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Contact: **DCMs Office**

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In response to DMS No.: 1673277
Date: 27 MAY 2024

**MINUTES OF THE TWO HUNDRED AND THIRTY SEVENTH ORDINARY MEETING OF
THE COUNCIL OF THE uMHLATHUZE MUNICIPALITY, HELD ON THURSDAY,
23 MAY 2024 AT 14:00 IN THE VIRTUAL BOARDROOM**

PRESENT:

COUNCILLORS

| | | |
|--------------------------------|--------------------|---------------------|
| T S Gumede (Speaker) | N M Madida (JV) | K Naicker |
| X Ngwezi (Mayor) | F B Mathaba (JV) | V Naidu |
| C M Botha (Deputy Mayor) | C P Mavimbela (JV) | S Ndunakazi |
| N G Donda (Whip of Council) | M F Mayisela | Z Ntshaba |
| B J de Lange (MPAC Chair - JV) | N C Mdletshe | S N Ntshangase (JV) |
| V T Cele | Z H Mkhize | P P Nyawo (JV) |
| D V Chili | K M Mkhwanazi | J L Nzuza |
| H P C de Wet (JV) | S H Mkhwanazi | L S Sabela |
| V S Dludla | S S Mncwango | A M Struwig (JV) |
| J Govender | N S Mngomezulu | S S Thwala |
| Z Grobbelaar | M Mntshali (JV) | T Zibani |
| R F Kearns (JV) | M M Msimango | S H Zulu |
| P H Khuzwayo (JV) | M A Mthethwa | I N Zwane |
| A Lange | K C Mtshali (JV) | |

**JV – joined virtually*

TRADITIONAL LEADERS

Inkosi N B Khoza - KwaBhejane Traditional Authority (joined virtually)

WELCOME

The Speaker, Councillor T S Gumede welcomed everyone to the meeting.

MOMENT OF REFLECTION (PRAYER)

Councillor S S Thwala opened the meeting with prayer.

NOTICE OF THE MEETING

The notice of the meeting was read by the Speaker, Councillor T S Gumede.

GRANTED LEAVE OF ABSENCE

This Meeting

COUNCILLORS

None

TRADITIONAL LEADERS

None

OFFICIALS

Mr T Kubheka - Head of Section: ICT

NO APOLOGIES

COUNCILLORS

| | |
|---------------|-----------------|
| N N Blose | M Mdaka |
| L G Cebekhulu | P L Mhlongo |
| K S Dlamini | N T Mlambo |
| M S Dlamini | T S W Mthalande |
| T C Dube | B C Mthembu |
| S W Gcabashe | Z K Mthembu |
| S M Gumede | A M Mthethwa |
| S S J Gumede | T P Mthiyane |
| B P Mabaso | M S Mtshali |
| N F Makhanya | D J Ndimande |
| S Masondo | S B Ntshangase |
| S Z Masuku | S C Sibisi |
| L M Mbuyazi | K D Sibiya |

TRADITIONAL LEADERS

Inkosi B Mthembu - Somopho Traditional Authority

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OFFICIALS

None

DECLARATION OF INTERESTS

Interest was declared on Item 17095 on behalf of all present as it pertains to the Adopted Medium Term Revenue Expenditure Framework - 2024/2025.

CHIEF FINANCIAL OFFICER

CFO43M178201RPT

SEC : 23.05.2024

UMC : 23.05.2024

(5/1/1 – 2024/25)

17095

ADOPTED MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK - 2024/2025

DISCUSSION

RESOLVED THAT:

