

**MINUTES OF A VIRTUAL SPECIAL COUNCIL MEETING OF KOUGA MUNICIPALITY HELD
ON WEDNESDAY, 28 APRIL 2021 AT 08:05**

PRESENT: Councillors

H Bornman	(Speaker)
H Hendricks	(Executive Mayor)
B Williams	
F Campher	
D Benson	
B Rheeder	
F Baxter	
B Dhludhlu	
L Vorster	
R Jantjies	
T Jantjes	
W Gertenbach	
C August	
M Biko	
M van Niekerk	
W Coenraad	
J Alexander	
M Dayimani	
M Peters	
P Oliphant	
P Nkwalase	
C Matroos	
R Dennis	
J Mayoni	
A Mabukane	

**Officials &
Municipal Manager**

K Moodley	(Acting Municipal Manager)
N Machelesi	(Director: Community Services)
E Oosthuizen	(Acting Director: Infrastructure & Eng)
R Lorgat	(CFO)
D De Jager	(HR Manager & Acting: COO)
M Basson	(Acting Media Liaison Officer)
J Marais	(Manager Planning & Development)
N Zode	(Acting Senior Committee Officer)
M Julius	(Committee Clerk)

1. **NOTICE OF MEETING**

The Speaker read the notice convening the meeting and advised that in terms of the amended Directions on Municipal Operations and Governance and in terms of Section 27(2) of the Disaster Management Act, 2002, that a virtual Ordinary Council Meeting will be held using the zoom platform.

2. **OPENING AND WELCOME**

The Speaker welcomed those present and stated that the Director: Corporate Services was acting Municipal Manager for the meeting.

Cllr C August opened with a prayer.

3. **ABSENT WITH LEAVE**

Cllr E Februarie (sick leave)

4. **ABSENT WITHOUT LEAVE**

5. **ACKNOWLEDGEMENTS, CONDOLENCES & CONGRATULATIONS**

Cllr Dayimani greeted those present and stated that there was a standing apology from Cllr Mabukane, but he still had to follow the rules of order to ensure that the Speaker was aware.

He stated that previously a monthly calendar was circulated with meeting dates to keep Councillors informed. He was concerned about the number of special council meetings called where procedural items were adopted. He asked the Speaker to consider holding contact meetings as alert level one was in effect.

The Speaker stated that Ordinary Council meeting dates had been approved by Council. He would request administration to circulate the information again.

Cllr Dennis requested that the return of contact meetings be considered.

The Speaker stated he would consider it going forward before notices were released but it was dependent on factors such as persons with co-morbidities.

Cllr August congratulated Jeffrey's Bay Primary School for participating in the Rugby competition, under 11 and under 13 categories, in Bloemfontein.

Cllr Benson on the return of contact meetings, stated that the Covid-19 pandemic was ongoing, and safety had to be considered.

6. **STATEMENTS OR COMMUNICATION BY THE SPEAKER**

None.

7. **STATEMENTS OR COMMUNICATION BY THE EXECUTIVE MAYOR**

None.

8. **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).

9. **REPORTS BY THE EXECUTIVE MAYOR**

9.1 **REPORTS BY THE CHAIRPERSON: FINANCE**

21/04/F16 **MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2020 TO MARCH 2021 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 MARCH 2021(2020/21 FINANCIAL YEAR)**

The Executive Mayor tabled the items for finance to Council which would be handled by Cllr B Williams.

Cllr Williams introduced the item. On the 93.85% debtor's collection rate, he thanked the CFO and Administration for maintaining a high collection rate whilst other Municipalities in the Province were down between 20-30% on collection rates. He thanked the residents of Kouga for their payments as well.

Capital Expenditure was low at 40% but there were meetings regularly with Cllr Gertenbach to monitor Operational Expenditure and Capital Expenditure. An increase in expenditure was expected for the final three months of the financial year.

On page 9, "other revenue" was at 5.8% expenditure. This was due to the outstanding R11 million for land sales. The funds had been transferred to attorneys and the money was held in a trust but would be transferred and recognised. There was R3 million in insurance claims that had to be properly accounted for as well. This would raise the "other revenue" category. He moved that the report be noted.

Cllr Dennis commended the collection rate and requested clarity on the rates that private towns, such as estates, paid and whether these rates were determined in the same manner as for the rest of the Municipal area.

The Speaker stated that the question was noted.

Cllr Gertenbach, on "expenditure by type" on page 9, stated that remuneration of Councillors was 93% and 85% for the previous month. It was said that this would be corrected but it had not been as the figure had to be at 66%. He questioned the trustworthiness of the figures provided.

Cllr Oliphant requested clarity on income generated through land sales in the report and further requested a detailed report on land sold which included the land's value. He enquired which processes and if the correct

processes had been followed during the sale of land and requested a detailed report on this as well.

On the mayoral vehicle reflected as an output, he questioned if it was appropriate for the Mayor to receive both a vehicle and a car allowance and whether it was a duplication of benefits.

Cllr Dayimani stated that he was concerned about the statement made by Cllr Gertenbach regarding the trustworthiness of figures. The MM and CFO had to respond and confirm that the figures were a true reflection of the Municipality's books. He then indicated that if figures were manipulated, it is a concern.

On employee costs, he stated that the costs increased whilst the settlement agreement of workers had not been addressed. This had to be noted.

He further stated that the Capital Expenditure which is indicated at 40.38%, was a great concern as expenditure had to be at 39% by December 31st. The Mayor was asked to ensure that expenditure was on the correct levels and can the Mayor confirm that the capital budget could be spent by the 31st of May? There had been assurance previously. He questioned the speed of supply chain management processes. Procurement Plans had previously been requested to ensure that the expenditure would occur. R11 million had been lost due to non-expenditure.

