

MAKANA MUNICIPALITY

MINUTES OF THE SPECIAL COUNCIL MEETING HELD IN THE COUNCIL CHAMBER
ON WEDNESDAY, 22 FEBRUARY 2017 AT 09H00

PRESENT:

Clr. N. Gaga - Executive Mayor
Clr. Y. Vara - Speaker
Clr. T. Bruintjies
Clr. C. Clark
Clr. B. Fargher
Clr. M. Fatyi
Clr. T. Gaushe
Clr. M. Gojela
Clr. D. Holm
Clr. B. Jackson
Clr. M. Khubalo
Clr. E. Louw
Clr. N. Masoma
Clr. M. Matyumza
Clr. P. Matyumza
Clr. A. Meyer
Clr. M. Moya
Clr. M. Nhanha
Clr. L. Sakata
Clr. T. Seyisi
Clr. S. Sodladla
Clr. N. Pieters
Clr. X. Madyo
Clr. M. Qotoyi
Clr. N. Mthwa
Clr. L. Nase

IN ATTENDANCE:

Acting Municipal Manager (Ms. R. Meiring)
Chief Financial Officer (Ms N. Siwahla)
Act Dir. Corp & Shared. Serv. (Mr. X. Kalashe)
Dir: Eng & Infr. Serv. (Mr. D. Mlenzana)
Dir: Pub. Saf. & Comm. Serv. (Mr. M. Planga)
Legal Manager (Mrs. Mbanjwa)
Supply Chain Manager: (Ms. Z. Gxowa)
Commun. Officer Assistant (Mr. A. Mjekula)
Committees: (Ms. L. Faltein)

ABSENT

Nil.

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OPENING

The Speaker opened the meeting and welcomed everyone present. She apologized for coming to the Council meeting and not wearing something in her head. She mentioned that she feels naked and tested. The Speaker said she intentionally not prepare an Opening Speech as she wants the meeting to remain as the Special Council meeting.

She mentioned that on the 17th February 2017, she and the Executive Mayor were invited to the State of the Province Address (SOPA). The Premier gave a report on the work done and work that needs to be done. The State of the Province Address is available on the Provincial Legislature website.

The Speaker also stated that there is a tendency that is not welcomed among PR Councillors to think that they are only expected to attend Council and Portfolio Committee meetings. They are supposed to be available when needed to do the duties of a Councillor. All Councillors are deployed and they should not just leave the town as they wish without notifying the Speaker.

She declared the meeting open.

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STATEMENT BY THE EXECUTIVE MAYOR

The Executive Mayor welcome everyone in the meeting and made the following statement:

- “Madam Speaker, Cllr Yandiswa Vara
- Mayoral Committee Members
- Fellow Councillors
- Acting Municipal Manager
- All Directors and Acting Directors
- Officials in attendance
- Media
- Ladies and gentlemen,

Greetings to you all to this Special Council meeting of Budget Adjustment.

Madam Speaker, Section 28 of the Municipal Finance Management Act, 2003 (MFMA) allows a municipality to revise its approved annual budget through adjustments budget.

Budget adjustment re-affirms the Municipality’s commitment to achieve service delivery targets and performance indicators as indicated in the approved Service Delivery and Budget Implementation Plan, but not forgetting the financial constraints we are experiencing.

Madam Speaker this Adjustment budget is based on the consultation with various departments of the institutions, Unions, expenditure trends for the past 6 months of the financial year and changes made by the Budget Steering Committee. Critical review was undertaken on “nice to have” expenditure and no upward budget amendments were provided for such items.

Based on the first six months of the financial year, the municipality has collected 82% of its revenue budget of R 245 553 million.

Madam Speaker the Adjustment budget has mainly been necessitated as a result of the following: by

- Long outstanding debtors – Eskom being our largest creditor
- The Municipality not being able to collect projected revenue due to non-payment.
- Provision for long outstanding debts to minimise fruitless and wasteful expenditure.
- Interest paid to date amounts to R 4 000 million due to late payment of debts.
- Poor spending on grant funded projects due to adjustments on Division of Revenue Bill and transfer of allocation
- The capital expenditure budget has been re-aligned, due to amendments in the DoRA, and low revenue collection.
- The Service Delivery and Budget Implementation Plan (SDBIP) will be adjusted due to the realignment that has taken place on both the operational and capital expenditure budgets as this would have an impact on service delivery targets and performance targets. The reviewed SDBIP will be submitted for the approval to Executive Mayor.