- the Adopted Multi-year Medium Term Revenue and Expenditure Framework (MTREF) of the City of uMhlathuze for the 2024/2025 financial year and indicative for the projected outer years 2025/2026 and 2026/2027 be approved as set out in the Budget Report (**DMS 1666573**) and in the Budget Tables A1 - A10 (**Annexure B1 - B13**) (**DMS 1670890**);
- the Final Integrated Development Plan (IDP) Review for 2023/2024 (**DMS 1583533**) be incorporated into the Adopted 2024/2025 Multi-year Medium Term Revenue and Expenditure Framework (MTREF);
- the Adopted 2024/2025 Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals and the Municipal Regulation on Standard Chart of Accounts (mSCOA) (Government Gazette 37577 dated 22 April 2014) for the City of uMhlathuze be approved as follows:

| Description R thousands | Current Year 2023/24 | 2024/25 Medium Term Revenue & Expenditure Framework | | |
|---|-------------------------|--|------------------------------|------------------------------|
| | Adjusted Budget | Adopted Budget 2024/25 | Adopted Budget 2025/26 | Adopted Budget 2026/27 |
| Total Operating Revenue | 5 122 627 | 5 599 452 | 5 965 030 | 6 402 328 |
| Total Operating Expenditure | 5 286 027 | 5 589 918 | 5 952 519 | 6 389 144 |
| Surplus/ (Deficit) for the year | (163 401) | 9 534 | 12 511 | 13 185 |
| Total Capital Expenditure | 817 407 | 610 994 | 617 524 | 572 573 |
| TOTAL OPERATING & CAPITAL BUDGET | 6 103 434 | 6 200 912 | 6 570 044 | 6 961 717 |

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It be further noted that this Budget in as far as the Municipal's administration ability and financial system capability allowed, is Project based;

4. subject to the Chief Financial Officer submitting a report to Council in terms of Section 46 of the MFMA, Council approves in principle a loan for R380 million for the 2024/2025 financial year of which if approved by Council, will only be drawn down during the 2024/2025 financial year. It be further recommended that the Chief Financial Officer proceeds with the commencement of the Section 46 process before the commencement of the 2024/2025 financial year;
5. the following table setting out the surplus / (deficit) across the services be approved:

| Description R thousand | 2024/25 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------------|---|---------------------------|---------------------------|
| | Budget Year 2024/25 | Budget Year +1 2025/26 | Budget Year +2 2026/27 |
| Electricity and Energy Sources | | | |
| Surplus/(Deficit) for the year | 227 650 | 256 190 | 290 200 |
| Water Management | | | |
| Surplus/(Deficit) for the year | 8 017 | (11 738) | (24 704) |
| Waste water management | | | |
| Surplus/(Deficit) for the year | (92 830) | (100 290) | (112 993) |
| Waste management | | | |
| Surplus/(Deficit) for the year | 19 549 | 21 655 | 23 792 |
| Rates and other Services | | | |
| Surplus/(Deficit) for the year | (152 852) | (153 306) | (163 110) |
| Surplus/(Deficit) for the year | 9 534 | 12 511 | 13 185 |

6. the Adopted Service Delivery and Budget Implementation Plan (SDBIP) 2024/2025 (DMS 1659776) as submitted be approved;
7. in terms of Section 2(3) of the Local Government: Municipal Property Rates Act, the following property rates for the 2024/2025 financial year be approved:

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| Category | Proposed tariff (from 1 July 2024) | Ratio to Residential Tariff |
|--|---------------------------------------|--------------------------------|
| | C | |
| Residential Properties | 0,0123 | 1 : 1 |
| Business / Commercial | 0,0258 | 1 : 2,10 |
| Industrial | 0,0271 | 1 : 2,20 |
| Agricultural Properties | 0,0031 | 1 : 0,25 |
| Public Service Purposes (State Owned) | 0,0141 | 1 : 1,15 |
| Public Service Infrastructure | 0,0030 | 1 : 0,25 |
| Public Benefit Organisation Properties | 0,0030 | 1 : 0,25 |
| Mining Properties | 0,0283 | 1 : 2,30 |
| Vacant Land | 0,0258 | 1 : 2,10 |

