November 2023

A. Travel allowance for official business travel

Travel allowances may be claimed according to the Council's Policy in respect of the Payment of Travel, Accommodation and Subsistence Costs for official business travel to and from the 'municipal offices' and 'work places' identified as follows:

- (a) With respect to fulltime councillors, 'municipal offices' refers to:

Darling, in the case of cllrs J H Cleophas, M A Rangasamy and A K Warnick
Malmesbury, in the case of cllrs J M de Beer and T van Essen
Riebeek West, in the case of cllr N Smit
Riebeek Kasteel, in the case of cllr D G Bess

- (b) With respect to **part-time PR (proportional) councillors**, 'local municipal offices' refers to Malmesbury Head Office.

(in respect of cllrs E C o'Kennedy, I Le Minnie, B J Penxa, C Pieters, C Fortuin, S Phakamini, G Vermeulen, A Booysen, J Papier and M F Gaika⁴)

- (c) With respect to **part-time ward councillors**, 'ordinary workplace' refers to:

Moorreesburg, in the case of cllrs M van Zyl and D C Pypers
Chatsworth, in the case of cllr R Jooste
Malmesbury, in the case of cllrs M Ngozi and G E White⁵
Abbotsdale, in the case of cllr A M Williams⁶

- (d) That 'official travel' will refer to travel undertaken by councillors as official representatives of the Council in carrying out functions and duties within, as well as outside the area of municipal jurisdiction, eg. attending meetings, representing the municipality at conferences, workshops, meetings, seminars or any other official duties (excluding travel for normal council duties eg. attendance of council and committee meetings, ward committee meetings, visits to and interaction with voters).

B. 'Tools of trade'

That the following 'tools of trade' are made available to **full-time councillors**:

Office accommodation and equipment; parking bays; business cards; laptop computers; letterheads; stationery; toner cartridges; diaries; postage; office telephone and applicable mobile technology and multi-digital office equipment, including lap top or desk computer, printer, photocopier and scanner;

[Council resolution 7.12 dated 16 November 2021]

That with respect to **part-time councillors**, the attached '*Tools of Trade Policy for Part Time Councillors*' is approved for immediate implementation.

[Council resolution 8.1 dated 24 April 2025]

⁴ Replaced cllr A A Duda on 3 October 2023

⁵ Replaced cllr C Daniels on 25 April 2024

⁶ Replaced cllr B Stanley on 8 November 2023



Munisipaliteit
Municipality
Umasipala

SWARTLAND MUNICIPALITY

TOOLS OF TRADE POLICY FOR

PART TIME COUNCILLORS

Original Issue: November 2016
Revision 01: March 2025

TOOLS OF TRADE POLICY FOR PART TIME COUNCILLORS

1. Introduction

- 1.1 This policy was introduced in order to regulate the payment of monthly allowances to part time councillors for the provision of information and communication technology (ICT) devices and data communication links for official use. The objective is to enhance efficiency, inter alia to reduce the volumes of documentation having to be issued in hard copy format to part time councillors and to facilitate access to and encourage the utilization of information and communication technology. Since information and communication technology is a continuously evolving discipline with new devices and enhanced technologies being introduced as well as a tendency of diminishing costs, opportunities enabling more efficient means of working must be explored.
- 1.2 This policy is not applicable to full time councillors to whom computers, associated equipment and software programs owned by Swartland Municipality and connected to the municipal internal secured computer network are issued. As a result, compliance with the stringent *Information Security Policy* of Swartland Municipality is essential and enforced for full time councillors.
- 1.3 In terms of the regulations determined annually by the National Minister for Cooperative Governance and Traditional Affairs in terms of the Remuneration of Public Office-Bearers Act, 1998, the provision of data bundles facilitate the provision of ICT devices owned by part time councillors to enable download and viewing of official documents in electronic format.
- 1.4 Since inception of the 2021 Council term, Swartland Municipality also issues computers, associated equipment and software programs owned by Swartland Municipality to part time councillors. The computer equipment will comprise of a Laptop, Laptop bag. Software that will include Microsoft Office (Word, Excel, Powerpoint and Outlook). An email address will be registered for the councillor. Additional software will include Adobe Reader and Microsoft Antivirus software.
- 1.5 Computers thus provided by Swartland Municipality to part time councillors remain the property of the municipality who is responsible for support, maintenance and repairs thereof under normal usage conditions. The computers allocated to part time councillors will however not be configured to gain direct access to the municipal internal secured computer network. As such, part time councillors do not have to adhere to or comply with the *Information Security Policy* of Swartland Municipality with respect to the usage of the issued computers. When a part time councillor leave or is replaced with another councillor the existing laptop, laptop bag and software will be transferred to the newly elected councillor in the condition received.

2. Scope

This policy is only applicable to part time councillors of Swartland Municipality and only deals with the allocation of tools of trade to part time councillors.

