

**MINUTES OF THE SPECIAL COUNCIL MEETING WHICH WAS HELD ON THE 28<sup>TH</sup> FEBRUARY 2019 IN THE COUNCIL CHAMBER AT 10H00**

**ATTENDANCE**

**A. COUNCILLORS**

Cllr MM Malatji	-	Speaker
Cllr PJ Shayi	-	Mayor
Cllr E. Hlungwani	-	Chief Whip
Cllr SL Mohlala		
Cllr MM Malesa		
Cllr T Nkuna		
Cllr MS Magomane		
Cllr SP Mashumu		
Cllr SR de Beer		
Cllr LM Matlala		
Cllr MJ Valoyi		
Cllr ST Mkansi		
Cllr TC Malatji		
Cllr SM Shayi		
Cllr KP Mhlarhi		
Cllr EA Mokoena-Mashele		
Cllr R. Makasela		
Cllr ME Mokgalaka		
Cllr PS Dikgale		
Cllr DR Bayana		
Cllr MMA Mathebula		
Cllr KO Pilusa		
Cllr NA Sono		
Cllr GH Lamola		
Cllr NB Maake		
Cllr TS Ndhlovu		
Cllr Z. Ndhlovu		
Cllr B. Ramothwala		
Cllr JA Williamson		
Cllr SK Shayi		

**B. OFFICIALS**

Ms MM Moakamela	-	Municipal Manager
Ms PF Nogilana-Raphela	-	Senior Manager: Corporate Services
Mr HP Maluleke	-	Senior Manager: Planning & Development
Mr NOC Mdungazi	-	Senior Manager: Technical Services
Ms MM Makhongela	-	Chief Audit Executive

Mr TJ Mogano	-	Chief Financial Officer
Ms L. Turbridge	-	Manager: Admin
Mr SE Mthombeni	-	Senior Admin Officer (Committees)
Ms L. Khoza	-	MPAC Researcher
Ms JJ Visser	-	Scribe

## **1. OPENING & WELCOME**

The Honourable Speaker Councillor MM Malatji welcomed the Honourable Mayor Councillor PJ Shayi, Chief Whip, Executive Members, Proportional Councillors and Senior Managers led by the Municipal Manager.

The Honourable Speaker declared the meeting officially opened.

## **2. SIGNING OF THE ATTENDANCE REGISTER**

All members present to the meeting signed the attendance register.

## **3. APPLICATION FOR LEAVE OF ABSENCE**

### **COUNCILLORS**

Cllr MV Rapatsa  
Cllr SP Mashego  
Cllr KA Peta  
Cllr RJ Mphogo

### **OFFICIALS**

Mr JN Mahesu	-	Manager: Communications
Mr TMT Sekwari	-	Manager: Risk Management
Mr TS Mashale	-	Manager Legal Services
Mr H. Zungu	-	Senior Manager: Community & Social Services
Mr CJ Lourens	-	Chief Electrical Engineer

#### **4. STATEMENTS AND COMMUNICATIONS BY THE SPEAKER**

The Speaker remarks as follows:

“It is a privilege and honour to welcome you to this sitting of this Special Council on this important occasion-The presentation of the 2018/2019 Adjustment budget.

Our Municipality perceives this Adjustment Budget as an important instrument, through which we are able to manage public funds. This is done in a way that ensures that we improve the quality of life of our people.

We also perceive this Budget as a developmental tool, which obligates for proper planning, effective allocation of public funds and proper accounting for every cent entrusted to the council.

In this note, you are warmly welcome to this special Council”.

I thank you.

#### **5. NEW MATTERS**

#### **79/19(A) MAYOR’S SPEECH FOR TABLING OF THE 2018/19 ADJUSTMENT BUDGET**

Honourable Speaker, Cllr. Malatji MM; Chief Whip of Council, Cllr. Hlungwane E; Members of the Executive Committee; Chairperson of MPAC, Cllr. Pilusa K; Honourable Councillors; Traditional Leaders and Representatives of Tribal Authorities; Municipal Manager and the entire Administrative Staff; Ladies and Gentlemen,

Allow me to thank the Honourable Madam Speaker for the opportunity afforded to table this adjustment budget for the financial year 2018/19.

Honourable Speaker, Section 28 of the Municipal Finance Management Act, 2003 (MFMA) allows a municipality to revise its approved budget through an adjustment budget. An adjustment budget amongst other things:-

- Must adjust the revenue and expenditure estimates downwards or upwards if there is material under/ over collection of revenue during the current year;
- May provide for any other expenditure within a prescribed framework;
- May correct errors in the annual budget;
- May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the Mayor of the municipality;

Honourable Speaker, this adjustment budget is based on the consultation done with the various departments, taking into account expenditure trends for the past six months of the financial year. The adjustment budget prioritised service delivery programmes in line with current challenges faced by the municipality such as electricity infrastructure and dilapidated roads infrastructure and inability to collect the revenue in townships around Ba-Phalaborwa Municipality.

