



MINUTES OF A SPECIAL MEETING OF THE SWARTLAND MUNICIPAL COUNCIL, HELD IN THE MALMESBURY BANQUETING HALL ON THURSDAY, 27 MAY 2010 AT 09:50

PRESENT:

Speaker, ald A Johnson
Executive Mayor, ald T van Essen
Deputy Executive Mayor, clr M S I Goliath

Atkins, A J (DA)	Sedeman, A C (OD)
Cleophas, J H (DA)	Sneewe, A M (ANC)
Du Plooy, R J (DA)	Solomons, C W (ANC)
Fortuin, C (ANC)	Stanley, B J (DA)
Geel, B W (ACDP)	Steleme, O M (ANC)
Loxton, J (DA)	Van der Westhuizen, R F (DA)
Nqokoto, N E (ANC)	Van Wyk, J D (DA)
Rust, N J A (DA)	Wilskut, W (DA)
Schoor, E (ANC)	

Officials:

Municipal Manager, mr J J Scholtz
Director: Safety and Security Services, mr P A C Humphreys
Director: Electrical Engineering Services, mr R du Toit
Director: Financial Services, mr K C Cooper
Director: Corporate Services, ms M S Terblanche
Director: Development Services, mr J T Steenkamp
Head: Technical Services, mr L D Zikmann
Administrative Official: Secretarial and Records, ms N Brand

1. OPENING

The Speaker opened the meeting.

2. APOLOGIES

None

3. MATTERS FOR DISCUSSION

3.1 FINAL APPROVAL: REVIEWING OF THE 2007-2011 IDP (2010/2011 ANNUAL PLAN) (2/1/4/4/1)

The 2010/2011 Annual Plan was approved in principle during a Special Council Meeting held on 25 March 2010.

The Executive Mayor, ald T van Essen presented a brief overview of the 2010/2011 Annual Plan and emphasised that the Municipality and community must take jointly responsibility as partners to achieve the objectives of the IDP.

Ald T van Essen also referred to the ward plans which were compiled for each of the 10 wards in the municipal area and which will serve as planning and monitoring instruments in the process.

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The matter was put to vote, and –

UNANIMOUSLY RESOLVED

(proposed by ald T van Essen, seconded by clr R J du Plooy)

That the third revision of the 2007-2011 IDP (2010/2011 Annual Plan) be approved in terms of Section 34(a)(i) of the Municipal Systems Act (Act 32 of 2000).

3.2 FINAL APPROVAL OF THE (1) CAPITAL AND OPERATIONAL BUDGET FOR 2010/2011, AS WELL AS THE MULTI-YEAR CAPITAL AND OPERATIONAL BUDGET FOR 2011/2012 AND 2012/2013; (2) RATES TARIFFS, SERVICES TARIFFS AND OTHER SUNDRY TARIFFS, FEES AND LEVIES FOR 2010/2011 (5/1/1/1, 5/1/1/2, 5/1/4)

The Executive Mayor, ald T van Essen presented his budget speech of which a copy – in full – is attached to these minutes as **Appendix A**.

Ald T van Essen expressed his concerns regarding the unaffordability of municipal services. Council is forced to adjust its tariffs with double figures because of the excessive increases in salaries, as well as the tariff increase in electricity by Eskom.

The Speaker gave parties the opportunity to react on the presentation by the Executive Mayor. Several questions are put by clr C Fortuin, and are answered by the Municipal Manager with the undertaking to provide clr C Fortuin with the necessary information on outstanding matters.

The recommendations are put to vote with 14 in favour and 6 against.

RESOLUTION

(proposed by clr R J du Plooy, seconded by clr J Loxton)

- (a) That the Capital and Operating budgets be approved by Council, to the amounts of:

Capital Adjustment Budget	:	2009/2010:	R 66 263 950
Second Adjustment Budget	:	2010/2011:	R 51 063 950
Originally approved Budget	:	2009/2010:	R 61 128 000

Capital Budget (90 days)	:	2010/2011:	R 83 603 200
	:	2011/2012:	R 95 547 000
	:	2012/2013:	R 80 753 400

Capital Budget (30 days)	:	2010/2011:	R 86 603 200
	:	2011/2012:	R 95 547 000
	:	2012/2013:	R 80 753 400

Difference of R 3 000 000 i.r.o. Lotto Grant 2010/2011

(b)	Operating Budget		90 days	30 days
	Income	2010/2011 :	R 346 357 468	R 351 006 810
		2011/2012 :	R 368 141 430	R 372 582 199
		2012/2013 :	R 415 943 360	R 423 475 911
	Expenditure	2010/2011 :	R 324 926 775	R 322 500 045
		2011/2012 :	R 363 925 388	R 368 932 395
		2012/2013 :	R 416 114 334	R 418 098 484
	Profit due to Sale of Land and Capital Grants	2010/2011 :	R 21 430 693	R 28 506 764
		2011/2012 :	R 4 216 042	R 3 649 804
		2012/2013 :	R - 170 974	R 5 377 427

Operating Deficit	2010/2011	:	R	-19 571 138	R	-18 064 776
	2011/2012	:	R	-16 927 128	R	-17 419 126
	2012/2013	:	R	-13 732 612	R	- 8 147 561

Cash Operating Deficit

	2010/2011	:	R	-13 461 112	R	-11 954 751
	2011/2012	:	R	-10 405 035	R	-10 712 923
	2012/2013	:	R	- 6 368 645	R	- 783 594

- (c) That the operating deficits as mentioned above be funded in the operating budget by a contribution from the accumulated surplus account;
- (d) Electricity tariffs: These tariffs have already been approved by Council on 25 March 2010. The following decision was taken by Council: "That Council take note of the electricity tariff increase of 28,9 % as prescribed by NERSA, and that despite the fact that Council resolved to only regard increases of up to 12% as acceptable in view of the current economic climate, the electricity tariff increase of 24% be approved under protest, with the exception of certain tariffs as attached." (See attached tariff schedule in this regard, page 36 & 37.); "Furthermore that NERSA be informed that consumers are no longer in a financial position to pay for these unaffordable increase in electrical tariffs referring to 2011/2012, 2012/2013."
- (e) That the below mentioned items be recommend by the EMC for approval by Council in respect of the 2010/11 financial year, in accordance with sections 16 and 17 of the MFMA, –
- Taxes (page 36) and tariff document
 - Tariffs (page 36,37,38) and tariff document
 - Cash flow projections (page 51)
 - Budget related policy documents: (available at Municipal Managers' office)
 - (i) credit control policy
 - (ii) tariff policy
 - (iii) property rates policy; (see attached page's 61 – 69 referring to changes in the Property Rates Act which has to be taken into consideration on or before 30 June 2010 for implementation w.e.f. 1 July 2010)
 - (iv) Details concerning investments (page 21);
 - Allowances and benefits of officials, and personnel with specific reference to the packages of the management team, councillors and office-bearers (pages 52 – 55);
- (f) That the tariff i.r.o. the display of posters and banners (p 22 of the tariff document) be deleted, to be finalised after final approval of the relevant by-law;
- (g) That the Council takes cognisance that the Credit Control and Debt Collection Policy was amended by the Executive Mayoral Committee to provide for the increase in the maximum amount used for the calculation of property rates taxes for indigent households from R75 500,00 to R100 000,00;
- (h) That the Executive Mayoral Committee and Management Team urgently consider future financing resources for the budgets after 2010 when a diminishing in returns from the selling of erven may occur, bearing in mind that the budget does not provide for the inclusion of contributions by developers. Further, that Council takes note that the Chief Financial Officer (CFO) could not adhere to the following resolution due to a lack of sufficient funds: "That approval be granted that the principle of depreciation of infrastructure regarding the development of immovable properties and the selling thereof at a profit does not place a burden on the community (ratepayer), and being funded from a contribution from the unappropriated surplus account for 2010/2011;"
- (j) That the Council takes cognisance that the Director: Financial Services did not comply with statutory requirements to table the budgets in the prescribed budget formats as requested by National Treasury and that the Municipal Manager already addressed this non-compliance issue directly with the Director: Financial Services. Further, that Council take note that MUBESKO consultants was appointed by the Municipal Manager to assist the Director: Financial Services in