OPERATING REVENUE AND EXPENDITURE:

Madam Speaker, the Municipality has identified some challenges that are contributing to low Revenue Collection Rate, these include:

- Incorrect meter readings.
- Backlog in service delivery
- Water and Electricity losses – the billing section not informed timeously of new meter installations.
- Municipal tariffs are not cost reflective
- Unrealistic votes budgeted for

In trying to resolve these challenges, the Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process.

CUT DOWN EXPENDITURE ON THE FOLLOWING ITEMS AS PER CIRCULAR 82:

- Catering costs
- Events, advertising and sponsorships
- Office furnishing
- Planned overtime is submitted to management for consideration on a monthly basis.
- Purchasing of newspapers and other publications for municipal employees to be limited and stopped
- Travel and subsistence
- Legal costs

OVERVIEW OF THE ADJUSTMENT BUDGET 2016/17

Financial Summary					
R'000					
Description	2015/16	2016/17			2016/17
	YTD Actual	Original Budget	Adjusted Budget	YTD Actual	Variance YTD Budget
Operating Revenue	283 993	394 899	330 918	245 553	295 922
Transfers Recognised – Operational	116 274	91 292	91 292	65 179	68 500
Capital Transfers	30 179	170 043	43 168	18 683	151 360
Total Revenue	430 446	656 234	465 378	329 415	515 782
Operating Expenditure	471 416	486 191	422 210	233 029	293 337
Surplus (Deficit)	R512 981	656 234	43 210	245 410	393 837

OPERATING REVENUE:

- 1) The total operating revenue is adjusted downwards by R63 981 000.00 million as compared to the original budget as a result of corrections on the electricity income vote which was over budgeted.
- 2) Reconciliations were performed for the purpose of correcting incorrect billing and debtors accounts.
- 3) Electricity income has been reduced by R33 million for the purpose of aligning our tariffs with Nersa and also due to the implementation of the time of use tariff.
- 4) Most consumers have now changed to pre-paid meters.

OPERATING EXPENDITURE:

The total operating expenditure was adjusted downwards by R63 981 000.00 million as compared to the approved budget and the implications are as follow:-

- Employee Related Costs - Wages & Salaries increased by R20 637 000.00 due to an increase in the overtime, medical aid contributions, over-expenditure in pension funds and housing allowance for employees earning less than R8 000.00 per month.
- General expenditure is reduced downwards especially electricity bulk purchases. The budget for the mentioned item was overstated.
- An allocation of R7, 5 million was availed for interest paid.

CAPITAL BUDGET:

Makana's total capital expenditure for the first six months was below 50% and that again compromised the service delivery to be provided to the community. This is as a result of in-kind grants not directly transferred to the municipal bank account and lack of funds.

The total capital budget has decreased by R126 875 000.00 million, only direct allocation disclosed in the Adjustment budget.

Revised Project List for 2016/17

Project Name	Adjusted Budget Allocation 2016/17
Alicedale Roads & Stormwater Improvements	R 6 255 838.84
High Masts lights at Mayfield Housing Project	R 1 297 187.00
Multi-Purpose Sport Centre in Ward 7 – Foleys Ground	R 5 379 050.06
Multi-Purpose Indoor Sport Centre - Gymnasium	R 13 000 000.00
Alicedale Sewage Upgrade	R 217 050.47
Waainek Bulk Water Supply Refurbishment	R 1 939 000.00
Alicedale Roads & Stormwater Improvement Phase 2	R 6 385 473.63
PMU Administration Fees	R 1 814 400.00
Total	R 36 288 000.00

Madam Speaker let me remind the Councillors that we are in the process of reviewing the IDP. We have a responsibility to review our IDP in preparation for the next five year 2017/2022 financial years.

Key activities towards the approval of the IDP and Budget 2016-17:

- Draft IDP 2017-18 to be table to Council on or before 31 March 2017
- Council Strategic Session proposed date is the 15 and 16 March 2017
- Report to Community on state of the municipality and Community engagement IDP/ budget road shows) and stakeholder engagement in April 2017
- Approval of the IDP and Budget on or before 31 May 2017

Your cooperation in this regards is very important.”

