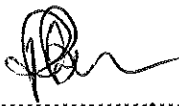
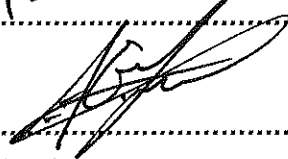




# CASH MANAGEMENT AND INVESTMENT POLICY

|                         |  |
|-------------------------|--|
| Council Resolution No : | A63  |
| Date :                  | 29.05.2025   |
| Municipal Manager :     |   |
| Executive Mayor :       |  |
| Reference No :          | 6/1/1/B  |
| Municipal Code No :     | P-C-02.9   |

REVIEWED 29.05.2025

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## **1. BACKGROUND**

1.1 The Local Government Municipal Finance Management Act 56 of 2003 (MFMA) requires a municipality to establish an appropriate and effective cash management and investment policy within which the municipality must, within any prescribed framework:

- Conduct its cash management and investments and
- Invest money not immediately required.

## **2. PURPOSE OF THE POLICY**

The purpose of the cash management and investment policy is:

2.1 To ensure compliance with the relevant legal and statutory requirements relating to cash management and investments;

2.2 To ensure that the council of the municipality who effectively are the custodians of the public revenues, which it collects, managed the cash resources effectively and efficiently;

2.3 The investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes; and

2.4 The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

## **3. DEFINITIONS**

For the purpose of this policy-

"Accounting Officer" means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act no. 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of -the Local Government: Municipal Systems Act 2000 (Act no. 32 of 2000) and includes any person to whom the Accounting Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.

"Council" - OVERBERG DISTRICT MUNICIPALITY or any of the Council's committees or officials by virtue of authority, functions and duties delegated to them in terms of any existing law, ordinance or decree which is in force within the jurisdiction of the Council;

"Councillor" shall mean a member of the municipal council of the Overberg District Municipality;

"Chief Financial Officer (CFO)" means an officer of a municipality designated by the Municipal Manager to be administratively in charge of the budgetary and treasury functions.

"GRAP" are standards of Generally Recognised Accounting Practice.

"Investment" – means -

- a) The placing on deposit of funds with a financial institution; or
- b) The acquisition of monetary assets with funds not immediately required,
- c) With the primary aim of preserving those funds; "Municipality" - means the Overberg District Municipality;

"Official" - shall mean all persons in the employment of the Overberg District Municipality.

#### **4. COMPLIANCE WITH LAWS AND LEGISLATION**

4.1 Section 13(1) and (2) of the MFMA requires a municipality to establish an appropriate and effective cash management and investment policy within which the municipality must;

4.1.1 Conduct its cash management and investments, and

4.1.2 Invest money not immediately required, in accordance with any framework which may be prescribed.

4.2 National Treasury has issued municipal investment regulations (No. R. 308) dated 1 April 2005 (Government Gazette no. 27431) which sets out a framework within which, all municipalities shall conduct their cash management and investments

4.3 Sections 7,8,9,10,11 and 12 of the MFMA describes in Part 1: Municipal bank accounts the compliance that municipalities should follow in respect of the:

- 4.3.1 Opening of bank accounts
- 4.3.2 Primary bank account
- 4.3.3 Bank account details to be submitted to provincial treasuries and Auditor-General
- 4.3.4 Control of municipal bank accounts
- 4.3.5 Withdrawals from municipal bank accounts
- 4.3.6 Relief, charitable, trust or other funds
- 4.4 MFMA Circular No 61 dated 25 April 2012 - Banking, Overdraft, and Investments.

## **5. SCOPE OF THE POLICY**

This policy applies to the management of cash and investment of the municipality's funds, excluding petty cash accounts.

## **6. STANDARDS OF ETHICS AND JUDGEMENT AND DUE CARE**

- 6.1 The chief finance officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in consultation with the accounting officer in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance;
  - 6.2 All investments made, shall be in the name of the Overberg District Municipality;
  - 6.3 In making such investments the chief finance officer, shall at all times have only the best considerations of the municipality in mind, and, except for the outcome of the consultation process with the accounting officer, shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties;
  - 6.4 The chief finance officer must always, when making an investment, consider:
    - 6.4.1 The security of the investment;
    - 6.4.2 The liquidity needs of the Overberg District Municipality;
    - 6.4.3 Probable income or return derived from the investment; and
    - 6.4.4 Legal considerations of such an investment.
- The Accounting officer, CFO, and members of the mayoral committee must adhere to the code of conduct when considering and making an investment.

## **7. CASH MANAGEMENT**

### **7.1 Banking arrangements**

- 7.1.1 The accounting officer is responsible for the management of the municipality's bank accounts, but may delegate this function to the chief financial officer;
- 7.1.2 The accounting officer and chief financial officer are always authorised to sign . cheques and- any other documentation associated with the management of such accounts;
- 7.1.3 The accounting officer, in consultation with the chief financial officer, is authorised to appoint two or more additional signatories in respect of such accounts, and to amend such appointments from time to time;
- 7.1.4 in the event of changes to the list of current signatories shall be reported to the Executive mayor as part of the report dealing with the municipality's investments;
- 7.1.5 In compliance with the requirements of good governance, the accounting officer shall open a Primary Bank Account for ordinary operating purposes;
- 7.1.6 One or more separate accounts shall also be maintained for the following: capital receipts in the form of grants, donations or contributions from whatever source; trust funds; and the municipality's self-insurance reserve (if legally permissible);
- 7.1.7 In determining the number of additional accounts to be maintained, the accounting officer, in consultation with the chief financial officer, shall have regard to the likely number of transactions affecting each of the accounts referred to;
- 7.1.8 Unless there are compelling reasons to do otherwise, and the council expressly so directs, all the municipality's bank accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the interest payable to the municipality;
- 7.1.9 The accounting officer shall invite tenders for the placing of the municipality's bank accounts within six months after the election of each new council, such

- new banking arrangements to take effect directly after the procurement of- a new banking service as prescribed by the procurement policy of Council; and
- 7.1.10 However, such tenders may be invited at any earlier stage, if the accounting officer, in consultation with the chief financial officer, is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective, and the executive mayor or the mayoral committee, as the case may be, agrees to the invitation of such tenders
- 7.1.11 The accounting officer of a municipality must submit to the National Treasury, the relevant provincial treasury and the Auditor-General, in writing, the name of the bank where the primary bank account of the municipality is held, and the type and number of the account. If a municipality wants to change its primary bank account, it may do so only after the accounting officer has informed the National Treasury and the Auditor-General, in writing, at least 30 days before effecting the change.
- 7.1.12 The accounting officer of a municipality must submit to the relevant provincial treasury and the Auditor-General, in writing within 90 days after the municipality has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and annually before the start of a financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

## **7.2 Raising of debt finance**

- 7.2.1 The accounting officer is responsible for the raising-of debt, but may delegate this function to the chief financial officer, who shall then manage this responsibility in conclusion with the accounting officer;
- 7.2.2 All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council;
- 7.2.3 Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget;

- 7.2.4 Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the accounting officer;
- 7.2.5 Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues; and-
- 7.2.6 The municipality shall not borrow for the purposes of investing or speculating in short- or long-term financial instruments.

### **7.3 Cash collection**

- 7.3.1 All monies due to the municipality must be collected as soon as possible, either on or- immediately after due date, and banked daily except in the case of satellite offices.
- 7.3.2 The respective responsibilities of the accounting officer and other executive directors of departments in this regard- is defined -in a code of financial practice approved-by-the accounting officer and the chief financial officer;
- 7.3.3 The unremittent support of and commitment to the municipality's credit control and debt management policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

### **7.4 Payments to creditors**

- 7.4.1 The accounting officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality;
- 7.4.2 This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the accounting officer before any payment is made;



- 7.4.3 In the case of small, micro, and medium enterprises, where such a policy may cause financial- hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the accounting officer before any payment is made;
- 7.4.4 Notwithstanding the foregoing policy directives, the accounting officer shall make full use -of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the accounting officer determines that there are financial incentives for the municipality to do so;
- 7.4.5 The accounting officer shall not ordinarily process payments, for accounts received, more than once in each calendar month, such processing to take place on or about the end of the month concerned;
- 7.4.6 Wherever possible, payments shall be affected by means of electronic transfers rather than by cheques;
- 7.4.7 Special payments to creditors shall only be made with the express approval of the accounting officer, who shall be satisfied, that there are compelling reasons for the making such payments prior to the normal month end processing
- 7.4.8 In terms of Section 65(2)(e) of the MFMA, all creditor payments must be finalised within 30 days from receiving the invoice.

