

**UGU DISTRICT MUNICIPALITY**

**MINUTES OF THE SPECIAL MEETING OF THE UGU DISTRICT MUNICIPAL COUNCIL HELD IN THE CIVIC CENTRE, 10 CONNOR STREET, PORT SHEPSTONE, ON THURSDAY, 07 NOVEMBER 2019, AT 11H00.**

**PRESENT:**

Cllr NH Gumede - Speaker

Cllr SR Ngcobo (Exco Member), PH Mthiyane (Exco Member), AD Ngubo (Exco Member), LM Mzimela (Exco Member), SP Mthethwa (Exco Member), LMR Ngcobo (Exco Member), NT Dlamini (Exco Member), TB Cele, TW Dube, JJ East, GD Henderson, DMM Hlengwa, K Dladla, BE Machi, NY Mweshe, S Chetty, NCP Mqwebu, ZZ Msani, PT Naude, D Nciki, HJ Ngubelanga, A Rajaram and MPL Zungu.

**BY INVITATION:**

Inkosi MP Ngcobo

Inkosi EZ Mkhize

Inkosi BS Nzimakwe

Inkosi ZGB Msomi

Inkosi ZR Qwabe

Inkosi EZ Jali

Inkosi B Cele

Mr N Radebe - Department of Provincial Treasury

Ms S Thamar - Department of Provincial Treasury

Mr S Moodley - Department of Provincial Treasury

**IN ATTENDANCE:**

Mr DD Naidoo - Municipal Manager

Mr VO Mazibuko - General Manager: Corporate Services

Mr S Mbewu - General Manager: Water Services

Ms N Walingo - General Manager: Economic Development and Environmental Services (EDES)

Mr SJ Van Rooyen - Acting General Manager: Budget and Treasury Office

Ms F Mbili - Senior Manager: Corporate Strategy and Shared Services

Mr F Zama - Senior Manager: Mayoralty and Communications

Ms N Mbambo - Manager: Legal Services

Mr A Mbhele - Manager: Administration and Auxiliary Services

Ms Z Maphumulo - Manager: Asset Management Unit

Ms M Gobhozi - Manager: Disaster Management Unit

Mr F Ngubane	-	Manager: Budget Office
Mr A Mbhele	-	Manager: Administration and Auxiliary Services
Mr K Oduro	-	Acting Manager: Risk and Internal Audit
Ms N Surajbally	-	Administrative Officer: Secretariat Unit
Ms T Kikine	-	Committee Clerk

#### • OPENING AND PRAYER

The Speaker welcomed all to the meeting. She then requested Cllr TW Dube to lead the meeting in prayer.

Thereafter, she reminded members that at the last Council meeting, she had requested that all the Councillors and officials should dress formal to all Council meeting and pointed out that same was part of the Code of Conduct.

She further advised members that the Mayor had requested that after the meeting, the Councillors lead by the Officials would be visiting the site where the salinity was occurring in order for the Councillors to understand and be able to respond to the communities accordingly.

#### C 280/11/19 NOTICE OF MEETING

The notice of the meeting was taken as read.

#### C 281/11/19 APPLICATIONS FOR LEAVE OF ABSENCE

It was noted that Cllrs MA Manyoni (*sick*), SN Caluza (*family responsibility*), M Gcwabe (*council business*), B Ntusi (*sick*), SE Khawula (*sick*) had requested leave of absence from the meeting.

It was also noted that Cllr Y Nair had requested to be excused from the meeting at 12h55 in order to attend to a Portfolio Committee meeting to Ray Nkonyeni Municipality.

Following which,

It was unanimously

#### RESOLVED:

- (a) That Cllrs MA Manyoni (*sick*), SN Caluza (*family responsibility*), M Gcwabe (*council business*), B Ntusi (*sick*), SE Khawula (*sick*) be and are hereby granted leave of absence from the meeting.

- (b) That the request by Cllr Y Nair to be excused from the meeting at 12h55 in order to attend to a Portfolio Committee meeting at Ray Nkonyeni Municipality be and is hereby **GRANTED**.