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OFFICIAL ANNOUNCEMENTS BY THE ACTING MUNICIPAL MANAGER (MM)

- a) The acting Municipal Manager applauded a successful Strategic Planning Session that was held on the 16 February 2017. The Strategic Session was organized by Grahamstown Business Forum and the office of the Premier and various stakeholders attended the Session.
- b) The acting Municipal Manager will draft an Implementation Plan on the outcomes of the discussions of the Strategic Planning Session that will be available as from Friday, 24 February 2017. The report will be submitted to the next Council meeting.

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ANY PRESENTATION BY OUTSIDE BODIES

Nil.

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APPLICATIONS FOR LEAVE OF ABSENCE (WRITTEN APOLOGIES)

Clr. M. R. Xonxa – on leave

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DISCLOSURES OF INTEREST (BY ANY MEMBER ON ANY ITEM THAT FORMS PART OF THE AGENDA)

Nil.

SC 6.1

2016/17 ADJUSTMENT BUDGET

CONSIDERED:

Report dated 22 February 2017 from the Executive Mayor.

The Council **NOTED:**

- a) The Executive Mayor requested that the welcoming statement by the Executive Mayor be made a “forward” as the tabling of the adjustment budget is also covered therein.
- b) On page 1, R4 000 million be corrected to R4 million.
- c) On page 9 under Revenue by Source, the word “adjusted upwards” be corrected to “adjusted downwards”.
- d) On page 10, Operating Expenditure bullet number three. The amount R7 5 million be corrected to R7,5 million.
- e) On page 12 under Main Adjustment Budget Table, the brackets be around the amounts of “Employee costs”.
- f) On page 19 under Original Budget Cost of Free Basic Services provided (R`000). An amount 7,434,144 be written corrected.
- g) There should be strict measure in the usage of fuel.

The Council **RESOLVED:**

- a) THAT the adjustment budget for the 2016/17 financial year be APPROVED.
- b) THAT savings identified from operating budget be utilized to maximize maintenance expenditure to address service delivery issues.
- c) THAT provision for long outstanding debt be availed to minimize fruitless and wasteful expenditure.
- d) THAT the Service Delivery and Budget Implementation Plan (SDBIP) be adjusted accordingly inclusive of performance measurement.

SC6.2

EXPIRY OF ACTING PERIOD FOR DIRECTOR: CORPORATE AND SHARED SERVICES

CONSIDERED:

Report dated 17 January 2017 from the acting Municipal Manager.

The Council **NOTED** Mr. X. Kalashe recused himself.

The Council **RESOLVED** THAT Mr. E. Mager be appointed as acting Director: Corporate and Shared Services for a period not exceeding three months commencing 02 March 2017.

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CLOSURE

Madam Speaker thanked everyone who attended the meeting and mentioned that the public should continue to attend the Council meetings to monitor if the work is being done.

The meeting terminated at 09:40

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REPORT ON THE NOTICE OF MOTION OF ADV. M.P.G NOTYAWA VS MAKANA MUNICIPALITY AND TWO OTHERS

CONSIDERED

Report dated 21 February 2017 from the acting Municipal Manager.

The Council **NOTED:**

- a) The Speaker apologies for the late submission of the item.
- b) The report on the case of Adv. Notyawa vs the COGTA MEC, Makana Municipality and Ms. P. Yako.
- b) The omission of certain information in the report.
- c) The item should indicate "YES" under the heading "Financial Implication" as there are possible financial implications involved in the matter.
- d) The Chief Whips of the political parties should be informed should supplementary items be tabled in a Council meeting.
- e) The court application was not attached to the item and any Councillor interested to see the attachment should visit the office of the Speaker and access the document.
- f) The legal opinion receive was that the Council should continue with the processes of the appointment of the Municipal Manager.
- g) The Democratic Alliance does not think Adv. Notyawa is the suitable candidate for the position of the Municipal Manager.
- h) The Democratic Alliance (DA) requested that it should be placed on record that they would not be held liable for any financial costs if the matter is concluded in favour of Adv. Notyawa in a court of law.
- c) The Economic Freedom Fighters (EFF) abstained from the Council's decision of defending the matter in Court.

The Council **RESOLVED:**

- a) THAT the new application made by Adv. Notyawa to the High Court be OPPOSED.

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CLOSURE

The Speaker thanked all Councillors for their attendance and participation. She requested all Councillors to leave behind for information sharing.

The meeting terminated at 10:00

SPEAKER

DATE