## **7.5 Cash management programme**

- 7.5.1 The CFO shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis;
- 7.5.2 The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when — if applicable — either long-term or short-term debt must be incurred;
- 7.5.3 Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, timeously and in the format indicated;

7.5.4 The accounting officer shall report to the Finance Portfolio on the monthly cash estimates and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate; and

7.5.5 The cash flow estimates shall be divided into calendar months, and in reporting the accounting officer shall provide comments or explanations regarding any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

## **8. UNDERLYING INVESTMENT PRINCIPLES**

### **8.1 Permitted investments**

8.1.1 The chief finance officer must ensure that only the following investment types are utilized in terms of sec 6 of the Municipal Investment Regulations (No. R. 308) dated 1st April 2005:

- Securities issued by national government;
- Listed corporate bonds with an investment grade rating from a recognized credit rating agency;
- Deposits with banks registered in terms of the Banks Act (Act 45 of 1984);
- Deposits with the Public Investment Commissioners;
- Deposits with the Corporation for Public Deposits;
- Banker's acceptance certificate or negotiable certificates of deposits of registered banks;
- Guaranteed endowment policies with the intention of establishing a sinking fund;
- Repurchase agreements with registered banks;
- Municipal bonds issued by a municipality;
- Any other investment type as identified by the Minister of Finance in consultation with the Financial Service Board.

## **8.2 Limiting exposure**

8.2.1 The Chief finance officer shall ensure that the municipality diversifies its investment portfolio across- institutions, types of investment and investment maturities in order to limit the Fisk exposure of the municipality.

## **8.3 Risk-and return**

8.3.1 Although the objective of the chief finance officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned.

8.3.2 No investment shall be made with an institution where the degree of risk is perceived -to be higher than the average risk associated with investment institutions. Deposits shall only be made with deposit-taking institutions registered in terms of the Banks Act (Act 45 of 1984)

8.3.3 No investment is allowed which is affected by fluctuations in the value of the Rand against any-foreign currency.

## **8.4 Payment of commission:**

8.4.1 Every financial institution with which the municipality makes an investment must issue a certificate to the accounting officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment, including councillors, officials or related spouses or family members.

## **8.5 Fixed-term deposits:**

8.5.1 Before making any fixed term deposits, the chief finance officer, shall obtain quotations from at-least three financial institutions.

8.5.2 Given the volatility of the money market, the chief finance officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the

relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).

8.5.3 Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail, or any other expedient means).

8.5.4 Any monies paid over to the investing institution in terms of the agreed investment shall be paid over only to such institution itself and not to any agent or third party

8.5.5 Once the investment has been made, the chief finance officer shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

#### **8.6 Restriction on tenure- of investments:**

8.6.1 No investment with a tenure exceeding twelve months shall be made without the prior approval of the accounting officer.

#### **8.7 Call account deposits**

8.7.1 Call deposits will only be made at the current primary banker or at existing accounts at other banks that was specially created for certain type of investments.

8.7.2 The chief financial officer shall ensure that the best interest rates are negotiated on call accounts to ensure maximum return

8.7.3 The balance on the current primary account should be minimized to cover the immediate payments due and be monitored daily, to transfer any surplus funds to either of the existing call accounts to receive maximum return without risking the balance to move into an overdraft balance.

### **9. CONTROL OVER INVESTMENT PORTFOLIO**

9.1 The chief finance officer shall ensure that proper records are kept of all investments made by the municipality.

9.2 Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable, and the maturity date.

9.3 If the investment is liquidated at a date other than the maturity date, such date shall be indicated.

9.4 The chief finance officer shall ensure that all interest and capital properly due to the municipality are timeously received and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.

9.5 The chief finance officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe or are otherwise lodged for safekeeping with the municipality's bankers or attorneys.