8. on application by the relevant ratepayers, the following rebates be applied subject to the provisions contained in the Rates Policy:
 - Agricultural properties - 5%
 - Non Profit Organisations - 20%
9. the Rates Policy as contained in **Annexure D1 (DMS 1668889)** be approved;
10. in addition to the statutory R15 000 reduction in the valuation on residential properties, a further reduction of R145 000 of the valuation on all developed residential properties valued at R480 000 and below be made;
11. in addition to the reductions in recommendation (10) above and subject to the criteria set out in the Property Rates Policy, an additional R250 000 reduction in the value of the primary residential property belonging to a pensioner or a social grantee be made;
12. in accordance with the implementation of the universal approach of the indigent policy improved residential property valued at R160 000 or less will be exempted from refuse and sewer charges. The following sliding scale will be applied for charges on improved residential properties higher than R160 000 on the following basis:
 - a) Properties valued between R160 001 and R200 000 will receive a rebate of 25% in respect of the sewer and refuse charges.
 - b) Properties valued at R200 001 and higher will pay the normal tariff.
13. the amendment of the Tariff of Charges as per **Annexure C (DMS 1631239)** be approved;
14. the Tariff Policy as per **Annexure D2 (DMS 1668895)**;
15. any work function or tariff not accommodated in the Tariff of Charges be dealt with as cost plus 20%;
16. in addition to the free 50 units, the indigent customers to be granted additional 300 units that can be bought per month but be capped at 350 units each month;

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17. the property rates and tariff adjustments as set out above be dealt with in terms of Section 14 of the Local Government: Property Rates Act and Section 24 of the Municipal Finance Management Act 2003;
18. free water be capped at eight (8) kilolitres per month;
19. strategic grouping of water service tariffs, dividing them into groups as follows:
 - a) Tariff Structure 1 (T1) will be for indigent customers with consumption not exceeding eight (8) kl per month. These customers will not be liable for paying the basic charge and this applies to both the universal approach and the targeted approach;
 - b) Tariff Structure 2 (T2) will be for households managing their consumption to be greater than eight (8) kl per month but not exceeding 25 kl per month; and
 - c) Tariff Structure 3 (T3) will be for all the customers not in (a) and (b) above, customers consuming above 25 kilolitres per month. These customers will be billed from the first scale to the highest scale based on the consumption consumed using the applicable tariffs;
20. railway siding maintenance be charged to all property owners whose properties are alongside the vicinity of the facility;
21. no person or entity may collect waste for removal from premises unless authorised by Deputy City Manager - Community Services or City Manager;
22. in terms of various policies, the following increases in allowances are submitted to Council for approval subject to the Cost Containment Policy:

| | Approved Tariffs - 2023/24 | Proposed Tariffs - 2024/25 |
|--|-------------------------------|-------------------------------|
| | R | R |
| Standby - Travel allowance | 121 | 127 |
| Standby - Subsistence allowance | 79 | 83 |
| Subsistence allowances | | |
| Daily allowance | 172 | 180 |
| Overnight allowance | 231 | 242 |
| Own accommodation | 317 | 333 |
| Interview candidates | 82 | 86 |
| Accommodation | | |
| All employees | 1 443 | 1 514 |
| All councillors and Section 56 employees | 2 420 | 2 539 |
| Municipal Manager, Mayor/ Deputy Mayor, Speaker and Municipal Chief Whip | 4 037 | 4 235 |
| Ward committee members | 1 736 | 1 822 |
| Indigent Burial Assistance | | |
| Adult | 3 184 | 3 340 |
| Child (1 day to 15 years) | 2 420 | 2 539 |
| Stillborn / foetus | 1 656 | 1 737 |

