



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

**NOTULE VAN 'N SPESIALE RAADSVERGADERING GEHOU OM 12:00 OP DINSDAG
18 JUNIE 2019 IN DIE MUNISIPALE RAADSAAL TE BREDASDORP**

**MINUTES OF A SPECIAL COUNCIL MEETING HELD ON TUESDAY, 18 JUNE 2019 AT
12:00 IN THE MUNICIPAL COUNCIL CHAMBERS, BREDASDORP**

RAADSLEDE / COUNCILLORS

| | | |
|-----|-----------------|------------------------|
| MNR | R J BAKER | |
| MNR | G D BURGER | |
| MNR | D J EUROPA | (<i>vanaf 12:05</i>) |
| MNR | D JANTJIES | |
| MNR | J G A NIEUWOUDT | (Speaker) |
| ME | M OCTOBER | |
| ME | E L SAULS | (<i>vanaf 12:05</i>) |
| MNR | P J SWART | (Burgemeester) |
| ME | Z TONISI | (Onder-Burgemeester) |

AMPTENARE / OFFICIALS

| | |
|------------------|--------------------------------------|
| Mnr D O'Neill | Munisipale Bestuurder |
| Mnr H Van Biljon | Direkteur: Finansiële- en IT Dienste |
| Mnr G M Moelich | Bestuurder: Admin Ondersteuning |
| Me T Stone | Afdelingshoof: Strategiese Dienste |

1. **OPENING**

Die Speaker heet die teenwoordiges welkom en Raadslid Swart open die vergadering met gebed.

2. **AANSOEKE OM VERLOF TOT AFWESIGHEID / APPLICATIONS FOR LEAVE**

Raadslid E C Marthinus

3. SPECIAL ADJUSTMENTS BUDGET IN RESPECT OF THE 2018/19 FINANCIAL YEAR

The Director: Finance reports as follows:

In terms of section 28 of the MFMA and guidelines received from National Treasury the municipality is allowed to revise its approved annual budget through an adjustments budget based on the following criteria:

- *Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;*
- *May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;*
- *May within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality; may authorize the utilization of projected savings in one vote towards spending under another vote;*
- *May authorize the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;*
- *May correct any errors in the annual budget; and*
- *May provide for any other expenditure within a prescribed framework.*

However, section 23(2) of the Municipal Budget & Reporting Regulations prescribe that only one adjustment budget be tabled in council during a financial year except when additional revenues become available from National / Provincial governments and / or unforeseeable and avoidable expenditure has been incurred.

Circular 68 provides clarity on the procedures to be followed when dealing with unauthorized, irregular or fruitless and wasteful expenditure as defined in section 1 of the MFMA. The circular further provides guideline information on what process to follow when council may authorize unauthorized expenditure in an adjustment budget. An adjustment budget can be addressed in the following three different adjustments budgets:

- **Adjustments budget for unforeseen and unavoidable expenditure:** It allows council to provide *ex post* authorization for unforeseen and unavoidable expenditure that was authorized by the Executive Mayor in terms of section 29 of the MFMA and which must be tabled in council at the "first available opportunity" or within 60 days after the expenditure was incurred.
- **Main adjustments budget:** In terms of regulation 23(6)(a) of the Municipal Budget and Reporting Regulations a council may authorize unauthorized expenditure in the adjustments budget occurred in the first half budget which may be tabled in council for approval at any time after the mid-year budget and performance assessment but not later than 28 February of the current year.
- **Special adjustments budget to authorize unauthorized expenditure:** In terms of regulation 23(6)(b) of the Municipal Budget and Reporting Regulations, council may authorize unauthorized expenditure in a special adjustments budget which only deals with unauthorized expenditure from the previous financial year such as:
 1. Unauthorized expenditure that occurred in the first half of the previous financial year that was not included in the main adjustments budget;
 2. Unauthorized expenditure that occurred in the second half of the previous financial year; and
 3. Any unauthorized expenditure identified by the Auditor-General during the annual audit process.

In order to avoid any unauthorized expenditure as prescribed in terms of section 15 of the MFMA it is suggested that council considers the special adjustment budget based on additional allocation received from the National Treasury in respect of the Municipal Infrastructure Grant (MIG) for RDP roads in Bredasdorp and for the upgrade of the Waste Water Treatment Works as well as the correction of errors and other unforeseeable expenditure incurred and / or approved after finalization of the mid-year financial and performance assessment when the main adjustments budget was approved by council during January 2019. The second adjustment budget is attached as **Annexure "A"** for Council's consideration and approval.

The unforeseen adjustment mainly refers to:

- Application of virement above the 10% ratio prescribed in terms of the Budget & Virement policy mainly with reference to maintenance related projects / contractual obligations;
- Additional grant allocations in respect of capital as well as operating expenditure for example Municipal Infrastructure Grant (MIG), etc.
- Reallocation of capital projects due to savings; and
- Provision in respect of Landfill Site and Post Service Employee Benefits (It should be noted due to time constraints that the Actuarial report in respect of Post Service Employee Benefits not be completed to-date with the preparation of this item).