**C 282/11/19      DECLARATION OF INTEREST**

It was noted that there were none.

**C 283/11/19      CONFIRMATION OF AGENDA**

The Speaker took members through the confirmation of the agenda.

The Municipal Manager informed Council that there was an attachment for Item 6.1 that was circulated.

Following which,

It was unanimously

**RESOLVED:**

That the agenda convening the Ugu District Municipal Council meeting be and is hereby **CONFIRMED**, subject to the inclusion of the attachment for Item 6.1.

**MATTERS FOR DISCUSSION**

**C 284/11/19      Ugu District Municipality – Draft Adjustments Budget 2019/2020**

The Municipal Manager took members through the item.

He apprised members that the Department of National Treasury had requested all Municipalities with unfunded budgets to ensure that their budgets were funded before 11 November 2019.

He mentioned that the Provincial Treasury was tasked to assist those Municipalities with unfunded budgets. He advised members that the said Department convened a meeting with the Mayor, the Deputy Mayor, the Speaker, and the Municipal Manager; whereby a timeframe and process was outlined that would be used to ensure that the budget was funded.

He explained to members that the budget had to be addressed in two parts, namely:

- Ensure that the 2019/2020 budget was funded; and
- Develop a Financial Turnaround Strategy Plan that would deal with the previous year's Outstanding Creditors.

He pointed out that the Municipality had to cut the budget by R110 million in order to ensure that the 2019/2020 budget was funded. He advised members that the

Municipality was also tasked to prepare a Turnaround Plan outlining how the Municipality would deal with the existing creditors.

He informed members that the only source of revenue that the Municipality had in place was the Collection from the debtors which would be used to address the issues of the outstanding creditors. He mentioned that on 06 November 2019, the Department of Provincial Treasury had submitted a model of the High-Level Assessment Strategy which the Municipality had to develop and that same would be used for a period of six (6) years.

He shared with members that the said Strategy was then submitted to the Provincial Treasury, and it was agreed that the said Department would be monitoring the implementation of the Strategy on a monthly basis. He advised members that the Draft Adjustment Budget for 2019/2020 was presented on 05 November 2019 to the Joint meeting of the Executive Committee and the Portfolio Committee on Finance for onward submission to Council for approval.

Mr Radebe from the Department of Provincial Treasury advised members that when the Department was assessing the 2019/2020 budget, it was noted that the said budget was unfunded due to the huge backlog of creditors that were unpaid which emanated from the previous years. He pointed out that this meant that the current resources for the 2019/2020 were insufficient to fund the opening creditors, hence the Department of National Treasury had requested that those Municipalities with unfunded budgets should have a plan in place indicating when their budgets would be funded.

He shared with members that all the information that was presented to the Department of Provincial Treasury by Ugu District Municipality was assessed including the reductions that were affected to the expenditure and the efforts that were made in terms of ensuring that the non-essential expenditure were removed; whilst exercising the cost containment measures.

He mentioned that after the assessment had been concluded, the said Department would submit a formal letter to the Municipality. He advised members that the figures in the budget showed an improvement. He pointed out when the assessment was conducted on the 2019/2020 budget in the terms of the receipts and the payments for the 19/20 projects, the said budget reflected a great improvement. He further confirmed that the 2019/2020 operations were funded.

Cllr Henderson referred members to page 3 of the budget, the Bulk Purchases, whereby the Municipality intended to reduce same from R130 million to R99 million for the 2019/2020 budget to be funded. He pointed out that in the last quarter, the Municipality had lost an amount of R25 million because the Municipality had budgeted high income for water and sanitation charges which was less than what was received. He pointed out that his contention was that the Municipality was setting itself for failure in terms of approving the said budget.

Cllr Dube advised members that with the information and explanation that was provided by the Municipal Manager and Mr Radebe from the Provincial Treasury, he proposed that the Ugu District Municipality – Draft Adjustments Budget 2019/2020 be approved, also bearing in mind that the Municipality would be

applying strict control measures in terms of the said budget with the support that would be provided by the Provincial Treasury and was seconded by Cllr Mqwebu.

