

**MINUTES OF A VIRTUAL SPECIAL COUNCIL MEETING OF THE KOUGA MUNICIPALITY
HELD ON FRIDAY, 30 SEPTEMBER 2020 AT 10:00**

PRESENT: Councillors	H Bornman	(Speaker)
	H Hendricks	(Executive Mayor)
	B Williams	
	Cllr F Campher	
	D Benson	
	F Baxter	
	BF Rheeder	(Alderman)
	B Dhludhlu	
	L Vorster	
	NS Botha	
	R Jantjies	
	T Jantjies	
	WPD Gertenbach	
	C August	
	M Biko	
	M van Niekerk	
	W Coenraad	
	M Dayimani	
	E Februarie	
	S Jujwana	
V Vumazonke		
S Makasi		
P Oliphant		
P Nkwalase		
J Mayoni		
C Matroos		
Officials	C du Plessis	(Municipal Manager)
	R Lorgat	(Chief Financial Officer)
	V Felton	(Director: Infrastructure & Eng)
	K Moodley	(Director: Corporate Services)
	N Machelesi	(Director: Community Services)
	F Mabusela	(Director: Planning, Dev & Tourism)
	L Opperman	(Manager: Legal Services)
	L Randall	(Media Liaison Officer)
B de Groot	(Sen Admin Officer: Committees)	

1. **NOTICE OF MEETING**

The Speaker read the notice convening the meeting in terms of the amended Directions on Municipal Operations and Governance, in terms of Section 27(2) of the Disaster Management Act, 2002, that a virtual Council Meeting will be held on 30 September 2020 at 10:00.

2. **OPENING**

The Speaker welcomed all present and requested Cllr L Vumazonke to open the meeting with prayer.

Cllr Februarie stated that some Councillors experience technical problems when connecting via the virtual platform which results in unnecessary delays.

The Speaker advised that should connectivity problems be experienced, such concerns should be directed to his Office for assistance.

3. **WITH LEAVE OF ABSENCE**

Cllr M Peters
Cllr A Mabukane

Cllr Februarie advised that Cllr Mabukane receives treatment on scheduled days which are on Mondays, Wednesdays and Fridays and once again urged that Council meetings not be scheduled on these days to afford Cllr Mabukane the opportunity to participate in meetings.

3.1 **WITHOUT LEAVE OF ABSENCE**

None

4. **PRESENTATIONS**

None

5. **ACKNOWLEDGEMENTS, CONDOLENCES & CONGRATULATIONS**

The Executive Mayor expressed his sincere condolences to the Booyesen Family in respect of the sad passing of Mr Clifton Booyesen. The Executive Mayor stated that a valuable member of staff has been lost and advised that a memorial service has been arranged. Details of the memorial service can be obtained from the HR department.

Cllr Dayimani extended condolences to the family of Ms J Moodley (Finance Manager – Dept of Agriculture) as well as to the family of Mr Clifton Booyesen in respect of their sad passing.

A moment of silence was observed.

The Executive Mayor congratulated the Municipality for winning the Innovation Award for the "Plastic Road" constructed in Jeffreys Bay. The nominated award was under the Eco Build Category.

6. **STATEMENTS AND COMMUNICATIONS BY THE SPEAKER**

None

7. **STATEMENTS AND COMMUNICATIONS BY THE EXECUTIVE MAYOR**

None

8. **DECLARATION OF INTEREST**

None

9. **STATUTORY MATTERS**

10. **MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR**

(The reports by the Executive Mayor, in terms of the provisions of Section 63 of the Local Government Municipal Systems Act, 32 of 2000, on matters dealt with by the Executive Mayor in terms of delegated authority as detailed in the Minutes to be noted).

11. **REPORTS BY THE OFFICE OF THE MUNICIPAL MANAGER**

12. **REPORTS BY THE EXECUTIVE MAYOR**

12.1 **REPORT BY THE PORTFOLIO CHAIRPERSON: FINANCE**

20/09/F1 2020/21 SPECIAL ADJUSTMENTS BUDGET

The Executive Mayor tabled the Special Adjustments Budget and requested the Finance Portfolio Chairperson to present the budget.