3. Policy

- 3.1 Computers in terms of the specifications determined by the Senior Manager ICT and based on the standards applicable for municipal officials are issued by Swartland Municipality to part time councillors in order to inter alia download, peruse and store official documents available in electronic format. All such official documents compiled in electronic format shall not be duplicated in hard copy in order to realize the full intended financial and operational benefit of the policy.
- 3.2 The computers allocated to part time councillors will remain the property of Swartland Municipality and shall be subject to all applicable asset management processes. In the event of damage due to negligence or loss the part time councillor will be responsible to pay for the repairs or replacement thereof including theft.
- 3.3 The computers allocated to part time councillors will be equipped with office software applications to facilitate email communications and access to documents, spreadsheets and presentations in the formats employed by the municipality. Illegal, pirated or unlicensed applications and files or applications and files resulting in third party infringements may not be downloaded or installed on the allocated computers. If other applications are required to be installed for official or private use, a request with description of the application and motivation shall be lodged on the municipal ICT Helpdesk for evaluation by the Senior Manager ICT.
- 3.4 Anti-virus and malware protection applications will be installed on the computers allocated to part time councillors. The applications will be configured to automatically update when required. Such applications may not be removed or disabled.
- 3.5 The computers allocated may be privately used by part time councillors to send and receive emails and to undertake private work. Confidential or restricted official documents stored on the computer shall however be password protected and shall not be disclosed to family members or other parties.
- 3.6 All official documents available in electronic format will be uploaded to an internet cloud storage application by the municipality. A link to gain access to the documents will be forwarded to part time councillors as required by means of email. The internet platform utilized for the purpose of document upload and storage may change in the future with the development of new technologies and business processes. Access to the internet cloud storage application may be password controlled.
- 3.7 Data communication may be by means of cellular networks, fixed line networks or WIFI. It is a prerequisite that a data communication link of adequate speed is accessible by the part time councillor to allow for the download of official documents available in electronic format. Part time councillors may make use of a communication link and internet service provider such as cellular networks or fixed optical fibre cable connections at his or her place of residence. In terms of the regulations determined annually by the National Minister for Cooperative

Governance and Traditional Affairs in terms of the Remuneration of Public Office-Bearers Act, 1998, the cell phone allowance for councillors is inclusive of mobile data, which shall be used by part time councillors to secure a data communication link as required.

- 3.8 In addition, a separate private WIFI connection point (hotspot) will be available at the Malmesbury municipal head office building in the banqueting hall and Council Chamber to enable connection to the internet and download of official documents. The WIFI connectivity will be setup by the municipal ICT Division and access will be restricted to the computer issued by the municipality.
- 3.9 It is preferred that part time councillors have access to the internet and that all required official documents be downloaded well before meetings and stored on the computers provided by the municipality, as the municipal WIFI network may not be able to serve all councillors simultaneously at reasonable speed if download is attempted during official meetings. In addition, downloading in advance is recommended as the reliability of internet access, connectivity and network performance in the area are not guaranteed and cannot be relied upon at all times.
- 3.10 In the event of no or restricted access to the internet during the period preceding the official meeting, the part time councillor may arrange with the secretariat that the relevant documents in electronic format be copied onto an USB compatible flash drive which may be provided and collected by the councillor at the municipal offices prior to the meeting.
- 3.11 All documents made available by Swartland Municipality electronically will be in an industry standardized format such as the PDF format or compatible with the applications installed on the computer.
- 3.12 The regular back-up of files is essential to protect against data loss as a result of hardware and/or software failure. The onus remains with part time councillors to adequately protect all official documents that may reside on local storage devices from loss or inadvertent disclosure.
- 3.13 Passwords restricting access to the computers issued to part time councillors or to selected applications and links to documents may be implemented. Passwords are to be regarded as "keys" and must be protected as such. Passwords should not be made known to others and if it is suspected that the password has been compromised, it must be changed immediately.
- 3.14 Part time councillors shall ensure that the internal battery of the computer allocated by the municipality is adequately charged to last the likely duration of the official meeting. Although it will be attempted to provide power outlets at venues where official meetings are scheduled, it will not always be possible to provide adequate numbers of power outlets for recharging in all instances.
- 3.15 Should assistance be required from the municipal ICT Division, a request shall be lodged on the municipal Helpdesk.

- 3.16 At the end of the full term served of the eligible part time councillor the opportunity is afforded to the councillor to elect to purchase the computer from Swartland Municipality, this will comprise of the LapTop, LapTop bag and Microsoft Office after being derecognized by the municipality. The purchase price will be the remaining depreciated residual value of the computer. The residual value threshold in terms of the asset register applicable to the relevant computers will be determined by the municipality.
- 3.17 In terms of the regulations determined annually by the National Minister for Cooperative Governance and Traditional Affairs in terms of the Remuneration of Public Office-Bearers Act, 1998, an allowance for a cell phone is inter alia paid to part time councillors. Cellular phones are not allocated by Swartland Municipality and part time councillors are responsible to acquire cellular phones by means of private contracts or purchase agreements with cellular service providers. Swartland Municipality is not responsible to insure, maintain or support cellular phones of part time councillors. The cellular phone allowance makes provision for mobile data and is adequate to also allow for data communication for download of official documents.



