



MINUTES OF A SPECIAL MEETING OF THE SWARTLAND MUNICIPAL COUNCIL, HELD IN THE MALMESBURY BANQUETING HALL ON TUESDAY, 5 MAY 2011 AT 10:00

PRESENT:

Speaker, ald A Johnson
Executive Mayor, ald T van Essen
Deputy Executive Mayor, cllr 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)
Loxton, J (DA)	Van der Westhuizen, R F (DA)
Nqokoto, N E (ANC)	Wilskut, W (DA)
Rust, N J A (DA)	

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
Director: Civil Engineering Services, mr A J Botha
Manager: Secretarial and Records, ms N Brand

1. OPENING

The Speaker opened the meeting.

2. APOLOGIES

Apologies received from cllrs J D van Wyk and E Schoor.

3. SUBMISSIONS/DEPUTATIONS/COMMUNICATIONS

None

4. MATTERS FOR CONSIDERATION

4.1 APPROVAL OF THE 2011/2012 IDP ANNUAL PLAN (2/1/4/4/1)

In accordance with the Local Government Act: Municipal Systems, 2000 the Integrated Development Plan (IDP) must be revised annually to take into account changed circumstances and the results of the Municipality's performance evaluation.

The annual plan forms the basis for the 2011/2012 budget, the SDBIP, the performance plans of the various departments, as well as risk management.

The Executive Mayor discussed the few additions that were made to the plan since the approval of the draft in February 2011.

The IDP/...

4.1/...

The IDP Annual Plan was put to the vote by the Speaker, and approved (in the absence of two councillors) with eleven DA councillors, one ID councillor in favour and four councillors abstained from voting.

RESOLVED

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

- (a) That the final (4th) revision of the 2007-2012 IDP for Swartland (the IDP Annual Plan for 2011/2012) be approved in terms of Section 34(a)(i) of the Municipal Systems Act (Act 32 of 2000);
- (b) That the ward plans for the respective wards be approved as part of the IDP Annual Plan.

4.2 APPROVAL OF THE MULTI-YEAR CAPITAL AND OPERATING BUDGETS FOR 2011/2012, 2012/2013, 2013/2014 (5/1/1/1, 5/1/1/2, 5/1/4)

Since the approval of the draft budget in February 2011, a few amendments were made as indicated by the Executive Mayor.

The Executive Mayor discussed the report to the agenda, which includes the aspects highlighted by the Yzerfontein Residents' Association, as the only representation received from the public. The excessive increases in the electricity tariffs by NERSA and the rising personnel costs, are once again the main factors contributing to the high increases in tariffs.

The multi-year capital and operating budgets were tabled and approved (in the absence of two councillors) with eleven DA councillors, one ID councillor in favour and four councillors abstained from voting.

RESOLVED

(proposed by ald T van Essen, seconded by ald N J A Rust)

- (a) That the Council approves the capital and operating budgets to the amounts and sources of finance of the following:

		Historical (90 day)	Currently (30 day)	
(1)	Capital Budget	:2010/2011	R 86 603 200	R 86 603 200
	Adjustment Capital Budget	:2010/2011	R 90 225 769	R 90 225 769
	Capital Budget	:2011/2012	R 95 597 534	R 96 348 657
	Capital Budget	:2012/2013	R 95 886 879	R 95 886 879
	Capital Budget	:2013/2014	R 53 661 421	R 53 288 702
(2)	Operating Budget:			
	Total Income	:2010/2011	R 351 006 809	R 351 006 809
	Adjustment Income Budget	:2010/2011	R 370 539 046	R 370 539 046
		:2011/2012	R 370 345 957	R 371 354 225
		:2012/2013	R 407 804 580	R 406 107 804
		:2013/2014	R 462 678 036	R 461 322 172
	Expenditure	:2010/2011	R 322 500 045	R 322 500 045
	Adjustment Expenditure Budget:	:2010/2011	R 373 067 703	R 373 067 703
		:2011/2012	R 418 659 678	R 416 987 464
		:2012/2013	R 451 477 579	R 447 837 565
		:2013/2014	R 506 577 049	R 503 726 232
	Surplus/Deficit (unbundling) i.t.o. GRAP	:2010/2011	R 28 506 764	R 28 506 764
	Adjustment Budget	:2010/2011	-R 2 528 657	-R 2 528 657
		:2011/2012	-R 48 313 721	-R 45 633 239
		:2012/2013	-R 43 672 999	-R 41 729 761
		:2013/2014	-R 43 899 013	-R 42 404 060

4.2/...

