



EXTRACT FROM THE COUNCIL MINUTES HELD ON 31 MARCH 2025

Item A53. 31.03.2025

SUBMISSION OF THE DRAFT MTREF OPERATING AND CAPITAL BUDGET FOR THE PERIOD 2025/2026 TO 2027/2028

S Stanley: Chief Financial Officer

(Ref.:6/1/1/1/P)

PURPOSE OF REPORT

The purpose of the report is to table the draft budget for 2025/2026 MTREF to Council.

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

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

Contents of annual budgets and supporting documentation

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

- (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.

ATTACHMENTS

- Draft MTREF Budget Document

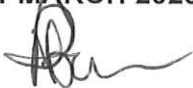
Notes:

- The CFO gave a presentation highlighting the key activities and high-level overview of the proposed draft MTREF 2025/2026 – 2027/2028 budget during the council meeting.

RESOLVED: (Proposed by Ald. A Franken and seconded by Ald. T Olivier)

- 1) Cognisance was taken of the presentation highlighting the key issues and impact of the proposed draft MTREF 2025/2026 – 2027/2028.
- 2) The 2025/2026 MTREF Budget as compiled in terms of Section 17 of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003) and the Municipal Budgeting and Reporting Regulations, 2008 was tabled in terms of Section 16(2) of the Act (MFMA) and was noted.
- 3) That the publication- and consultation process in terms of Section 22 and 23 of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003), respectively, be followed.
- 4) The Council of Overberg District Municipality notes that the final review of the budget related policies, which reflect no changes, will be submitted for final review in May 2025 with the final budget submission.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 31 MARCH 2025.



**R BOSMAN
MUNICIPAL MANAGER**