The following decisions were made to determine how the approved budget can be adjusted downwards or upwards but still taking into account service delivery issues:

Honourable speaker the total revenue budget is adjusted upwards by R1 148 million from R514.3 million to R515.4 million for adjustment budget 2018/19.

The breakdown of the municipal revenue affected per service is illustrated as follows:

- The Municipality was granted Rollover approval of R148 thousand for Electricity Efficiency Demand System Management as part of operational grant and R1, 194 million for Integrated National Electrification Programme which form part of capital grants.
- Transfers recognised operational increased by R148 thousand
- Interest earned on external investment adjusted upwards by R1 million
- Other revenue items such as property rates and all other municipal service charges remains unchanged.

Honourable Speaker allow me also to outline amongst other breakdown projections of the Municipal Revenue per service which remain unchanged as per adjusted budget 2018/19 namely:

- The Municipal Assessment rates of R 132.6 million.
- Service charges on electricity R130.6 million.
- Service charges on refuse removal R19 million.
- Rental facilities R527 thousand,
- Interest earned on outstanding debtors R75.3 million
- Fines R474 thousand,
- Licence and permits R12.4 million and Agency fees R2.8 million
- And other revenue R1.8 million

Total Operating expenditure budget with a total amount of R514.4 million for 2018/19 financial year.

The decrease or increase on the expenditure by type comprise of the following:

- Employee related has been adjusted downward by R1.6 million from original budget to R148.2 million.
- Remuneration of councillors increased by R1 million.
- Finance charges reduced by R200 thousand
- Debt impairment remains unchanged at R38.6 million
- Depreciation remains unchanged at R71.6 million
- Bulk purchases remain unchanged at the estimated amount of R96 million
- Contracted services increased by R275 thousand
- Other expenditure increased by R765 thousand

Honourable Speaker, the capital budget has increased from R39.9 million to R41.1 million. The increase on the total capital budget is as a results of the rollover granted by National Treasury on the electricity project funded by Integrated National Electrification Programme (INEP).

#### **Electrification Grants**

- Electrification of Buffer Zone rollover amount of R1 194 million

#### **Municipal Infrastructure Grants**

- Selwane Sports Complex remain unchanged at R12.6 million
- Namakgale Stadium (Revamp) remain unchanged at R500 thousand
- Benfarm Street Paving reduced by R200 thousand to R5.9 million
- Tambo Street Paving Phase 2 reduced by R839 thousand to R4.2 million
- Tshelang Gape increased by R1, 039 million to R6.4 million

#### **Projects funded internally**

- Purchase of a Tractor increased by R500 thousand to R950 thousand
- Installation of storm water culverts reduced by R500 thousand to R1 million

#### **The following internal funded capital projects were not adjusted:**

- UPGRADING OF ICT INFRASTRUCTURE R1,850 MILLION
- FURNITURE AND EQUIPMENT R500 THOUSAND
- UPGRADING OF CHAMBER AND ACTIVITY HALL R1 MILLION
- PROCUREMENT OF HANDHELD ALCOHOL TESTERS R40 THOUSAND
- PURCHASE OF HANDHELD ELECTRONIC PORTABLE R12 THOUSAND
- HIGH MAST LIGHTS R1,5 MILLION
- INSTALLATION OF REMOTE CONTROLS IN SUBST R3 MILLION
- MASHISHIMALE MULTI SPORTS COMPLEX R200 THOUSAND

Honourable Speaker, the municipality will continue with its revenue enhancement strategies and the implementation of such strategies will assist to maximise revenue in order to be able to implement internally funded projects.

## **80/19 ADJUSTMENT BUDGET (CFO)**

**(6/1/1) (28<sup>TH</sup> FEBRUARY 2019)**

### **RESOLUTION**

#### **1.1. Adjustment Budget for 2018/19 Medium Term Revenue and Expenditure Framework**

Council resolved that the adjustment and MTREF and its supporting tables of the Ba-Phalaborwa Municipality (LIM334) for the financial year 2018/19; be approved as set out following tables:

Table B1	Adjustment budget summary
Table B2	Adjustment budget financial performance – Standard Classification
Table B3	Adjustment budget financial performance – Revenue and Expenditure by Municipal Vote
Table B4	Adjustment budget financial performance – Revenue and Expenditure
Table B5	Adjustment budget Capital Expenditure- Vote
Table B6	Adjustment Budget Financial Position
Table B7	Adjustment Budget Cash Flows
Table B8	Cash backed reserves/accumulated surplus reconciliation
Table B9	Asset Management
Table B10	Basic Service Delivery Measures

#### **2.2 Adjustment permitted in terms of Section 28 (2) of MFMA**

Council resolved that the total budgeted annual **Revenue** adjusted upwards from **R514.3 million** to **R515.4 million BE APPROVED.**

Council resolved the total budgeted annual operating **Expenditure** at **R514.4 million BE APPROVED.**

Council resolved that the total budgeted Capital expenditure **increased from R39.9 million to R41.1 million BE APPROVED**

### 2.3 Adjustment budget supporting tables for 2018/19 MTREF

Council resolved that the adjustment budget of the Ba-Phalaborwa Municipality for the financial year 2018/19, and indicative figures for two outer years 2019/20 and 2020/21 are **APPROVED** as set out in the following tables