Verslag ♦ Ingxelo ♦ Report

Kantoor van die Direkteur: Korporatiewe Dienste
23 Februarie 2026

12/2/B

ITEM 3.2 VAN DIE AGENDA VAN 'N SPESIALE RAADSVERGADERING WAT GEHOU SAL WORD OP 27 FEBRUARIE 2026

ONDERWERP:	VOORGESTELDE VERLENGING VAN DIE GOEDGEKEURDE LANGTERMYN-HUURTYDPERK TEN OPSIGTE VAN 'N GEDEELTE VAN ERF 327 (TANS ONGEREGISTREERDE ERF 15701), MALMESBURY
SUBJECT:	PROPOSED EXTENSION OF THE APPROVED LONG-TERM LEASE PERIOD IN RESPECT OF A PORTION OF ERF 327 (NOW UNREGISTERED ERF 15701), MALMESBURY

1. BACKGROUND

1.1 At a Council meeting held on 25 May 2023, Council approved the leasing of a portion (maximum 30 hectares in extent) of Erf 327 Malmesbury for purposes of establishing a solar plant, for a lease period of 20 years and subject to a market-related reserve rental to be determined. For background and detail of the Council resolution, the full report submitted in Council at the time, is appended hereto as **ANNEXURE A**.

1.2 Since the Council resolution:

- The required public participation process was successfully completed, with no comments or objections received;
- The land use and environmental matters have been attended to, including identification and survey of the required portions (see location map appended as **ANNEXURE B**);
- A valuation has been undertaken to determine a market-related reserve rental, amounting to R405 000.00 per annum, subject to adjustment for inflation;
- In accordance with Council's resolution of 3 December 2025, the Municipality is currently preparing the Request for Proposals (RFP) documentation and the draft Power Purchase Agreement (PPA).

2. DISCUSSION

2.1 Alignment between Lease Period and PPA

2.1.1 The lease period and the PPA cannot commence and terminate simultaneously.

2.1.2 The IPP developer will require the full 20-year operational period to recover its capital investment. However, before the PPA can commence (i.e. before commercial operation date), the facility must be constructed and commissioned.

2.1.3 Provision must be made for:

- The construction period prior to commercial operation (and commencement of the PPA); and
- The decommissioning and rehabilitation period following expiry of the PPA term.

2.1.4 The construction phase may take several months (or longer depending on the technology and scale of the facility), while decommissioning and site rehabilitation are regulatory and environmental requirements that must be properly accommodated in the lease period.

2.1.5 If the lease period remains limited to 20 years, the operational period available to the IPP would effectively be reduced, potentially undermining financial viability and investor certainty.

- 2.2 It is therefore proposed that the lease period be extended to between 22 and 25 years to accommodate:
- Establishment and construction;
 - The 20-year operational PPA period;
 - Decommissioning and rehabilitation.

2. **LEGAL AND POLICY FRAMEWORK**

2.1 The transfer of ownership or disposal of capital assets is regulated by the Municipal Finance Management Act, 2003 (MFMA), the Municipal Asset Transfer Regulations, 2008 (MATR) as well as Council’s By-law and Policy relating to the Transfer of Municipal Capital Assets, GN 7394 dated 22 May 2015.

2.2 The legislative framework applicable in this instance in respect of non-exempted capital assets which are not considered high value assets were dealt with in the May 2023 report. For purposes of completeness and full legal compliance, below also a detailed analysis of the proposed transaction in terms of Regulation 36 of the MATR:

<p>2.2.1 Status and Classification of the Asset</p> <ul style="list-style-type: none"> • The asset is municipal immovable property. • The proposed transaction does not constitute a transfer of ownership. • The Municipality retains full ownership and ultimate control. • The right granted is limited to use for the specific purpose contemplated in the lease and PPA. <p>The asset is therefore not being alienated but temporarily made available for a defined public-interest purpose.</p>
<p>2.2.2 Consideration of Section 14 MFMA and “Significant Asset” Test</p> <p>Although Regulation 36 applies to rights of use, Council must also be satisfied that the asset:</p> <ul style="list-style-type: none"> • Is not required to provide the minimum level of basic municipal services; or • If required, that the granting of the right will not compromise service delivery. <p>The portion of land concerned:</p> <ul style="list-style-type: none"> • Is not currently used for the direct provision of municipal basic services; • Is not required for immediate or foreseeable municipal operational purposes unrelated to the proposed energy project; • Will, through the IPP development, directly support electricity service delivery to consumers. <p>On the contrary, the proposed use strengthens the Municipality’s electricity supply resilience and therefore enhances basis service delivery capacity.</p> <p>Council can therefore reasonably conclude that the granting of the lease:</p> <ul style="list-style-type: none"> • Does not compromise the Municipality’s constitutional obligations; • Does not reduce its ability to provide minimum basic services; • Is aligned with long-term service delivery objectives.
<p>2.2.3 Public Interest and Strategic Alignment</p> <p>Regulation 36 requires that Council consider whether the granting of the right is in the public interest.</p> <p>The proposed lease:</p> <ul style="list-style-type: none"> • Supports long-term electricity security; • Encourages private investment into municipal infrastructure; • Reduces exposure to external supply instability; • Aligns with the Municipality’s infrastructure and energy resilience strategies; • Positions the Municipality as development-supportive