- (b) That the Council take cognisance of the public participation meetings that was held, as well as the “summarised” comments of the Chairperson of the Yzerfontein Resident’s Association and that the various aspects will be handled as follows:

(1) UNFUNDED MANDATES

That approval be granted/the Municipal Manager be authorise to obtain a legal opinion from a senior advocate regarding unfunded and underfunded mandates of National and Provincial functions;

That, depending on the opinion, consideration be given (authority of the Executive Mayoral Committee) to declare a dispute in terms of the IGRFA (Inter Governmental Relations Framework Act) in order to solve this problem, and if not, further consideration be given to bring an application to the Higher Court;

(2) PROPERTY RATES

That Council takes cognisance that the property rates was adjusted – see paragraph (f) – and that the rebate applicable to pensioners at this stage is sustained;

That an investigation is undertaken to evaluate the implementation of a rebate to pensioners based on their income and calculated according to a sliding scale;

(3) DIFFERENTIAL RATES

That approval be granted for the lodging of an investigation on the implementation of differential property rates with the implementation of the new valuation roll on 1 July 2012, subject thereto:

- that the investigation creates no expectations;
- all current Business Chambers be involved in the investigation and the the Business Chambers of Malmesbury and Moorreesburg are informed on this matter respectively on 21 June 2011 and 17 August 2011;
- that the result must be affordable;

(4) HARBOUR AND CARAVAN PARK

That the Management Team be mandated to investigate the possibility to allocate funds from the 2011/2012 operating budget – currently not budgeted for – or to obtain external funding in order to lodge a thorough investigation regarding the privatisation of the harbour and caravan park;

That the investigation includes a comparison on the tariffs charged by other/private institutions or municipalities, in order to implement a fair tariff. If the income received from the tariffs charged is not enough to cover the expenditures, an application must be made to Provincial and National Government for monetary support.

(5) CAPITAL PROJECTS FOR YZERFONTEIN

That the need for the tarring of Volstruis Avenue be noted, but that the IDP and budget processes be followed in order to evaluate the upgrading of the mentioned street against the other infrastructure backlogs in the municipal area;

That an assessment is made regarding the regraveling of Volstruis Avenue, to determine if the need for the tarring of the road derives from the type of gravel, “rooigruis” which cause a lot of dust, that was used.

(6) Framework/...

(6) FRAMEWORK FOR FINANCIAL SUSTAINABILITY

That notice is taken that the Framework for Financial Sustainability will be addressed in the agenda of the Ordinary Council Meeting.