Cllr LMR Ngcobo advised members that based on the explanations that were provided in terms of the said budget, he proposed that the Ugu District Municipality – Draft Adjustments Budget 2019/2020 should not be approved and was seconded by Cllr Henderson.

The Municipal Manager explained to members that in terms of the Legislation, the budget should be considered by the Executive Committee before same was submitted to Council for approval. He reminded members that the said budget was considered by the Joint meeting of the Executive Committee and the Portfolio Committee on Finance on Tuesday, 05 November 2019 and recommended to be adopted by Council. He pointed out to members that there were no objections when the said recommendation was made.

He explained to members that the consequence of the Council not approving the Draft Adjustments Budget 2019/2020 was that on the 2<sup>nd</sup> of December 2019, the Municipality would not receive its Equitable Share, and that the Municipality would not be able to function. He then advised members that the Council should then provide reasons as to why they were against the approval of the said budget and also outline what must be considered in order for the said budget to be approved.

Cllr Henderson requested the Speaker to grant the members of the Democratic Alliance (DA) a three (3) minutes caucus.

It be noted that after the three (3) minutes caucus, Cllr LMR Ngcobo pointed out that the Draft Adjustments Budget 2019/2020 would not yield the desired results that same was intended for, however, the fact that the Council was concerned about the income state of the Municipality; especially the Equitable Share, the Democratic Alliance (DA) agreed that the Ugu District Municipality – Draft Adjustments Budget 2019/2020 be approved with concerns.

Following much discussion,

It was unanimously

**RESOLVED:**

- (a) That the Adjustments Budget for the financial year 2019/2020 as set out in the following schedules be and is hereby **NOTED**.
- (b) That the Adjustments Budget of the Ugu District Municipality for the financial year 2019/2020 be and is hereby **APPROVED**, as set out in the following schedules:
  - Table B1 – Adjustments Budget Summary
  - Table B2 – Adjustments Budget Financial Performance (classification)
  - Table B3 – Adjustments Budget Financial Performance (Municipal vote)

- Table B4 – Adjustments Budget Financial Performance (Revenue & Expenditure)
- Table B5 – Adjustments Budget Capital Expenditure
- Table B6 – Adjustments Budget Financial Position
- Table B7 – Adjustments Budget Cash Flows
- Table B8 – Adjustments Budget Cash Backed Reserves
- Table B9 – Adjustments Budget Assets Management
- Table B10 – Adjustment Budget Service Delivery
- Other Supporting Tables (Table SB1-SB20)

(c) That the Financial Recovery Plan of the Ugu District Municipality for the financial year 2019/2020 be and is hereby **NOTED**.

(d) That the Financial Recovery Plan of the Ugu District Municipality for the financial year 2019/2020 be and is hereby **APPROVED**.

**C 285/11/19 Write-Off on the Unclaimed Amounts Older than Three Years**

The Municipal Manager took members through the item.

He apprised members that the rationale of the report was to obtain Council's approval to write-off all the unclaimed amounts as well as the deposits that were not receipted, which were held in the books of Ugu for a period of three years and longer as at 30 June 2019.

Following which,

It was unanimously

**RESOLVED:**

(a) That the report on the Write-Off on the Unclaimed Amounts Older than Three Years be and is hereby **NOTED**.

(b) That the placement of the Advertisement informing the public of the Municipality's intent to appropriate the unallocated funds be and is hereby **NOTED**.

(c) That the amount of R1 083 million for three years and older, for which claims were received be **WRITTEN-OFF** to sundry income as at that date.

**C 286/11/19 Transfer of Asset for the Drought Relief Project by CoGTA**

The Municipal Manager took members through the item.

He mentioned that the purpose of the report was to seek approval from Council on the assets that were transferred for the drought relief project by the Department of Co-operative Governance and Traditional Affairs (CoGTA) to Ugu District Municipality as donation.