On key ratios and expenditure, he commended Community Services for its improvement on expenditure. He was however, concerned about other departments expenditure including I&E. He requested that the Municipal Manager respond on how the SDBIP would align with the budget to ensure expenditure, as this would be used as the basis for payment of the Director's performance bonuses. Was the SDBIP aligned with the current expenditure and would the deadlines for expenditure be met by the end of the financial year?

Cllr Dayimani requested further clarity on private town rates.

The CFO, on the remuneration of Councillors, stated that it was an isolated issue that the Budget and Treasury Office was aware of. The figure had to be at approximately 75% instead of 93%.

The journal would be corrected, and the Budget and Treasury office was liaising with Treasury as the issue was linked to the UKey linked to the mSCOA line item.

On the mayoral vehicle, he stated that there was no expenditure on the capital item, but it was budgeted at R700 000 for the Mayoral Office.

On accuracy of information, he stated that the information presented was an accurate and true reflection of journals. Certain journals were only passed in June due to required year end processes but other than that the information presented was a true reflection.

On employee costs increasing, he stated that the current ratio indicated 68% employee budget expenditure. It was currently the end of the third quarter, and it should have been at 75% therefore employee costs were being managed.

On private towns' rates, he stated that agreements were determined prior to his time, but there were agreements and concessions in place which Cllr Williams would provide more detail on.

Cllr Williams stated that private towns such as Eden Glen, the Links and Marina Martinique had a 20% discount on rates but were obliged to fulfil some Municipal functions such as the removal of waste. The special rating area in St Francis Bay Town paid an additional 25% on rates which was ringfenced and then directed to projects such as beautifying the town and erecting a taxi rank.

Cllr Dennis requested clarity on the high amount indicated for "other contracted services" mentioned on page 12. He requested further clarity on the R1.3 million spent on legal advice and litigation and asked if 25% of this amount was made up of the costs of the Mayor's court case regarding the opening of beaches.

Cllr Oliphant questioned if it was not an oversight to not include the rental of buildings under contracted services. On land sales, he requested further comment from the CFO as his question had not been addressed.

The CFO on the R782 000 spent under "contracted services: other", stated that the highest amounts were highlighted and reflected separately but small amounts making up the R1.9 million were consolidated. A breakdown of the items that made up the amount could be provided.

On legal advice and litigation, he indicated that he could not confirm the exact amount and percentage that the Mayor's case made up of the R1.3 million but the information could be gathered.

On land sales, he stated that he required more clarity on how far back the request went and what revenue was expected as the question was broad. All approvals had gone through Council with resolutions. Perhaps more clarity could be provided on the question.

The Speaker requested that feedback be provided on legal expenditure at the next Portfolio meeting as the Manager: Legal Services was not present. Feedback also had to be provided on contracted services and for land sales by the Planning and Development Directorate.

Cllr Dennis stated that he wanted to add an item for the CFO to address.

Cllr Rheeder raised a point of order and requested adherence to rule three as it was the third time Cllr Dennis had spoken.

The Speaker welcomed Cllr Dennis to submit his request in writing to the CFO and Cllr Williams. The report was noted.

Resolved (28 April 2021)

1. That the Executive Mayor notes the Municipal Manager's report on the monthly budget statements, in accordance with Section 71(1) of the Municipal Finance Management Act.
2. The Executive Mayor's report on the implementation of the budget and the financial state of affairs of the municipality, in accordance with Section 52(d) of the MFMA be noted.
3. That the monthly budget statements accordingly be submitted to Provincial Treasury as stipulated in Section 71(1) of the MFMA.

21/04/F17

BUDGET AND TREASURY: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNT FOR THE QUARTER ENDED 31 MARCH 2021

Cllr Williams introduced the item and proposed that the item be accepted.

Cllr Dennis on page 39 "transfer to investment accounts", questioned if the R107 million was inclusive of the R 80 million inherited.

Cllr Oliphant welcomed Cllr Dennis's question. On withdrawals, he requested clarity as there was a contradiction on page 43 as two withdrawals were reflected but zero withdrawals were indicated at the bottom of the page.

The CFO stated that he did not see the reference to withdrawals on page 43 and could not respond unless he knew exactly where it was referred to.

Cllr Oliphant stated that it was either on page 33 or 43 and requested that the CFO commit to following up on the matter.

The Speaker clarified that the entire item dealt with withdrawals and that there were no totals at the bottom of the page and perhaps the next line item had been mistaken as a total for the column.

Cllr Dennis stated that there was no response to his question. He had asked the question as there was constant reference made that a bankrupt Municipality had been inherited in 2016. Was the R80 million included in the investment account?

Cllr Williams clarified that approximately R37 million or R39 million was in the bank with debt of about R143 million, which had been subsequently repaid, and some of which had been used for creditors.

The Executive Mayor stated that irrespective of the cash in bank, the funds were raised through a loan which was a debt incurred by the previous regime. R80 million in the bank did not mean that it was not a liability. The Municipality was bankrupt in finance as the loan still had to be repaid but it was also bankrupt in ethics and service delivery.

Resolved (28 April 2021)

1. That the Council notes the withdrawals that were made in terms of section 11(1) (b) to (j) of the MFMA for the quarter ended 31 March 2021; and
2. That the report accordingly be submitted to the Provincial treasury and Auditor-General as determined by section 11(4) (b) of the MFMA.

10. **CLOSURE**

The Speaker thanked all present for their valuable input.

The meeting closed at 08:45



H BORNMAN
SPEAKER

07 June 2021

DATE