- (c) That a major change in the structure of tariffs applicable to households has been forced onto Council by NERSA to be implemented on 1 July 2011. NERSA has implemented the inclining block tariffs for households referring to Tariff 1 (households), Tariff 5 (20amps households), Tariff 7 (pre-paid low cost housing) and Tariff 12 (pre-paid more well-off households);
- (d) That the Council takes cognisance of a tariff increase of 26,71% by ESKOM as approved by NERSA. It is recommended that Council should increase the electricity tariff by 22%, however with the exception of certain tariffs as per attached list;
- (e) That further expected increases over the next two financial years of 21,95% for 2012/2013 and 21,95% for 2013/2014 be noted. (This unforeseen increases, as said in the previous financial year will definitely have a huge impact on debtor's accounts and will result in debtors not being able to pay for services). It should be noted that the approved electricity tariff for 2011/2012 has been send to NERSA for their final approval at their Public Hearing on the 10th May or 2nd June 2011 - letter dated 24 February 2011 in this regard, attached hereto;
- (f) That the Council approves the multi-year capital and operating budgets with respect to the 2011/2012 financial year in accordance with articles 16 and 17 of the MFMA, including –
- Taxes (with the recommended change in the property rates tariff from 6,93% to 5,95%. The rate was R0.005988 and the recommended rate is now R0.005933) All other rates are linked to these percentage changes;
 - Tariffs (with the recommended change in the refuse removal rates tariff from 12% to 15,5%. The tariff was R75.16 and now R77.51 per month).
 - The application fee for a service connection from R179.00 to R279.00 and that every new residential service connection receives a Wonderbag free of charge.
 - Changes in the Capital Budget 2011/2012 – transfer R600 000 from the Operating budget to the Capital Budget 2011/2012 for pedestrian pathways a grant received from Provincial Government in the 2010/2011 financial year.
 - Furthermore that the Council takes cognisance that the MIG grant in the 2013/2014 financial year being reduced from R15 731 719 to R15 359 000.
 - That the Council also takes cognisance that the Equitable Share Grant being reduced from R23 913 000 to R22 887 000 and R26 422 000 to R25 391 000 in terms of DORA.
 - Furthermore, that the Council takes cognisance that due to a lack of information while busy finalising the budget during February 2011, it only now came to our knowledge that the bulk dumping of refuse for Bergriver Municipality will amount to R715 579 for the 2011/2012 financial year as an income. The expenditure was already budgeted for.
 - Cash flow projections (now part of Budget Reforms).
 - That the Council takes cognisance of the R150 000 that was received from the Western Cape as an allocation for the commentators booth at Gene Louw Sports Grounds which will result in a change in the Capital budget for the 2011/2012 financial year.
 - That the Council takes cognisance of the decision that was taken at a Special Mayoral Committee that was held on 8 April 2011, item 3.2 – that due to the unique circumstances in Abbotsdale, not all erven are linked to the new sewerage pipeline and it was decided that the fixed sewerage tariff fee as applicable for all residents of the Swartland (excluding Yzerfontein), will not be billed for Abbotsdale residents as from 1 July 2011 till 31 December 2011, but this aforesaid tariff will be levied with effect from 1 January 2012 by which time all residents in Abbotsdale should be linked to the new sewerage pipeline.

4.2/...

- Budget related policy documents:
 - (1) credit control – (May 2011 Council Meeting)
 - (2) tariff policy – (May 2011 Council Meeting)
 - (3) property rates policy – (May 2011 Council Meeting – unchanged)
 - Details concerning investments (attached).
 - Allowances and benefits of Councillors and personnel with specific reference to the packages of the management team (May 2011 Council Meeting – Councillors recommended increase as on 23 February 2011 still unchanged);
- (g) That the confirmation be noted by the Director: Financial Services regarding the compliance to all requirements by the National and Provincial Treasurer;
- (h) That 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 service accounts and rates;
- (i) 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;
- (j) That Council takes cognisance that an adjustment in salaries of only 6,5% was provided for in the 2011/2012 financial year – therefore the mandate from the Executive Mayoral Committee given on 19 April 2011 to use the CPI (1 February 2010 to 31 January 2011) plus 2% and that the adjustments between 7,85% and 8,44% in salaries of the section 57 appointments was only noted, in anticipation of the results of the negotiations;
- (k) That it be noted that unaffordable rates and taxes accounts will have a further burden on bad debt (outstanding debtors) which will result in a negative cash flow situation and will further result in a situation where creditors and salaries cannot be paid. This negative impact can result in Council no longer being in a position to perform its duties in respect of service delivery;
- (l) That the Council **seriously takes cognisance** of the budgeted operating deficits due to the unbundling of assets, and that income derived from service accounts no longer covers the expenditure of Council. The concern regarding the provision of depreciation was discussed at the LGMTEC 2 meeting on 10 February 2011 and was also raised on the LGMTEC 3 meeting 8 April 2011. It seems at this stage that both National and Provincial Treasury as well as the Auditor General does not have clear guidelines in this regard and will be addressed on various platforms in the near future.
- (m) That the Council takes cognisance that no further approval or public participation for the taking up of the R105 million external loan for the funding of the upgrading of sewerage plants in the Swartland Municipal is necessary, however due to the fact that the interest rate could have changed over the last 6 months since Council went out on quotation, the intention now is to test the market again in this regard. The expectation is, that due to the fact that Council will possibly receive a favourable Moody's credit rating, a favourable interest rate can be obtained in the market for the taking up of the loan, whereafter the normal Supply Chain Management procedures will be followed for the adjudication of the quotation.

**SIGNED
SPEAKER**