## **10. REPORTING ON INVESTMENTS AND BANK ACCOUNTS**

10.1 The Accounting officer and/or delegated authority must submit, as part of the Section 71 report of the Municipal Finance Management Act (Act 56 of 2003), a report to the Mayor describing, in accordance with GRAP-, the investment portfolio of the Overberg District Municipality at the end of the month

10.2 The monthly report on-investments must include:

10.2.1 Market value of each investment — beginning and end period;

10.2.2 Any changes to-the Investment portfolio;

10.2.3 Accrued interest; and

10.2.4 Liquidated investments that have no-minimum acceptable credit rating.

10.3 The formats and timelines for reporting as prescribed in MFMA Circular No 61 dated 25 April 2020 should be used and followed.

## **11. INVESTMENT FOR THE REDEMPTION-OF LONG TERM LOANS**

11.1 In managing the -municipality's investments, the chief finance officer shall ensure that, whenever a long-term (non-annuity) loan is raised by the municipality, an

amount is invested at least annually equal-to the principal sum divided by the period of the loan;

11.2 Such investment shall be made against the-bank account maintained for the external finance-fundi and shall be accumulated and used only for the redemption of such loan on due date;

11.3 The making of such investment- shall be approved by the council at the time that the loan itself-is approved and

11.4 If the loan raised is not a fixed term loan, but an annuity loan, the chief finance officer shall ensure that enough resources are available for repayment.

## **12. INTEREST ON INVESTMENTS**

12.1 The interest accrued on -all the municipality's investments shall, in compliance with the requirements of GRAP be recorded in the first instance in the municipality's operating revenues and shall thereafter be appropriated on a monthly basis.

## **13. RELATED POLICIES**

The following documents are related to this--policy\_:

13.1 Code-of financial practice.

## **14. REVIEW**

14.1 This policy will be reviewed at least annually and updated if needed.

## **15. EFFECTIVE DATE**

15.1 This policy shall come into effect on 1 July 2025.



## EXTRACT FROM THE COUNCIL MINUTES HELD ON 29 MAY 2025

Item A63. 29.05.2025

### MTREF BUDGET: 2025-2026 TO 2027/2028 OPERATING AND CAPITAL BUDGET, IDP AND POLICY DOCUMENTS

S Stanley: Chief Financial Officer

(Ref.:6/1/1/B & 6/1/1/1)

#### PURPOSE

The purpose of the report is to submit the Final budget for 2025/2026 MTREF to Council for consideration of approval.

#### BACKGROUND

In terms of section 16 of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) Council must approve an annual budget before the start of the financial year.

#### LEGAL FRAMEWORK

The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:



##### Municipal budgets

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

##### Contents of annual budgets and supporting documentation

16. (1) An annual budget of a municipality must be a schedule in the prescribed format—

- (a) setting out realistically anticipated revenue for the budget year from each revenue source;
- (b) -appropriating expenditure for the budget year under the different votes of the municipality;
- (c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
- (d) setting out—
  - (i) estimated revenue and expenditure by vote for the current year; and
  - (ii) actual revenue and expenditure by vote for the financial year preceding the current year; and

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- (e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.
- (3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:
  - (a) Draft resolutions—
    - (i) approving the budget of the municipality;
    - (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and
    - (iii) approving any other matter that may be prescribed;
  - (b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;
  - (c) a projection of cash flow for the budget year by revenue source, broken down per month;
  - (d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;
  - (e) any proposed amendments to the budget-related policies of the municipality;
  - (f) particulars of the municipality's investments;
  - (g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;
  - (h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;
  - (i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;
  - (j) particulars of any proposed allocations or grants by the municipality to—
    - (i) other municipalities;
    - (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;
    - (iii) any other organs of state;
    - (iv) any organisations or bodies referred to in section 67(1);
  - (k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of—
    - (i) each political office-bearer of the municipality;
    - (ii) councillors of the municipality; and
    - (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;
  - (l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of—
    - (i) each member of the entity's board of directors; and



- (ii) the chief executive officer and each senior manager of the entity; and
- (m) any other supporting documentation as may be prescribed.

**22. Publication of annual budgets —**

- (1) Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must—
  - (a) in accordance with Chapter 4 of the Municipal Systems Act—
    - (i) make public the annual budget and the documents referred to in section 17(3); and
    - (ii) invite the local community to submit representations in connection with the budget; and
  - (b) submit the annual budget—
    - (i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and
    - (ii) in either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.