<p>The project contributes to</p> <ul style="list-style-type: none"> • Economic development; • Infrastructure sustainability • Energy diversification; • Reduced long-term risk exposure. <p>The extension of the lease term is not for private benefit, but to ensure financial viability and bankability of the project, which directly serves municipal interests.</p>
<p>2.2.4 Fairness, Equity, Transparency and Competitiveness</p> <p>Regulation 36 requires that rights to use municipal capital assets be granted in a manner that is fair, equitable, transparent and competitive.</p> <p>The Municipality is complying with these principles through:</p> <ol style="list-style-type: none"> (1) A competitive Request for Proposals (RFP) process; (2) A market-related valuation and reserve price determination; (3) A structured adjudication process; (4) Direct negotiations only within the framework permitted by Section 14 MFMA and the Asset Transfer Regulations; (5) A renewed public participation process in respect of the extended lease term. <p>The extension of the lease term does not circumvent competitive processes; it merely adjusts the duration to ensure project viability.</p>
<p>2.2.5 Financial Considerations and Value for Money</p> <p>Council must be satisfied that the proposed transaction is financially prudent.</p> <p>The lease:</p> <ul style="list-style-type: none"> • Generates market-related rental income; • Avoids municipal capital expenditure for energy generation infrastructure; • Enables long-term price certainty under the PPA; • Transfers construction and operational risks to the IPP. <p>The extended lease term enhances:</p> <ul style="list-style-type: none"> • Project bankability; • Competitive tariff pricing; • Investor participation; • Long-term financial sustainability. <p>Failure to extend the lease term may reduce bidder appetite or increase electricity pricing due to reduced amortization periods.</p>
<p>2.2.6 Risk Analysis and Mitigation</p> <p>Council must consider risks associated with granting long-term rights.</p> <p>Key risks include construction risk, operational risk, environmental compliance risk, decommissioning risk, and financial default risk.</p> <p>Risk Mitigation Measures:</p> <ul style="list-style-type: none"> • Performance guarantees in the lease and PPA; • Strict commencement deadlines; • Environmental compliance obligations; • Mandatory decommissioning and site rehabilitation clauses; • Security mechanisms prior to construction; • Termination and step-in rights where applicable. <p>Importantly, the extended lease period allows proper accommodation of construction prior to PPA commencement, and decommissioning after PPA expiry.</p> <p>Without this provision, rehabilitation could be rushed or contractually misaligned.</p>

<p>2.2.7 Duration Justification</p> <p>The extension from 20 years to a range between 22 and 25 years is not arbitrary, not excessive, and directly linked to construction and decommissioning timelines.</p> <p>The operational PPA period remains 20 years. The additional period is solely to allow establishment and construction prior to commercial operation, and to allow proper decommissioning and environmental responsibility.</p> <p>This ensures regulatory compliance and environmental responsibility.</p> <p>The final term will be determined through the RFP and negotiation process, ensuring proportionality and reasonableness.</p>
<p>2.2.8 Retention of Municipal Control</p> <p>The Municipality retains:</p> <ul style="list-style-type: none"> • Ownership of the asset; • Oversight through lease conditions; • Regulatory authority; • Approval rights as defined in the lease; • Enforcement mechanisms <p>The lease will be a notarial lease registered against the title deed, ensuring legal certainty and enforceability.</p>

Having considered all of the above, Council can reasonably conclude that:

- The granting of the extended lease complies with Regulation 36 of the Municipal Asset Transfer Regulations;
- The transaction is fair, equitable, transparent and competitive;
- The extended lease term is reasonable and necessary;
- The proposed lease is in the best interest of the Municipality and the community.

3. **ALIGNMENT TO THE IDP**

Addressed in May 2023 report.

4. **FINANCIAL IMPLICATIONS**

4.1 Rental will remain market-related, informed by the valuation and reserve price as determined by the appointed valuers at R405 000.00 per annum, subject to adjustment for inflation. The final rental and lease period will be determined based on (1) information provided through the RFP, the appointed IPP's financial model; and direct negotiations in terms of the MFMA and Asset Transfer Regulations.

4.2 Apart from the rental income to be gained, the proposed use of the subject property may ultimately reduce the average bulk purchase price of electricity, resulting in energy provision to consumers at a rate lower than the Eskom Local Authority Munciflex Tariff.

5. **RECOMMENDATION**

It is recommended

- (a) That the previously approved lease term of 20 years (Council resolution of 25 May 2023) be extended to **a minimum of 22 years and a maximum of 25 years**, to provide for construction, operational and decommissioning phases of the IPP facility;

5./...

- (b) That a new public participation process be undertaken in respect of the extended lease period;
- (c) That the lease agreement between Swartland Municipality and the appointed IPP developer be concluded prior to the commencement of the PPA;
- (d) That the final lease term and rental (no less than R405 000.00 per annum, subject to adjustment for inflation) be determined based on:
 - Information received through the RFP process;
 - Submissions by the appointed IPP developer; and
 - Direct negotiations with the appointed IPP developer in terms of the MFMA and the Asset Transfer Regulations.
- (e) That the mandate previously granted to the Municipal Manager be reaffirmed and extended to give effect to the revised lease period;
- (f) That the newly surveyed erf, i.e. Erf 15701 Malmesbury be registered in the deeds office in preparation for the drafting and registration of the notarial lease agreement.