Cllr Williams advised that the R20m received from National Treasury as part of the COVID-19 relief will be incorporated in the Special Adjustments Budget and this will result in changes being made to the Operational and Capital Budget.

Cllr Williams also advised that the Reporting Accounting Principles which have changed in terms of GRAP will be addressed by the CFO.

Cllr Oliphant interrupted by stating that he had raised his hand prior to the tabling of the Special Adjustments Budget and therefore requests an opportunity to speak.

The Speaker advised that once the item has been presented that all Councillors will be given an opportunity to raise points of concern/clarity but this will be allowed only after the tabling of the Special Adjustments Budget.

Cllr Dayimani raised a point of order in that the Speaker did not afford Cllr Oliphant an opportunity to speak to determine whether he was raising a point of order or whether it was a procedural matter.

Cllr Februarie stated that since the meetings have been virtual, the tools available on the platform are being used therefore the hand raised by Cllr Oliphant should to acknowledged.

Cllr Oliphant was given an opportunity to speak and stated that the Executive Mayor had an opportunity to declare a direct interest in respect of a staff member that has been appointed in the Office of the Mayor and stated that the Executive Mayor was to have declared his interest at the commencement of the tabling of the Special Adjustments Budget.

The Speaker advised that it is the onus of each Councillor to declare a direct interest in respect of any report and no Councillor may do such on behalf of another Councillor.

Cllr Williams advised of the following:-

- Page 12 in terms of the source of funds ADD - funding of sources are from the rollover 2019/2020 financial year;
- On page 14 – Rates charges – to ADD for Pensioners;
- Significant changes to GRAP (Generally Recognised Accounting Principles) which all municipalities need to adhere to (page 12) with decrease in debt impairment due to GRAP;
- Page 27 – Table B7 – change in VAT réconciliation of R69m;
- Page 20B4 – change in water bulk purchases and other materials due to change in the accounting principles

Cllr Williams further mentioned the overall changes in the budget and noted with concern:-

- the increase of R11m in employee costs and that the 35% be brought down to the National Treasury benchmark of 33% which is the norm;
- Table B9 – Administration to advise why this was not populated?

- Page 36 –Table B10 Schedule refers to 6lt of water - The free basic services programme currently, provides the following benefits to poor households - Free 12kl of water, plus basic charges;
- Page 40 – INEP funding is mentioned and on Page 42 Electricity Funding is mentioned – are these two different figures;

The CFO made reference to the Accounting Principles:-

- Page 21 – Debt Impairment – Table B4 – reduction of R3,3m – under expenditure – budgeted in line on a cash basis – schedule to be aligned with the relevant policy (Provision of Bad & Doubtful Debt);
- R89m is taken into account in the cash flow table in the budget which is table B7 on page 30 and when looking at the revenue on table B4 i.e. property rates which is R205m but on B7 it only reflects R174m and this is where the cash basis comes into account therefore the 15% which is regarded as under collection is factored in through the cash flow statement and the budget is correct in this manner;
- When reporting on the Financial Statements there will not be a major variance in the debt impairment;
- VAT treatment changed in accounting principles – page 30 table B7 – Services Charges in the receipt amount of R424m was adjusted by R69,4m equally R493m reason being that the Vat treatment was not taken into account previously when budgeted for the cash flow statement;
- Correction on B4 – page 21 – bulk purchases which is electricity & water - water needs to be treated as inventory for reason that water is measured in supply (pipes) – open stock balance and closing stock balance purchases;
- Page 38 table B10 in terms of equitable share needs to be adjusted from 6kls to 12kl prior to submission to National Treasury;
- Amount of R5,2m reflected in the table for INEP, an amount of R4,5m allocated for INEP reason being that the amount reflected in the income is inclusive of VAT and in expenditure reflects exclusion of VAT;

Councillor Vorster referred to Page 13 – Correction of “Community Services” to be made in Table 3 and also enquired what the abbreviation MDRG meant.

The Executive Mayor referred to Page 42 – upgrading of gravel roads in Humansdorp and on page 44 upgrading of gravel roads in Jeffreys Bay and questioned why the same amount was reflected for both. Correction to be made in table to reflect upgrading of gravel roads in “KOUGA”.