**23. Consultations on tabled budgets —**

- (1) When the annual budget has been tabled, the municipal council must consider any views of—
  - (a) the local community; and
  - (b) the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.
- (2) After considering all budget submissions, the council must give the mayor an opportunity—
  - (a) to respond to the submissions; and
  - (b) if necessary, to revise the budget and table amendments for consideration by the council.
- (3) The National Treasury may issue guidelines on the manner in which municipal councils should process their annual budgets, including guidelines on the formation of a committee of the council to consider the budget and to hold public hearings.
- (4) No guidelines issued in terms of subsection (3) are binding on a municipal council unless adopted by the council.

## COMMENTS

The draft 2025/26 Medium Term Revenue and Expenditure Framework (MTREF) report inclusive of the budget schedules have been tabled to Council on the 31 March 2025. The budget documentation has been compiled in terms of the Municipal Budgeting and

Reporting Regulations (MBRR). After tabling of the budget, a notice has been placed in the local newspapers to invite the public/community to submit comments on the draft/tailed budget. The due date for the submission of these comments was 26 April 2025.

### Input from Provincial Treasury

The Provincial Treasury as part of their legislative oversight and support function also engage the municipality on the tabled budget as part of the Public participation process. A formal engagement with the municipality was held on the 5<sup>th</sup> of May 2025 whereby the assessment report was tabled and discussed as part of this oversight functions. This engagement is classified as the SIME / LGMTECT engagement, and the Provincial departments issue a formal report to the municipality for considering as part of the final budget compilation process.

The following aspects were highlighted by the Province Treasury and herewith the issues raised as well as the respective response from ODM Management :

### **The Municipality's budget reflects funded.**

- (a) The Municipality tabled an operating surplus budget over the 2025/26 MTREF period including the Capital grant transfers received. A surplus budget should reflect before the Capital grants are considered. As a district municipality, the Municipality has limited revenue sources, but great effort is noted in identifying additional revenue sources. Tariffs are proposed slightly above inflation and may influence the revenue growth assumptions.
- (b) The Municipality's tabled budget is funded over the 2025/26 MTREF, however sacrifices were required, suggesting that the Municipality is compliant with section 18 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA).
- (c) Over the last few financial years, the municipality has shown great resilience to remain financially stable under exceptionally uncertain economic conditions. The Municipality's continued success depends on its ability to recognise when to adapt and adjust plans during any uncertainty. The Municipality is encouraged to continue with ongoing assessments of assumptions to ensure that revenue, expenditure projections and policy decisions to be accurately informed over the MTREF. It should be noted that based on the prior year audited outcomes, the Municipality has reported deficit budgets but managed to achieve operating surpluses in prior financial years.
- (d) It is clear from the budgetary allocation to the strategic goals that the bulk of the 2025/26 MTREF allocation is focused toward SG1 'To ensure the health and safety of all in the Overberg through the provision of efficient basic services and infrastructure'. This SG incorporates many of the functional work areas, including waste

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management, municipal health services (including water quality monitoring, food control, health surveillance), environmental management services (including coastal and catchment management, solid waste management, spatial planning), emergency (fire) services and roads. This SG comprises of an operating budget allocation of R215.618 million (70.28 per cent of total Operational expenditures) and a capital allocation of R13.008 million (87 per cent of total Capital expenditures) in 2025/26.

- (e) The District has allocated R22.648 million towards its municipal health function (operating budget) and as well as a capital budget allocation of R1.87 million (furniture and office equipment) in 2025/26. The municipal health operating budget allocation in the 2025/26 financial amounts to R23.806 million.
- (f) The road allocation for the 2025/26 financial year amounts to R131.694 million or a sizeable 43 per cent of the District's total operating budget.
- (g) The District has allocated a total operating budget of R46.060 million to the provision of fire-fighting services for 2025/26.
- (h) For 2025/26, the District has allocated R22.250 million of its operational expenditure budget to 'Recreational facilities'; the capital allocation for LED, tourism, resorts and EPWP for the same year totals R250 000,
- (i) Firefighting and health services remain an essential part of the Municipality's service delivery to its community, however huge deficits are incurred in the process of providing these services. The Municipality must identify efficiencies within these functions to minimise the cost and negative financial impact. The respective equitable share allocation in the community service component will be allocated proportionally to each service and combined with the revenue for own sources, it will reflect the shortfall in rendering the service.
- (j) The Municipality is reliant on own funding to contribute to capital budget and must consider the return on investment to ensure ongoing sustainability. The main fiscal challenge facing the Municipality is the limited revenue base and the identification of revenue opportunities within a cost-efficient governance model of service delivery. Balancing affordability and increasing spending demands is key to maintain a healthy funding position with active contributions to the capital replacement reserve fund.
- (k) The liquidity ratios of the Municipality indicate that the Municipality can take care of their financial commitments.
- (l) The budget data strings over the MTREF period indicates that the Municipality is not exposed to a liquidity risk.