AANBEVELING

- (a) Dat die voorheen goedgekeurde huurtermyn van 20 jaar (Raadsbesluit van 25 Mei 2023) verleng word tot 'n minimum van 22 jaar en 'n maksimum van 25 jaar, om voorsiening te maak vir die konstruksie-, bedryfs- en ontmantelingsfases van die IPP-aanleg;
- (b) Dat 'n nuwe openbare deelnameproses onderneem word ten opsigte van die verlengde huurtermyn;
- (c) Dat die huurooreenkoms tussen Swartland Munisipaliteit en die aangewese IPP-ontwikkelaar aangegaan word vóór die aanvang van die PPA;
- (d) Dat die finale huurtermyn en huur (nie minder nie as R405 000.00 per jaar, onderhewig aan aanpassing vir inflasie) bepaal word op grond van:
 - Inligting ontvang deur die RFP-proses;
 - Voorleggings deur die aangewese IPP-ontwikkelaar; en
 - Direkte onderhandelinge met die aangewese IPP-ontwikkelaar ingevolge die MFMA en die Batevervreemdingsregulasies;
- (e) Dat die mandaat wat voorheen aan die Munisipale Bestuurder verleen is, herbevestig en uitgebrei word om uitvoering te gee aan die hersiene huurtermyn;
- (f) Dat die nuut opgemete erf, naamlik Erf 15701 Malmesbury, in die akteskantoor geregistreer word ter voorbereiding van die opstel en registrasie van die notariële huurooreenkoms.

(get) M S Terblanche

MUNISIPALE BESTUURDER

Mst/raadsitems,SM5/Verhuring van ged Erf 327 ongeregisteerde erf 15701 Malmesbury



Verslag ♦ Ingxelo ♦ Report

Kantoor van die Direkteur: Korporatiewe Dienste
17 Mei 2023

12/2/B

ITEM 8.7 VAN DIE AGENDA VAN 'N GEWONE RAADSVERGADERING WAT GEHOU SAL WORD OP 25 MEI 2023

ONDERWERP: VOORGESTELDE LANGTERMYN VERHURING VAN ONROERENDE MUNISIPALE EIENDOM: GEDEELTE ERF 327, MALMESBURY
SUBJECT: PROPOSED LONG TERM LEASING OF IMMOVABLE MUNICIPAL PROPERTY: PORTION OF ERF 327, MALMESBURY

1. BACKGROUND

- 1.1 The deteriorating performance of Eskom's generation plant has and still is causing load shedding, at various levels, to be implemented on a daily basis. In addition to the poor performance of Eskom the country is also experiencing annual electricity tariff increases of more than two times the inflation rate. This puts pressure on the Municipality to increase its electricity tariffs at similar levels.
- 1.2 While it is accepted that solar energy will not eliminate load shedding to the Municipality, there is an opportunity to assist Eskom to lower load shedding levels by adding additional energy sources to the grid. The direct benefit for the Municipality of having an alternative energy source would be to reduce the reliance for energy from Eskom and to ultimately reduce the average bulk purchase price of electricity.
- 1.3 In support of alternative energy, protecting the environment and good corporate citizens the municipal leadership has decided to expand the Municipality's own renewable energy footprint. The Municipality has already signed a three (3) year agreement with Darling Green Utility to supply 1 MVA of Solar energy to the Municipality starting around January 2024.
- 1.4 The opportunity exists to make suitably placed land available for a long term lease to potential independent power producers (IPP's). The so-called Klipkoppie property (as more fully described below and as depicted on **ANNEXURE A** hereto) just outside of the urban edge of Malmesbury on the eastern side of town, is regarded suitable for the development of a solar plant since it is fairly close to the Municipality's 11 kV substations and the slope of the land is facing North/North West which is most desirable for solar radiation.
- 1.5 The plan is to call for tenders to lease the land from the Municipality and develop a solar plant of between 10 to 15 MW (details still to be determined) to connect to the municipal network, to provide energy at a rate lower than the Eskom Local Authority Megaflex Tariff. It is to be noted that the Municipality does not want to own the solar plant, due to various reasons, but only to purchase energy from the generator.
- 1.6 While the total property is more than 130 ha in extent, a plant of 15 MW will only require around 30 ha. As the Municipality does not have the expertise to determine which piece of land is best suited for the purpose it is proposed that the successful tenderer would have to identify the piece of land best suited and fence it so that the remainder can be leased for agricultural purposes as in the past.
- 1.7/...

1.7 This report therefore serves to obtain Council's in principle approval for a portion (to a maximum of 30 hectares in extent) of erf 327, Malmesbury (i.e. municipal commonage) as depicted on Annexure A to be made available by means of a tender for the establishment of a solar plant. The subject property is presently zoned as Agricultural Zone 1, and is ± 135 hectares in extent. Prior to establishment of a solar plant, the required land use rights (i.e. consent use) must be obtained in terms of the Swartland Municipality: Municipal Land Use Planning By-law, as well as the required environmental authorizations in terms of the applicable legislation.