The CFO – advised that the MDRG (Municipal Disaster Relief Grant) was funding – received in June 2020 to cater for any project to be rolled out with immediate effect.

Cllr Februarie stated with the tabling of the Special Adjustments Budget, many corrections are being made in the meeting and it is confusing and in order for him to perform proper oversight he needs to understand the changes as referred to by the CFO. Cllr Februarie stated that he cannot engage on the item if it is not properly presented to him. He further raised concern that when Council adopted the original budget he requested that formal training in respect of GRAP accounting principles be made available to Councillors. Due to such training not being provided, he does not fully understand the financial terms and the accounting principles and cannot exercise oversight. Furthermore, the Special Adjustments Budget needs to be approved based on GRAP which has not been explained to him

Cllr Februarie also pointed out with concern the increase in respect of employee related costs and questioned the way forward with the appointment of the remaining 75 workers whom cannot be employed during this financial year but yet an increase in staff related costs are reflected by filling positions and collective agreements reached are not being taken into account by organised labour.

The CFO stated that there is no agreement regarding the employment of the remaining 75 workers. The changed GRAP Accounting Principles are not easily understood and therefore the CFO and Finance employees are appointed to deal with the accounting principles for guidance and implementation.

Cllr Februarie stated that he was dissatisfied with the response by the CFO as Councillors need to exercise oversight and with insufficient understanding of GRAP accounting principles, it is difficult for them to do so.

The Executive Mayor stated that Cllr Februarie cannot continue interrupting other speakers nor interrupting when a point of order is called and therefore should this practice continue, requests the Speaker to mute such Councillor.

The Speaker pointed out that the CFO did not state anything offensive, he was merely explaining GRAP accounting principles and changes. The CFO also mentioned that debt impairment was addressed incorrectly in the past as this was not in line the endorsed Council policy. Corrections have also been made in respect of the VAT treatment which was not taken into account. With reference to the Financial Statements, there is a substantial amount owed to the Municipality by SARS. Going forward the schedules need to be corrected. The COF also stated that a workshop can be arranged on a high level training of the GRAP accounting principles.

Cllr Dayimani raised concern that every time a budget or financial statements are tabled to Council, the Portfolio Chairperson submits

changes and corrections in the meeting and prompts to caucus due to changes and this therefore indicates that the Portfolio Chairperson does last minute oversight to correlate.

Councillor William raised a point of order and stated that the item is taken to DA caucus and is thoroughly discussed and debated and is mandated to make changes and submit to Council.

Cllr Dayimani stated that an opportunity has been given to raise points of clarity and after the process has been followed he will make a submission by the ANC component to either accept the Special Adjustments Budget or will follow the process of voting on the item. The following questions were put forward:-

1. Current collection rate;
2. Funding received from National Treasury was to respond to the COVID-19 – how will line items on budget assist to respond to COVID-19;
3. Biometrics systems – why a priority;
4. Critical positions – filling of such critical positions was assured by the Municipal Manager after the adjustment budget – does this include the appointment of the remaining 75 workers;
5. Critical positions will only be filled in October 2020, as confirmed by the Municipal Manager - Public Participation position has an employee already attached to the position which resided in the Office of the Mayor – is this not regarded as nepotism;
6. What is the anticipated % of employee related costs;

The CFO responded as follows:-

1. Collection rate currently 85% which is regarded relevant and realistic – annual rates are being billed end of July and by the end on September the collection rates will indicate more realistic;
2. The biometrics system is part of the rollovers as approved by Council in August 2020 and is not linked to COVID-19;
3. DORA of R20m – budget affected and was reduced by 15 % and when quantified, the R20m against COVID-19 does not need to be directly against a line item;

The Municipal Manager advised that when the budget was done, a moratorium was placed on vacancies due to COVID-19 and budget was approved to ensure sufficient cash flow and was reduced by R18m. Positions were not filled to avoid cash flow being effected but now positions can be filled and anticipate enough on budget to fill critical positions and will be filled by the end of the Financial Year and also to address the remaining collective settlement agreement positions.