Following which,

It was unanimously

**RESOLVED:**

- (a) That the report on the Transfer of Asset for the Drought Relief Project by CoGTA be and is hereby **NOTED**.
- (b) That the drought relief project that was donated by the Department of Co-operative Governance and Traditional Affairs (GoGTA) to Ugu District Municipality for the 2018/19 Financial Year be and is hereby **APPROVED**.
- (c) That the capitalisation of Boreholes and Steel Reservoirs to the value of R16 638 136.49 be and is hereby **APPROVED**.
- (d) That the Static Tanks with Stands to be expended to the value of R887 000 be and is hereby **APPROVED**.

**C 287/11/19 Write-Off of Unidentified Payable Accounts**

The Municipal Manager took members through the item.

He informed Council that the rationale of the report was to seek approval to write-off the unidentified payable balances against the Accumulated Surplus.

Cllr Ngubo moved for the recommendations and was seconded by Cllr Dube.

Following which,

It was

**RESOLVED:**

- (a) That the report on the Write-Off of Unidentified Payable Accounts be and is hereby **NOTED**.
- (b) That the write-off for these balances against accumulated surplus be and is hereby **APPROVED**.

**C 288/11/19 Write-Off of Duplicated Transactions to Accumulated Surplus**

The Municipal Manager took members through the item.

He informed members that the intention of the report was to seek approval from Council on the write-off of the duplicated transactions against the accumulated surplus as a prior year correction.

Cllr East moved for the recommendations and was seconded by Cllr Dlamini.

Following which,

It was unanimously

**RESOLVED:**

- (a) That the report on the Write-Off of Duplicated Transactions to Accumulated Surplus be and is hereby **NOTED**.
- (b) That the write-offs against the accumulated surplus be and is hereby **APPROVED**.

**C 289/11/19 Request for Ugu to be Declared a Local State of Disaster**

The Municipal Manager took members through the item.

He mentioned that the purpose of the report was to inform Council of the drought situation and to seek a recommendation for Ugu District to be declared a drought-stricken area.

He pointed out that based on the situational analysis report and interventions required to normalise the services, Council should invoke Section 55 of the Disaster Management Act 57 of 2002 and declare a local state of disaster in Umuziwabantu Local Municipality.

Following which,

It was unanimously

**RESOLVED:**

- (a) That the report on the Request for Ugu to be Declared a Local State of Disaster be and is hereby **NOTED**.

- (b) That the current drought condition and its impact in the District be and is hereby **NOTED**.
- (c) That the high negative impact in critical areas including Municipal infrastructure, public facilities, residential areas and business areas which threatens both life and economic activities be and is hereby **NOTED**.
- (d) That, it be noted that based on the situational analysis report and interventions required to normalise the services, Council invokes Section 55 of the Disaster Management Act 57 of 2002 and declared local state of disaster in Umuziwabantu Local Municipality.

#### **C 290/11/19 Establishment of Disciplinary Board**

The Municipal Manager took members through the item.

He pointed out that the objective of the report was to request Council to consider and establish a Disciplinary Board in terms of the Legislation and Circular.

Cllr Chetty moved for the recommendations and was seconded by Cllr Dlamini.

Following which,

It was unanimously

#### **RESOLVED:**

- (a) That the report on the Establishment of Disciplinary Board be and is hereby **NOTED**.
- (b) That the Disciplinary Board be and is hereby **ESTABLISHED** and **APPROVED** as follows:
  - The Board consist of the following:
    - ✓ Manager: Risk & Internal Audit;
    - ✓ An Audit Committee Member;
    - ✓ Manager: Legal Services;
    - ✓ Provincial Treasury Representative;
    - ✓ Any other person as determined by the Council.

#### **C 291/11/19 IN COMMITTEE MATTERS**

It was noted that there were none.

**C 292/11/19 CLOSURE**

There being no further items for discussion, the Speaker declared the meeting closed at 13h04.

**CHAIRPERSON:** \_\_\_\_\_

**DATE:** \_\_\_\_\_