**Comments received from the public on the proposed tariff increases at the municipal resorts (semi-permanent).**

A total of 180 objections were received on the advertised budget and tariffs on the Uilenkraalsmond resort's rental of plots.

The administration analyses and review the comments and a outcome decision was taken to reduce the proposed tariff. This was done based on the affordability of the tariffs as per input received.

Other necessary amendments based on changed assumptions and additions were made in the 2025/26 budget document, as proposed, and tabled to the Budget Steering Committee for consideration on 19 May 2025.

The 2025/26 Medium Term Revenue and Expenditure Framework (MTREF) report, inclusive of the budget schedules, which are compiled in terms of the Municipal Budgeting Reporting Regulations (MBRR), will be distributed prior to the Council meeting of 29 May 2025.

**RESOLVED:** (Proposed by Ald. A Franken and seconded by Ald. H Coetzee)

- 1) The consolidated budget of **R306 811 902**, consisting of an **Operating budget of R306 766 992** (resulting in a **surplus R 544 909** after tariff increases). Capital transfers amounts to R500 000 in addition, and a **Capital budget of R14 877 500** and budgeted cash flows, as set out in the Municipal Budget is adopted and approved by Council and that it constitutes the Budget of the Council for 2025/2026 financial year as well as the medium term (indicative) budgets for the 2026/2027 and 2027/2028 financial years.
- 2) The tariffs as per tariff list was approved per attached schedules to the budget document.
- 3) That all other matters prescribed in sections 17(1) (a-e); 17(2) and 17(3) (a-m) of the Municipal Finance Management Act 56 of 2003, are included and that accompany the budget document, is approved.
- 4) That all grant allocations in the 2025 Division of Revenue Bill published on 21 May 2025, are included in the 2025/26 MTREF budget.
- 5) That the measurable performance objectives for 2025/2026 for operating revenue by source and by vote, is approved.
- 6) Cognisance was taken that the final budget information may be reviewed and updated with the final report distributed, in the event that changes are communicated to the municipality via Provincial and National DORA allocations.

- 7) That the following budget related policies are approved as unchanged or reviewed/amended.

| No      | Detail  | Unchanged | Reviewed |
|---------|---|-----------|----------|
| (i)     | Asset Management Policy                               | X         |          |
| (ii)    | Credit Control and Debt Collection Policy             | X         |          |
| (iii)   | Bad debt provision Policy                             | X         |          |
| (iv)    | Bad debt write-off Policy                             | X         |          |
| (v)     | Cash Management and Investment Policy                 | X         |          |
| (vi)    | Tariff Policy   | X         |          |
| (vii)   | Supply Chain Management Policy                        |           | X        |
| (viii)  | Virement Policy                                       | X         |          |
| (ix)    | Borrowing Policy                                      | X         |          |
| (x)     | Funding and Reserves Policy                           | X         |          |
| (xi)    | Budget Policy   | X         |          |
| (xii)   | Customer Care Policy                                  | X         |          |
| (xiii)  | Demand Management Policy                              | X         |          |
| (xiv)   | Infrastructure investment and Capital projects Policy | X         |          |
| (xv)    | Liquidity Policy                                      | X         |          |
| (xvi)   | Long term Financial Planning Policy                   | X         |          |
| (xvii)  | Management and Admin of Immovable Assets Policy       | X         |          |
| (xviii) | Payroll Management and Administration Policy          | X         |          |
| (xix)   | Preferential Procurement Policy                       | X         |          |
| (xx)    | Cost containment Policy                               | X         |          |
| (xxi)   | Travelling and Subsistence Policy                     | X         |          |

That the budget summary document, as presented to Council, be included as part of the budget documentation of the items tabled to Council.

**CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 29 MAY 2025.**



**R BOSMAN**  
**MUNICIPAL MANAGER**