2. LEGISLATION

2.1 The transfer of ownership or disposal of capital assets is regulated by the Municipal Finance Management Act, 2003 (MFMA), the Municipal Asset Transfer Regulations, 2008 (MATR) as well as Council's By-law and Policy relating to the Transfer of Municipal Capital Assets, GN 7394 dated 22 May 2015.

2.2 The legislative framework applicable in this instance in respect of non-exempted capital assets which are not considered high value assets are dealt with below only in as far as it relates to the proposed disposal.

COMPLIANCE WITH MUNICIPAL FINANCE MANAGEMENT ACT, 2003	
Issues to be considered in terms of Section 14 of the MFMA	Comment
a) Whether the asset is needed to provide the minimum level of basic municipal services	The property to be leased is not required for the provision of a minimum or any other level of basic municipal services. It is presently zoned for agricultural purposes and has been leased for short term periods in the past for arable farming. However, it can be beneficially utilized to supplement Eskom's energy sources to the Municipality.
b) Consideration to be given to the fair market value of the asset	Details of the proceeds to be earned from the proposed lease of the subject property are yet unknown, as it is still subject to a tender process. It is however recommended that the reserve rental amount be determined in conjunction with Council's appointed valuer.
c) Consideration to be given to the economic and community value to be received in exchange for the asset	Apart from the rental income to be earned, the direct benefit for the Municipality of having an alternative energy source would be to reduce the reliance for energy from Eskom and to ultimately reduce the average bulk purchase price of electricity, as well as to provide energy to consumers at a rate lower than that of Eskom as indicated elsewhere in the report.
COMPLIANCE WITH MUNICIPAL ASSET TRANSFER REGULATIONS (GG 31346 DATED 22 AUGUST 2008)	
Issues to be considered in terms of Regulation 7 of the MATR	Comment
a) Whether the capital asset may be required for the Municipality's own use at a later stage.	The property is not required for municipal purposes as indicated.
b) The expected loss or gain that is expected to result from the proposed transfer or disposal	Council will gain the rental i.r.o. the subject property and a further monthly income in respect of services consumption.
c) The extent to which any compensation to be received i.r.o. the proposed transfer or disposal will result in a significant economic or financial cost benefit to the Municipality	Financial benefits as a result of the lease and payment for services; further, to ultimately reduce the average bulk purchase price of electricity and to provide energy at lower than the Eskom rate.
d) The risks and rewards associated with the operation or control of the capital asset that is to be transferred or disposed of in relation to the Municipality's interests	Risks will be managed in terms of the Lease Agreement.
e) The effect that the proposed transfer or disposal will have on the credit rating of the Municipality, its ability to raise long-term or short-term borrowings in the future and its financial position and cash flow	No effect

2.2/...

f) Any limitations or conditions attached to the capital asset or the transfer or disposal of the asset, and the consequences of any potential non-compliance with those conditions	There are no limitations linked to the subject property. Lease conditions will be addressed in the Lease Agreement.
g) The estimated cost of the proposed transfer or disposal	All costs related to the transaction will be for the lessee's account.
h) The transfer of any liabilities and reserve funds associated with the capital asset	No liabilities
i) Any comments or representation on the proposed transfer or disposal received from the local community and other interested persons	The proposed long term transaction will be advertised for objections.
j) Any written views and recommendations on the proposed transfer or disposal by the National Treasurer and relevant provincial treasury	Not applicable (applicable i.r.o. high value assets only)
k) The interest of any affected organ of state, the Municipality's own strategic, legal and economic interests and the interests of the local community	The property is not required for municipal purposes. The proposed transaction can be linked to Strategic Goal 5 (Sufficient, affordable and well-run services), Strategic Objective 5.7 – Provide electricity cost effectively as per Council's Integrated Development Plan 2017-2023.
l) Compliance with the legislative regime applicable to the proposed transfer or disposal	Yes, addressed in this report, as well as in the Lease Agreement.
Conditions that may be imposed, in terms of Regulation 11, pertaining to the following:	Comment
1) The way in which the capital asset is to be sold or disposed of	Direct disposal (lease) by means of closed bid.
2) A floor price or minimum compensation for the capital asset	To be determined
3) Whether the capital asset may be transferred for less than its fair market value, in which case the municipal council must first consider the criteria set out in regulation 13(2)	Not applicable
4) A framework within which direct negotiations for the transfer or disposal of the capital asset must be conducted with another person, if transfer or disposal is subject to direct negotiations.	Not applicable. A public participation & competitive process is to be followed.

3. KOPPELING AAN DIE GOP / ALIGNMENT TO THE IDP

The proposed transaction can be linked to Strategic Goal 5 (Sufficient, affordable and well-run services), Strategic Objective 5.7 – Provide electricity cost effectively as per Council's Integrated Development Plan 2017-2023.

4. FINANSIËLE IMPLIKASIE / FINANCIAL IMPLICATION

Apart from the rental income to be gained, the proposed use of the subject property may ultimately reduce the average bulk purchase price of electricity, resulting in energy provision to consumers at a rate lower than the Eskom Local Authority Megaflex Tariff.