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compiling the budget in the correct format – the due date for complying with the prescribed budget formats has been set for 14 May 2010;

- (j) That the Council takes cognisance that this operating budget does not include figures in respect of fixed and actual capital contributions, to enable the CFO to calculate tariffs in respect of services accounts and rates;
- (k) That due to a lack of sufficient funds no provision could have been made for the redemption shortage in respect of the overlapping of the redemption of loans to external banks and the life span of assets;
- (l) That approval be granted to the Director: Financial Services to contact financial institutions to obtain funding for the Sewerage Works at Malmesbury to the amount of R14 197 000, in terms of the requirements of the MFMA, Chapter 6, paragraph 46;
- (m) That the Council takes cognisance that section 56 and 57 appointments (Municipal Manager and Directors) are excluded from any collective agreement (such as the recent strikes and wage curves negotiations) and that the services of a remuneration consultant are used since 2001 to determine a market related salary adjustment;
- (n) That it further be noted that the Director: Development Services and Director: Protection Services are connected on a personal to the bearer basis to the Director: Civil Engineering Services and Director: Electrical Engineering Services, and that for purposes of salary adjustments the Director: Corporate Services be handled accordingly, and that the following salary adjustments were approved by the Executive Mayoral Committee in accordance with section 60(1)(b) of the Systems Act for the 2010/2011 financial year, namely 8,6% i.r.o. the Municipal Manager and 9% i.r.o. the Directors;
- (o) That the Council takes cognisance of the official complaint received from the Yzerfontein Residents' Association dated 28 April 2010 and that the necessary actions as instructed by the Municipal Manager be taken to address the aspects mentioned in the correspondence;
- (p) That the budget be tabled in the existing format, on condition that the Management Team attempt to implement a Zero Basis budget and also a recovery plan to be tabled in Council by 31 August 2010, especially in the view of the result of the operating budget on 30 June 2010. That it further be noted that a budget with a deficit cannot be tabled for the reason that it violates any healthy financial administration. No legislation could be found on this matter, but is it obvious with regard to the principle of healthy financial administration. It is however mentioned in section 18 of Chapter 4 of the MFMA, paragraph 1(b) that a municipality may use contributions from cash-backed accumulated funds to finance its operating budget;
- (q) That approval been granted for the following contributions to the mentioned funds for 2010/2011:
- | | | |
|-------|--|--------------|
| (i) | Leave gratuity fund | : R1 050 000 |
| (ii) | Long service bonuses | : R 869 840 |
| (iii) | Contributions to continued medical funds | : R3 267 530 |
| (iv) | Contributions to bad debt and non-recoverable debt | : R1 470 000 |
- (r) That the contents of the Executive Mayor's budget speech (**attached as Annexure A**) be noted, and that the Municipal Manager is given the task – in co-operation with the management team – of ensuring the implementation and/or execution of the following aspects contained in the speech:
- (i) that a sustainable financial recovery plan be submitted to Council before 31 August 2010 which covers a period of 3 to 5 years, addressing amongst others the following aspects:
- operating of the refuse removal service on at least a break-even basis or if possible at a profit;
 - implementation of a sliding scale i.r.o. subsidies on property rate taxes for pensioners based on the income of the household effective from the following financial year;

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- implementation of a sliding scale i.r.o. subsidies for indigent households based on the income of the household effective from the following financial year;
- (ii) that consumer accounts be rounded down to the nearest R0,05 in order to eliminate red tape at cashiers' points and to ensure a smooth administration;
 - (iii) that Council takes cognisance that R7,6 million was allocated for the upgrading of streets in the Swartland municipal area and - as was requested on approval of the 90 day budget - the specific streets to be upgraded as mentioned by the Executive Mayor be attached as **Annexure B** to this minutes;
 - (iv) that the timeframes with regard to the upgrading of the sewerage works at Riebeeck West, Riebeeck Kasteel and Koringberg be submitted as soon as possible and that no subdivision and rezoning applications or any other developments be rejected because of the fact that the mentioned works cannot accommodate the load.

**SIGNED:
SPEAKER**