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23. the funding for Indigent Burial Assistance be capped for the 2024/2025 financial year at R689 100;
24. the profit on sale of all erven be allocated 100% to the Rates and General Capital Replacement Reserve account;
25. should there be any unspent conditional grants received from the National Fiscus at year end, Council hereby requests that the City Manager via letters to the respective transferring officers apply for a roll-over of funds received in 2023/2024 financial year to the next financial year, namely the 2024/2025 financial year;
26. although Council has an approved Virement Policy, in terms of this 2024/2025 MTREF Budget appropriation, a MFMA mSCOA Circular No. 8 (**DMS 1402904**) be Adopted with the following:
 - no virements (transfers) will be allowed out of:
 - all Repairs and Maintenance Projects unless approval has been sort jointly between the City Manager and the Chief Financial Officer; and
 - purchase of Bulk Electricity and Bulk Water Projects;
 - a Project extending over / incorporating more than one mSCOA function or sub function, then savings in the budgetary allocation in a function or sub-function may be applied across the functions and / or sub-functions directly linked to the same Project and Funding Source;
 - where the Finance and Administrative function or sub-function is directly linked to another Function or sub function, then savings in the linked function / sub-function may be applied in the Finance and Administrative function or *vice versa*². This means that virements between Rates Services and Trading Services and across Trading Service are not allowed;
 - virements cannot be permitted in relation to the revenue side of the budget;
 - virements between functions should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes);
 - virements from the capital budget to the operating budget should not be permitted, Operational funds to the Capital Budget may be done, but only via an Adjustments budget;
 - virements towards employee related costs should not be permitted, except where:
 - temporary / contracted (budget for as contracted services in terms to the mSCOA Classification) staff status has changed to permanent staff; or
 - the budget savings resulted from Outsourced Services within the same function in terms of a Council delegated authority).

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27. to ensure that monies are spent efficiently and effectively in the repairs and maintenance environment for both operating and capital budgets, no Repairs and Maintenance budget can be utilised unless each project for repairs and maintenance is utilised strictly in terms of the 2024/2025 Asset Maintenance Plan and captured accordingly on the Work Break-down Structure (WBS) of the uM-SAP System;
28. to ensure that all capital budgets are spent efficiently and effectively, no approved tenders can proceed unless clearly defined work deliverables are documented in the Contracts module and Project systems module and captured accordingly in the Work Break- down Structure (WBS);
29. Council adopts National Treasury's MFMA Circular number 126 dated 7 December 2023 (**DMS 1642080**) and Circular number 128 dated 8 March 2024 (**DMS 1658167**) that is in line with Section 168(3)(a) of the Municipal Finance Management Act 56 of 2003;
30. the Debt Impairment Policy as per **Annexure M (DMS 1659183)** be approved;
31. Refuse Basic Charge be applied for companies utilising private companies for waste removal;
32. all sectional title properties be billed water basic charges as a charge related to the ownership of the property rather than one charge to the Body Corporate individually;
33. cease charging normal water basic charge based on the quantity of the meters and volumes for the sectional titles;
34. National Treasury's Benchmark report containing the resolutions and recommendations for the 2024/25 MTREF be supported;
35. the amended Fixed Asset Management Policy included as **Annexure P (DMS 1671240)**, be approved;
36. the Metered Services Policy as per **Annexure O (DMS 1668788)** be approved;
37. the following policies as contained in the respective documents be approved:
 - a. Funding and Reserves Policy **Annexure R (DMS 1670730)**;
 - b. Insurance Policy **Annexure S (DMS 1670731)**;
 - c. Borrowing Policy **Annexure T (DMS 1670732)**; and
 - d. Cash and Investments Policy **Annexure U (DMS 1670734)**;

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38. the presentation (**DMS 1670590**) on the Multi-year Medium Term Revenue and Expenditure Framework of the City of uMhlathuze for the 2024/25 financial year be noted; and
39. the Department Corporate Services: ICT to submit a progress report on SAP implementation to serve at the Financial Services Portfolio Committee in August 2024.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES.

Civic Centre
c/o Mark Strasse and Lira Link
CBD
Richards Bay
(DMS:1673277-PS)

 2024/05/27.

MR MB SIBIYA
DEPUTY CITY MANAGER:

All correspondence must be addressed to the City Manager