5. AANBEVELING

(a) Dat die Raad in beginsel goedkeuring verleen in terme van Artikel 14 van die Wet op Munisipale Finansiële Bestuur, 2003 dat 'n gedeelte (maksimum 30 hektaar) van erf 327, Malmesbury aan potensiële onafhanklike kragprodusente (IPPs) beskikbaar gestel word onder 'n tender vir die daarstel van 'n sonkrag-aanleg op die betrokke eiendom, onderhewig aan die verkryging van die toepaslike grondgebruiksregte en omgewings-magtigings;

(b)/...

5./...

- (b) Dat kennis geneem word dat die eiendom nie vir die verskaffing van 'n minimum of enige ander vlak van basiese munisipale dienste nodig word nie;
- (c) Dat die termyn van huur op twintig (20) jaar vasgestel word om die huuropsie lewensvatbaar te maak vir voornemende beleggers;
- (d) Dat die voorgenome langtermyn verhuring van bogemelde eiendom in terme van die Raad se Verordening insake die Oordrag van Munisipale Kapitale Bates, PK 7394 gedateer 22 Mei 2015 vir kommentaar/besware geadverteer word;
- (e) Dat volmag verleen word
 - (i) aan die Munisipale Bestuurder om in samewerking met die Raad se waardeerders 'n billike en markverwante huur te bepaal as reserwe huurgeld;
 - (ii) aan die Uitvoerende Burgemeesterskomitee om te handel met enige besware wat teen die voorgenome langtermyn verhuring van die eiendom ontvang mag word;
 - (iii) aan die Direkteur: Korporatiewe Dienste om die voorwaardes van verhuur te finaliseer;
 - (iv) aan die Direkteur: Elektriese Ingenieursdienste om die tendervoorwaardes vir die aanwending van die perseel vir doeleindes van 'n sonkrag-aanleg te finaliseer.

RECOMMENDATION

- (a) That in-principle approval be granted by Council in terms of Section 14 of the Municipal Finance Management Act, 2003 for a portion (maximum 30 hectares) of erf 327, Malmesbury to be made available to potential independent power producers (IPPs) under a tender for the establishment of a solar plant on the property concerned, subject to obtaining the applicable land use rights and environmental authorisations;
- (b) That it be noted that the property is not needed to provide the minimum level or any other level of basic municipal services;
- (c) That the term of lease be determined at twenty (20) years, to make the lease option viable for prospective lessees;
- (d) That the proposed long term leasing of said property be advertised for comments/objections in terms of the Council's By-law relating to the Transfer of Municipal Capital Assets, GN 7394 dated 22 May 2015;
- (e) That authorization be given as follows:
 - (i) to the Municipal Manager to determine a fair and market-related rental to be set as reserve rental amount in conjunction with Council's valuers;
 - (ii) to the Executive Mayoral Committee to deal with any objections that may be forthcoming regarding the proposed long term leasing of the property;
 - (iii) to the Director: Corporate Services to finalise the tender criteria and conditions of lease;
 - (iv) to the Director: Electrical Engineering Services to finalise the tender conditions for the utilization of the property for purposes of a solar plant.

BESLUIT

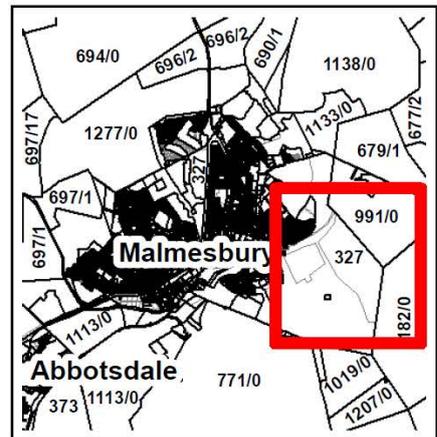
- (a) Dat die Raad in beginsel goedkeuring verleen in terme van Artikel 14 van die Wet op Munisipale Finansiële Bestuur, 2003 dat 'n gedeelte (die omvang nog bepaal te word) van erf 327, Malmesbury aan potensiële onafhanklike kragprodusente (IPPs) beskikbaar gestel word onder 'n tender vir die daarstel van 'n sonkrag-aanleg op die betrokke eiendom, onderhewig aan die verkryging van die toepaslike grondgebruiksregte en omgewings-magtigings;
- (b) Dat kennis geneem word dat die eiendom nie vir die verskaffing van 'n minimum of enige ander vlak van basiese munisipale dienste nodig word nie;
- (c) Dat die termyn van huur op twintig (20) jaar vasgestel word om die huuropsie lewensvatbaar te maak vir voornemende beleggers;

