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**EXTRACT FROM THE MINUTES OF AN SPECIAL COUNCIL
MEETING HELD ON **WEDNESDAY, 26 MARCH 2025, 10H00**, AT
THE SOLLY ESSOP COUNCIL CHAMBERS, CONSTITUTION
STREET, BEAUFORT WEST.**

5.2 DRAFT ANNUAL BUDGET 2025/26 AND MTREF. (6/1/1/1)

RECOMMENDATIONS:-

It is therefore recommended

1. That in terms of section 16 of the Municipal Finance Management Act, 56 of 2003, the Annual budget of the Central Karoo District Municipality for the financial year 2025/2026; and indicative allocations for the two projected outer years 2026/2027 and 2027/2028; and the multi-year and single year capital appropriations are approved as set-out in the following tables:
 - 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.4 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:
 - 2.1 Budgeted Financial Position;
 - 2.2 Budgeted Cash Flows;
 - 2.3 Cash backed reserves and accumulated surplus reconciliation;



- 2.4 Asset management; and
- 2.5 Basic service delivery measurement.

3. That in terms of section 24(2)(c)(ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act 32 of 2000 as amended, the tariffs as set out in Annexure A, that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2025.

4. That in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) the tariffs for other services, as set out in Annexure A, that were used in compiling the final budget, are approved with effect from 1 July 2025.

5. That in terms of the provisions of Section 75A of the Municipal Systems Act, 32 of 2000, the notice of the tariff amendments be displayed on notice boards at all municipal offices, libraries, and be advertised in local newspapers.

6. That the documents be available for inspection at the municipal offices.

7. That the requirements set out in section 46 of the Municipal Finance Management Act No. 56 of 2003 be followed in order for the Municipality to enter into Operating Lease Agreements to fund the acquisition of photocopiers.

The Executive Mayor, Ms. J Botha, introduces the draft Annual Budget & MTREF 2025-2026 and read the Mayor's Report into record. She emphasises that it is only a draft Budget and that comments/inputs are forthcoming.

Ms. Makalima presented the draft Annual Budget & MTREF 2025-26 and referred to the Revenue to the amount of R126.4 million. She adds that from the amount includes , R47 million [grants] including R39 million [equitable share] is only R8 million left that is ringfenced for specific purposes. [conditional grants]

Ms. Makalima mentioned that R68 million is related to Roads that is equal to the expenditures to be incurred on behalf of Roads.



She highlighted the fact that the remaining revenue is minimal in order to make provision for additional needs.

Ms. Makalima expresses her concern regarding the cash flow position that is not in a good standard as the previous year this time. She referred to the revenue with regard to interests on bank and investment of R2 035 which may not be feasible in the 2025-26 financial year.

Cllr. Swanepoel referred to the paragraph under "Financial Viability and Sustainability" that reads as follows: "The Municipality did not make provision for the Debtor to be written off at this time as we believe that a solution may still be found where no financial loss will be incurred by the Municipality. If the Municipality had to make provision for the amount to be written off, the budget will no longer be funded".

He requests clarity whether the I.D.P is aligned with the Budget as presented. Ms. Makalima responds that the I.D.P and Budget are aligned, but it will not be easy to fulfil all the responsibilities. She adds that more explanation is forthcoming. She continues to present the operational as well as capital expenditure.

Ms. Makalima elaborates on the operational expenditure and mentioned that the Municipality doing its utmost best to allocated funds to the basic services. She reveals the amounts allocated for specific needs and that additional funds be needed to execute the needs identified. She referred to the summary of expenditure listed on pages 29 – 31.

Ms. Makalima highlights that the Equitable Shares is R39 million and that the employee cost is higher than the equitable share. She highlights that the Municipality does not have any other revenue streams that are significant. She adds that the highest revenue of income is coming from interest on investments.

Ms. Makalima mentioned that the draft Budget is tabled before the Provincial Budget and the hope is expressed that more funds will be allocated, as assistance has been requested from Provincial Treasury.



Mr. Penxa explained the importance of a strategic session in order to address the challenges regarding the financial position of the Municipality and the fact that the core functions of the Municipality cannot be executed to its fullest, [existence of the Municipality] based on the limited funds that are available.

On the proposal of Cllr S. Meyers, seconded by Cllr A. Swanepoel, the Council unanimously accepted and approved the recommendation as stipulated above, to approved the draft Annual Budget 2025/26 & MTREF; with the amendment that a strategic session is scheduled.

5.3 DRAFT BUDGET & RELATED POLICIES – 2025/2026 MTREF. (6/1/1/B)

COMMENTS

The following budget related policies are included:

1.	Anti-Corruption and Fraud Prevention Policy.....	1
2.	Asset Management Policy.....	31
3.	Borrowing Policy.	75
4.	Budget Policy.	99
5.	Contract Management Policy.	131
6.	Cost Containment Policy.	147
7.	Credit Control and Debt Collection Policy.	163
8.	Funding and Reserves Policy.	185
9.	Grants-in-Aid Policy.	189
10.	Infrastructure Procurement Policy.	214
11.	Kontantbestuur en Beleggingsbeleid..	257
12.	Long Term Financial Plan Policy.	275
13.	MFMA Delegations Register.	287
14.	Municipal Entities Policy.	342
15.	Relief Fund Policy.....	354
16.	SCM Delegations Register.....	361
17.	Supply Chain Management Policy.....	364
18.	Preferential Procurement Policy.....	434
19.	Tariff Policy.....	446
20.	Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy	455
21.	Unforeseen and Unavoidable Expenditure Policy, Processes and Procedures..	470



22.	Upper Limits for Councilors Policy.	480
23.	Virement Policy.	500

The amendments and changes to the policies as well as those policies that have changed are marked I or indicated in red.

RECOMMENDATIONS

It is therefore recommended that;

- a) Council approves the report.
- b) Council approves the budget related policies for MTREF 2025/26; 2026/27 and 2027/28.

Ms. Makalima rendered apologies for the error on top of the report and mentioned that the corrected report has been circulated in Council.

Ms. Makalima presented the draft Budget related Policies 2025/26 MTREF and highlighted the minor changes in the three (3) Policies, namely SCM Delegation Register ; Supply Chain Management Policy & Preferential Procurement Policy.

Ms. Makalima mentioned that a person from National Treasury [Assets Management specialist] envisage to visit the Municipality to review the Asset Management Policy which will entails amendments before the final approval. She adds that ongoing consultation processes will follow with regard to the draft Policies, and changes may be forthcoming, before the final approval of the Policies.

Questions are forthcoming regarding the Relief Fund Policy and a suggestion put is forward that the Policy must be more specific in terms of the period for allocation, whether it is on a quarterly or yearly basis, to have a clear indication in terms of the limit.

Ms. Makalima responded that no budget is currently available and no provision was made in the draft Budget for the grants as set out in the Policy.



She embarks briefly on previous assistance to communities, for example the Study Bursaries.

Ms. Makalima mentioned that the matter will be addressed and possible avenues explore to make exception for what maybe reasonable for the Municipality, which will also include the limits per quarter or yearly as stated in the said policy.

On the proposal of Cllr L. Pause, seconded by Cllr. S. Jooste, the Council unanimously accepted and approved the recommendation for the approval of the draft Budget & related Policies for MTREF 2025-2026; 2026/27 and 2027/28.



Cllr T C J Prince
SPEAKER OF COUNCIL
2025-03-27