Table SB1	Budgeted financial position
Table SB2	Supporting details to financial position
Table SB3	Adjustment - SDBIP- Performance objectives
Table SB4	Adjustment budget - performance indicators and benchmarks
Table SB5	Adjustment budget – Social, Economic, Demographic statistics and Assumptions
Table SB6	Adjustment budget – Funding Measurement
Table SB7	Adjustment budget – Transfers and Grant Receipts
Table SB8	Adjustment budget – Expenditure on Transfers and Grant Programme
Table SB9	Adjustment budget – Reconciliation of transfers, Grant Receipts and Unspent Funds
Table SB10	Adjustment budget – Transfers and Grant by the Municipality
Table SB11	Adjustment budget – Councillor and Staff benefits
Table SB12	Adjustment budget – Monthly Revenue and Expenditure (Municipal Votes)
Table SB13	Adjustment budget - Monthly Revenue and Expenditure (Functional Classification)
Table SB14	Adjustment budget – Monthly Revenue and Expenditure
Table SB15	Adjustment budget – Monthly Cash flows
Table SB16	Adjustment budget – Monthly Expenditure (Municipal Votes)
Table SB17	Adjustment budget – Monthly Capital expenditure (Functional Classification)
Table SB18a	Adjustment budget – Capital Expenditure on New Assets (Assets Class)
Table SB18b	Adjustment budget – Capital Assets on renewal of existing assets (Assets Class)
Table SB18c	Adjustment budget – Expenditure on Repairs and Maintenance (Assets Class)
Table SB19	Adjustment budget –List of Capital programme or projects affected by Adjustment

### 2.4. Revised Service Delivery and Budget Implementation Plan (SDBIP)

Council **NOTE** that the revised SDBIP will be tabled after the adjustment budget has been approved in line with MFMA section 54(1) (c).

### 2.5. Budget Related Policies

Council **RESOLVED** that the following budget related policies remain unchanged as approved by council

1. Property Rates Policy
2. Tariff Policy
3. Supply chain management policy
4. Credit Control Policy
5. Debt Collection Policy
6. Indigent Household Consumer Subsidy policy
7. Virement policy
8. Inventory Management Policy
9. Budget policy
10. Petty Cash policy
11. Asset Management Policy
12. Bad Debts Write Off
13. Deposit Policy
14. Cash management and Investment Policy
15. Fleet management Policy
16. Electricity by-laws
17. Land use by-law
18. Electricity supply by-laws
19. Subsistence and travelling policy
20. Customer care Policy and Service Standards

#### **81/19 GENERAL VALUATION ROLL FOR 2019 – 2023 (P&D)**

**(6/2/3) (28<sup>TH</sup> FEBRUARY 2019)**

#### **RESOLUTION**

1. That Council **APPROVES** the general valuation roll for 2019-23.
2. That Council **NOTES** the contents contained in the general valuation roll.



3. That Council **NOTES** that a notice calling for objections will be placed once the general valuation roll 2019-23 has been approved.
4. That Council **NOTES** that the commencement date of this general valuation roll will remain the first month of the coming financial year.

## **82/19 REPLACEMENT OF MEMBER OF MPAC AND CHANGES TO PORTFOLIO COMMITTEES (CORPS)**

**(4/9/9)      (4/9/24)      (28TH FEBRUARY 2019)**

### **RESOLUTION**

1. That Council **NOTE** the report on the replacement of Municipal Public Accounts Committee.
2. That Council **APPOINT** Cllr **NB Maake** to serve on the Municipal Public Accounts Committee.
3. That the Portfolio Committees be changed as follows:
  - 3.1 That Cllr **SP Mashumu** **BE APPOINTED** to serve as a member in the BTO Portfolio Committee.
  - 3.2 That **Cllr Z. Ndhlovu** **BE APPOINTED** to serve as a member of the Municipal Infrastructure & Technical Services Portfolio Committee.
  - 3.3 That **Cllr AN Mmola** **BE APPOINTED** to serve as a member of the Governance and Administration Portfolio Committee.

### **THE FOLLOWING ITEM HAS BEEN DISCUSSED IN COMMITTEE**

## **83/19 REQUEST TO APPLY FOR WAIVER OF SENIOR MANAGERS (CORPS)**

**(5/5/1/1)      (PERS FILE)      (26TH FEBRUARY 2019)**

### **RESOLUTION**

1. That Council **NOTES** the report
2. That Council **NOTES** the regulations on determination of salaries of Municipal Manager and Managers accountable to the Municipal Manager
3. That Council **NOTES** that all senior managers including the Municipal Manager have been placed at the minimum notch as per the Regulations.

4. Council **NOTES** that the highest paid Manager earns R 44006.44 more than Senior Managers.
5. That Council **APPROVE** the application to the minister of COGTA to waive the Municipal Manager and senior managers' total packages to either midpoint or maximum point.

**6. ANNOUNCEMENTS**

None.

**7. CLOSURE**

The meeting adjourned at 10h50.

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**CHAIRPERSON**