- (d) Dat die voorgename langtermyn verhuring van bogemelde eiendom in terme van die Raad se Verordening insake die Oordrag van Munisipale Kapitale Bates, PK 7394 gedateer 22 Mei 2015 vir kommentaar/besware geadverteer word;
- (e) Dat volmag verleen word
 - (i) aan die Munisipale Bestuurder om in samewerking met die Raad se waardeerders 'n billike en markverwante huur te bepaal as reserwe huurgeld;
 - (ii) aan die Uitvoerende Burgemeesterskomitee om te handel met enige besware wat teen die voorgename langtermyn verhuring van die eiendom ontvang mag word;
 - (iii) aan die Direkteur: Korporatiewe Dienste om die voorwaardes van verhuur te finaliseer;
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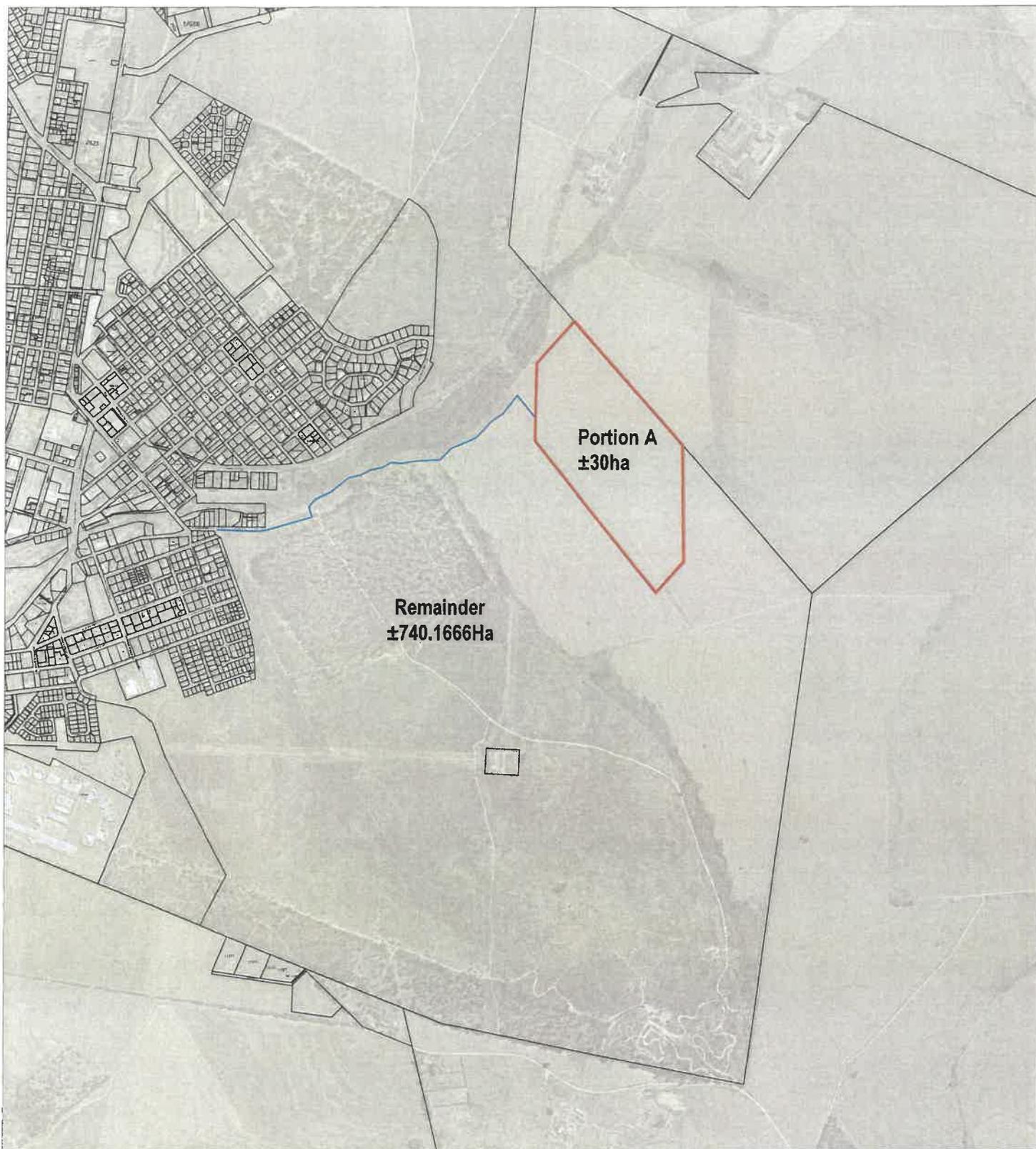
AFSKRIFTE:

1. DK – vir afhandeling
2. MB – (e)(i),vir aandag
3. DE – vir kennisname

MALMESBURY KLIPKOPPIE



EXEMPTED SUBDIVISION AND REGISTRATION OF A SERVITUDE: ERF RE/327, MALMESBURY



Subdivision:
 Portion A: ±30ha
 Remainder: ±740.1666ha
 Total: 770.1666ha

Proposed subdivision line 
 8m Wide right of way servitude over erf 327 in favour of Portion A 

TITLE: SUBDIVISION AND REGISTRATION OF A RIGHT OF WAY SERVITUDE IN ERF RE/327 MALMESBURY	
PHYSICAL ADDRESS: MALMESBURY	
NOTE: ALL AREAS AND DISTANCES ARE SUBJECT TO SURVEYING	
COMPILED BY: 	CK RAMBOLD & PARTNERS TOWN PLANNERS PROFESSIONAL SURVEYORS 16 RAINEY STREET, MALMESBURY Tel: 022 - 482944 Fax: 022 - 4871551 Email: planning@rambold.co.za
DATE: October 2025	AUTHORITY: SWARTLAND MUNICIPALITY
REF: MAL/14867/NJK	
Drawing done by NJ de Kock - Planner: CK Rambold & Partners	