Cllr Oliphant raised the following concerns:-

1. Upgrading of gravel roads – same amount reflected for Jeffrey Bay and Humansdorp;
2. Amount reflected for the upgrading of gravel roads, is this costed against audited km's;

Cllr Oliphant referred to the appointment of Public Participation Officer which resides in the Office of the Mayor and stated that the appointment is regarded as irregular and that should it be found that the Council has been misled by any Senior official, an investigation will be undertaken with consequence management.

Cllr Dhludhlu advised that Skills & Development arrange training modules which includes finance aspects for sound financial management.

Cllr Oliphant raised a point of order stating that Cllr Dhludhlu is not to undermine the ANC intellectual capacity.

The Speaker called for Order and stated that Cllr Dhludhlu merely stated the fact the CPMD training modules are available which can be attended by all Councillors to au fait themselves with financial management.

Cllr Dayimani stated that during the adoption of the original budget – the ANC component was requested to make submissions to the Municipal Manager. After the adoption of the original budget there was an agreement at the time the submissions made by the ANC component will be catered for in the adjustments budget. Cllr Dayimani made the following submissions on behalf of the ANC component:-

1. Upgrading of gravel of roads – accepted to change to read KOUGA;
2. Biometrics system – agreed cannot be seen as a priority vs other projects - commonage agricultural land to be catered for in budget - emergency farmers – fencing;
3. Eradication of the bucket system - agreed that it was critical - containers were already bought but not distributed to informal areas – additional containers to be supplied but not catered for in the adjustments budget;
4. Other projects –2021/2022 - bulk infrastructure for the 36 news sites in Umzamawethu;
5. Community halls for Wards 13 & 14;
6. Upgrading of Yellow Wood facilities;
7. Critical posts and appointment of 75 collective agreement workers;

Cllr Dayimani requested a Division of Vote

Councillor N. Botha	-	In favour
Councillor B. Dhludhlu	-	In favour
Councillor B. Williams	-	In favour
Councillor F. Baxter	-	In favour
Councillor D. Benson	-	In favour
Councillor H. Bornman	-	In favour
Councillor F. Campher	-	In favour
Councillor T. Jantjes	-	In favour
Councillor W. Gertenbach	-	In favour
Councillor L. Vorster	-	In favour
Councillor C. August	-	In favour
Councillor W. Coenraad	-	In favour
Councillor M. van Niekerk	-	In favour
Councillor M. Biko	-	In favour
Alderman B. Rheeder	-	In favour
Councillor R Jantjies	-	In favour
Councillor H. Hendricks	-	In favour
Councillor S. Jujwana	-	Not in favour
Councillor CS Makasi	-	Not in favour
Councillor P Nkwalase	-	Not in favour
Councillor P Oliphant	-	Not in favour
Councillor M Dayimani	-	Not in favour
Councillor C Matroos	-	Not in favour
Councillor J Mayoni	-	Not in favour
Councillor V Vumazonke	-	Not in favour
Councillor E Februarie	-	Not in favour

In favour of the recommendation	17
Not in favour of the recommendation	9

That it be noted that the following Councillors were not present in the meeting:-

Councillor M Peters
Councillor A Mabukane

Resolved (30 September 2020)

1. That the Council, by resolution taken by the majority of its full number, and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, approved the 2020/21 Special Adjustments Budget as set-out in the following tables:

- Table B1 Adjustments Budget Summary;
- Table B2 Adjustments Budget Financial Performance (revenue and expenditure by standard classification);
- Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote);
- Table B4 Adjustments Financial Performance (revenue and expenditure by type);
- Table B5 Adjustments Budget Capital Expenditure by vote and standard classification and funding source;
- Table B6 Adjustments Budget Financial Position;
- Table B7 Adjustments Budget Cash Flows;
- Table B8 Cash backed reserves/accumulated surplus reconciliation;
- Table B9 Asset Management; and
- Table B10 Basic service delivery measurement.

Proposed: B Williams

Seconded: B Dhludhu

12. **CLOSURE**

The Speaker thanked all Councillors for participating in the meeting and declared the meeting closed.

The meeting adjourned at 12:15



H BORNMAN
SPEAKER

29 October 2020

DATE