The Municipal Manager, in consultation with the Director: Finance, recommends as follows:

MANAGEMENT RECOMMENDATION

- (i) Council considers the approval of the special adjustment budget as per recommended resolution tabled inclusive the possible impact of non-cash item with reference to the outcome of the actuarial report for Post Service Employee Benefits for adjustment if necessary.
- (ii) Council resolves that the special adjustment budget of Cape Agulhas Municipality for the financial year 2018/2019, and indicative for the projected outer years 2019/2020 and 2020/2021 be approved as set out in the following schedules:
 - a. Adjustment Budget Summary - Table B1;
 - b. Budgeted Financial Performance (Revenue and Expenditure by standard Classification) - Table B2;
 - c. Budgeted Financial Performance (Revenue and Expenditure by municipal vote) - Table B3;
 - d. Budgeted Financial Performance (Revenue and Expenditure) - Table B4;
 - e. Budgeted Capital Expenditure by vote and funding - Table B5;
 - f. Budgeted Financial Position - Table B6;
 - g. Budgeted Cash Flows - Table B7;
 - h. Cash backed reserves/accumulated surplus reconciliation - Table B8;
 - i. Asset Management - Table B9; and
 - j. Basic service delivery measurement - Table B10
- (iii) Council resolves that the other related SA supporting documentation to the approved budget be updated according to the adjustments made.
- (iv) Council resolves that a hard and electronic copy of the complete special adjustment budget be submitted to National- and Provincial Treasury respectively for information.

RESOLUTION 94/2019

That the management recommendation be accepted as a resolution of Council.

4. **REVIEWED AND AMENDED “MASHAKANE: INDIGENT SUPPORT” POLICY**

PURPOSE OF REPORT

To obtain Council's approval in respect of the following reviewed and amended policy: “Mashakane Indigent Support”.

In terms of section 17(3)(e) of the MFMA any proposed amendments to budget-related policies of the municipality must accompanied the tabled budget when submitted to council for final approval each year.

During the “2019 /20 Budget Imbizo” held by the Executive Mayor a number of concerns were raised by the disadvantaged community in municipal area with reference in respect of the municipality's support to indigent / poor households as well as the affordability as per the current policy directive. The concerns as raised by the community were consider as part of the final budget approval the end of May 2019 and it was resolved by the municipal council to review the current policy for amendment / alignment based on the community's needs as well as the framework for the implementation of the national indigent policy guidelines.

The main purpose is to better define indigent / poor households, define combined household income per national treasury indigent guideline framework and for which services an indigent / poor household will qualifies to receive free basic services. It is also suggested that subject to the qualification criteria an indigent household will receives a 100% subsidy subject that they remains within the set usage target as determined by council and furthermore that a poor household will receives a 50% subsidy based on the applicable criteria. This will have to be reviewed annually, if so be required based on the municipality's financial affordability / financial position with reference to the previous financial year's audited outcome.

To ensure smooth transition in respect of the new policy amendments it is suggested that all the first time owners of RDP houses for the first financial year or part of the financial year be regarded as an indigent and that all indigent applications already completed based on the current indigent policy criteria for 2019/20 financial year be accepted as a valid application and that any new application with effect 1 July 2019 be subject to the new proposed policy criteria.

It is suggested that the amended “Mashakane Indigent Support” Policy - Attached to this document be effective as from the 1st July 2019.

The Municipal Manager in consultation with the Chief Financial Officer recommends as follows:

MANAGEMENT RECOMMENDATION

- (i) Council consider approval of the following amended “Mashakane Indigent Support” policy with the effective date 1st July 2019.
- (ii) Subject to item (i), Council consider approval that all first time owners of RDP houses for the first financial year or part of the financial year be regarded as an indigent.
- (iii) Council considers approval that all indigent applications already completed before the end of June 2019 based on the current indigent policy criteria for 2019/20 financial year be accepted as a valid application and that any new application with effect from 1 July 2019 be subject to the new proposed policy criteria.
- (iv) The newly proposed amended “Mashakane Indigent Support” Policy still subject to a workshop with all councillors before it be roll-out for information to all the different wards within Cape Agulhas Municipality.

RESOLUTION 95/2019

- (i) That the management recommendation be accepted as a resolution of Council.
- (ii) That the definition for “total income per household” be refined to only include income from permanent employment.

The following Councillors record their dissentient vote:

Raadsheer Jantjies, Raadslede Europa en Baker, en wel om die volgende redes:

1. Die huishoudelike inkomste moet slegs gebaseer word op die inkomste van die geregistreerde eienaar.
2. Die eiendoms waarde moet nie in ag geneem word tydens berekening van korting nie.
3. Dat die beskrywings, soos vervat in die huidige Beleid, steeds van toepassing moet wees.
4. Hul ondersteun wel die Masakhane Beleid in beginsel, maar nie die huidige bepalings nie.

Hierna verdaag die vergadering om 13:30

BEKRAGTIG op hierdie

dag van

2019

SPEAKER

DATUM: