

Your ref:

Contact: MISS L KAYWOOD Ext:5051

Our file ref:

In response to DMS No: 1533211

Date:

**15/1/17/2/1/2,
17/15/2, 16/9/2**

25 May 2022

**MINUTES OF THE TWO HUNDRED AND THIRTEENTH ORDINARY MEETING OF THE
COUNCIL OF THE UMHLATHUZE MUNICIPALITY, HELD ON WEDNESDAY,
25 MAY 2022 AT 14:43 IN THE COUNCIL CHAMBERS**

PRESENT: COUNCILLORS

T S Gumede (Speaker)
X Ngwezi (Mayor)
N G Donda (Whip of Council)
B J de Lange (MPAC Chair)
N N Blose
C M Botha
L G Cebekhulu
V T Cele
D V Chili
H P C de Wet
M S Dlamini
T C Dube
S W Gcabashe
J Govender
Z Grobbelaar
S M Gumede
S S J Gumede
R F Kearns
B P Mabaso

F N Mabuyakhulu
N M Madida
N F Makhanya
F B Mathaba
M Mdaka
N C Mdletshe
M G Mhlongo
Z H Mkhize
K M Mkhwanazi
S H Mkhwanazi
N T Mlambo
S S Mncwango
N S Mngomezulu
M Mntshali
M M Msimango
T S W Mthalane
Z K Mthembu
M A Mthethwa
A M Mthethwa

T P Mthiyane
K C Mtshali
M S Mtshali
J F Myaka
K Naidoo
T S Nsele
Z Ntshaba
S B Ntshangase
P P Nyawo
J L Nzuza
A E A Ramkuar
L S Sabela
S C Sibisi
K D Sibiya
T Zibani
R M Zikhali
S H Zulu
I N Zwane

PRESENT: TRADITIONAL LEADERSHIP

B Mthembu - Somopho Traditional Authority



GRANTED LEAVE OF ABSENCE AND APOLOGIES

On a proposal by Clr M G Mhlongo, seconded by Clr H P C de Wet, the following apologies were accepted:

This Meeting

COUNCILLORS

N N Ngubane (Deputy Mayor)
S W Biyela
B C Mthembu
C P Mavimbela
N A Mthembu
I J Naidoo

TRADITIONAL LEADERS

None

NO APOLOGIES

COUNCILLORS

K S Dlamini
A Lange
S Masondo
R S L Ndlovu
S N Ntshangase

TRADITIONAL LEADERS

N B Khoza - KwaBhekane Traditional Authority



CHIEF FINANCIAL OFFICER
CFO08M172924RPT

(S80) PORTFOLIO: FINANCIAL SERVICES (444) : 24.05.2022
E C : 25.05.2022
U M C : 25.05.2022
(5/1/1 – 2022/23)

15439

ADOPTED MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK - 2022/23

RESOLVED THAT:

1. the Adopted Multi-year Medium Term Revenue and Expenditure Framework (MTREF) of the City of uMhlathuze for the Financial Year 2022/23 and indicative for the projected outer years 2023/24 and 2024/25 be approved as set out in the Budget Report **(DMS 1527003)** and in the Budget tables A1 - A10 **(Annexure B1 - B13) (DMS 1530667)**;
2. the Final Integrated Development Plan (IDP) Review for 2021/22 **(DMS 1469964)** be incorporated into the Tabled 2022/23 Multi-year Medium Term Revenue and Expenditure Framework (MTREF);
3. the Adopted 2022/23 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	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Adopted Budget 2022/23	Adopted Budget 2023/24	Adopted Budget 2024/25
R thousands				
Total Operating Revenue	4 170 571	4 468 276	4 761 992	5 083 755
Total Operating Expenditure	4 321 276	4 541 932	4 813 518	5 096 419
Surplus/ (Deficit) for the year	(150 705)	(73 656)	(51 526)	(12 664)
Total Capital Expenditure	834 530	835 076	790 986	807 214
TOTAL OPERATING & CAPITAL BUDGET	5 155 806	5 377 008	5 604 504	5 903 633

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 R600 m in the 2022/23 financial year of which R390 m will be drawn when required in the 2022/23, with the balance of R210 m to be drawn down in 2024/25;
5. the following table setting out the surplus/(deficit) across the services be approved:



Description R thousand	Current Year 2021/22	2022/23 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Electricity and Energy Sources				
Surplus/(Deficit) for the year	87 251	102 674	83 672	64 680
Water Management				
Surplus/(Deficit) for the year	54 165	80 712	93 292	116 668
Waste water management				
Surplus/(Deficit) for the year	(27 107)	(18 773)	(1 629)	14 665
Waste management				
Surplus/(Deficit) for the year	(3 303)	1 456	6 981	14 652
Other Services				
Surplus/(Deficit) for the year	(261 711)	(239 725)	(233 842)	(223 329)
Total				
Surplus/(Deficit) for the year	(150 705)	(73 656)	(51 526)	(12 664)

6. the Adopted Service Delivery and Budget Implementation Plan (SDBIP) 2022/23 (**DMS 1523225**) 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 2022/23 financial year be approved:

Category	Proposed tariff (from 1 July 2022)	Ratio to Residential Tariff
	C	
Residential Properties	0,0104	1 : 1
Business / Commercial	0,0218	1 : 2,10
Industrial	0,0228	1 : 2,20
Agricultural Properties	0,0026	1 : 0,25
Public Service Purposes (State Owned)	0,0120	1 : 1,10
Public Service Infrastructure	0,0026	1 : 0,25
Public Benefit Organisation Properties	0,0026	1 : 0,25
Mining Properties	0,0238	1 : 2,30
Vacant Land	0,0218	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 1527375)** 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 (11) 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 1527372)** be approved;
14. the Tariff policy as per **Annexure D2 (DMS 1527377)**;
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;
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 10 kl per month;
19. no basic water charge for customers consuming 10 kl and below in 30 days;
20. 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 10 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 10 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 kl per month. These customers will be billed from the first scale to the highest scale based on the consumption consumed using the applicable tariffs;




21. all state properties be increased by 5% above City of uMhlathuze average rate increase of 6%; in terms of various policies, the following increases in allowances are submitted to Council for approval:

	Approved Tariffs - 2021/22	Adopted Tariffs - 2022/23
	R	R
Standby - Travel allowance	113	116
Standby - Subsistence allowance	74	76
Subsistence allowances		
Daily allowance	160	165
Overnight allowance	215	221
Own accommodation	295	304
Interview candidates	77	79
Accommodation		
All employees	1 342	1 382
All councillors and Section 56 employees	2 250	2 318
Municipal Manager, Mayor/ Deputy Mayor, Speaker and Municipal Chief Whip	3 754	3 867
Ward committee members	1 613	1 662
Indigent Burial Assistance		
Adult	2 961	3 050
Child (1 day to 15 years)	2 250	2 318
Stillborn / foetus	1 540	1 586

22. the profit on sale of all erven be allocated 100% to the Rates and General Capital Replacement Reserve account;
23. should there be any unspent conditional grants received from the National Fiscus at year end, Council hereby requests that the Municipal Manager via letters to the respective transferring officers apply for a roll-over of funds received in **2021/22** financial year to the next financial year, namely the 2022/23 financial year;
24. although Council has an approved Virement Policy, in terms of this 2022/23 MTREF Budget appropriation, a MFMA mSCOA Circular No. 8 (**DMS 1402904**) be Tabled with the following:
- No virements (transfers) will be allowed out of:
 - All Repairs and Maintenance Projects unless approval has been sort jointly between the Municipal Manager and the Chief Financial Officer;
 - Purchase of Bulk Electricity and Bulk Water Projects;
 - 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).
25. 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 2022/23 asset maintenance plan and captured accordingly on the Work Break-down Structure of the uM-SAP system;
26. 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; and
27. Council adopts National Treasury's MFMA Circular number 115 dated 4 March 2022 (**DMS 1520257**) that is in line with Section 168(3)(a) of the Municipal Finance Management Act 56 of 2003.



MISS L KAYWOOD

**DEPUTY MUNICIPAL MANAGER:
CORPORATE SERVICES**

CERTIFIED A TRUE EXTRACT FROM THE MINUTES.

Civic Centre
c/o Mark Strasse and Lira Link
CBD
Richards Bay

(1533211 PS)



ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER