



**TSWELOPELE**  
LOCAL MUNICIPALITY  
A MUNICIPALITY IN PROGRESS

**MINUTES**

**FOR THE**

**SPECIAL COUNCIL**

**MEETING**

**27 JUNE 2019**

# TSWELOPELE LOCAL MUNICIPALITY

MINUTES OF A SPECIAL COUNCIL MEETING HELD ON THURSDAY, 27 JUNE 2019 AT  
10:00 IN THE TOWN HALL, BULTFONTEIN

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**PRESENT :** Cllr MW Raseu [Speaker], Cllr FT Matsholo [Mayor], Cllr MS Baleni, Cllr MS Bonokwane, Cllr BP Esau, Cllr C Horn, Cllr MJ Mgciya, Cllr MA Monei, Cllr DA Njodina, Cllr MH Segopolo, Cllr TA Soaisa, Cllr TT Taedi.

**OFFICIALS :** LN Moletsane [Acting Municipal Manager], BP Dikoko [Director Infrastructure Services], I van Aardt [Manager Admin & Support], MG January [Manager Community Development], MT Moepi [Manager Environmental Management], TJ Matyesini [Acting Strategic Manager].

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## MINUTES

### 1. OPENING AND WELCOME

The meeting was opened with prayer.

### 2. SIGNING OF ATTENDANCE REGISTER

Signed as present.

### 3. APPLICATION FOR LEAVE OF ABSENCE AND APOLOGIES

With Apology: Cllr EC Joubert.  
Municipal Manager.

Without Apology: Cllr MB Mohalabakoe. [Arrived at 11:09]  
Cllr MM Snyer.  
Mr Z Lingani. [Arrived at 10:55]

### 4. OFFICIAL ANNOUNCEMENTS

♦ None.

### 5. DECLARATION OF PERSONAL INTEREST IN DISCUSSION POINTS IN TERMS OF RULE 47 [1] OF THE STANDARD RULES AND ORDERS

- ◆ None.

## **6. MOTIONS OF SYMPATHY & CONGRATULATIONS**

- ◆ **Motions of Sympathy**

- ◆ None.

- ◆ **Motions of Congratulations**

- ◆ None.

## **7. DEPUTATIONS AND INTERVIEWS**

- ◆ None.

## **8. MATTERS FOR DISCUSSION**

1 / 06 – 4 / 06.

## **9. CLOSURE**

The meeting adjourned at 12:20.

**CLLR MW RASEU  
SPEAKER**

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27 JUNE 2019

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**1. PURPOSE**

This item is submitted to Council for consideration of the reviewed Integrated Development Plan for 2019 / 2020 in terms of Section 34 [a] of the Municipal Systems Act, 2000.

**2. BACKGROUND**

The Municipal Systems Act of 2000, section 34 [a] [i], [ii] requires that the IDP be reviewed annually, taking into account changing needs of communities and the shift priorities of the community in the IDP.

The Council of Tswelopele Local Municipality adopted the IDP and Budget Process Plan for reviewing the IDP and budget for 2019 / 2020 financial year in August 2018.

In compiling this IDP 2019 / 2020 the municipality ensured the compliance with the Revised IDP Framework Methodology, the framework assisted in packaging the IDP document in a standard and uniform manner. The framework also ensured that the municipality develops an IDP that integrates and coordinates all government efforts towards achieving a floor of critical services in the three spheres of government.

The revised IDP framework methodology consisted of the following sections:

- [a] Vision
- [b] Demographic Profile
- [c] Powers and Functions of the municipality
- [d] Process followed to develop the IDP
- [e] Spatial Economy and Development Rationale
- [f] Status quo assessment
- [g] Objectives
- [h] Sector Plans
- [i] Development strategies, programmes and projects
- [j] Alignment with national and provincial objectives and programmes
- [k] Projects and programmes of other spheres.

The revision process as required by legislation is not aimed at replacing or re-compiling the five year IDP, but serves to take into account experience gained thus far and performance trends as set out against their respective five year targets. The municipality also takes into account the changing needs of communities and the shift priorities of the community in the IDP. It is important for the council to take note that the recommendations made by CoGTA and Provincial Treasury in their assessments of the IDP were considered and implemented accordingly to ensure that the IDP is credible.

The reviewed IDP 2019 / 2020 serves as a tool to re-asses and re-evaluate the Municipality's development priorities, challenges and to accommodate new comments from stakeholders. The review of the IDP will empower the community and give them greater control over their own development. The implementation of

community needs and issues will improve the lives of communities around Tswelopele Local Municipality.

It facilitates the creation of short, medium and long term job opportunities through the implementation of the IDP.

### **3. STAKEHOLDERS CONSULTED**

- ◆ Provincial Department of Corporate Governance and Traditional Affairs;
- ◆ Free State Provincial Treasury;
- ◆ Department of Water and Sanitation;
- ◆ Department of Roads and Transport;
- ◆ Department of Human Settlement; and
- ◆ Department of Premier.

### **4. LEGAL IMPLICATIONS**

- ◆ Local Government: Municipal Systems Act, 2000 [Act 32 of 2000].
- ◆ Municipal Finance Management Act, 2003 [Act 56 of 2003].
- ◆ Municipal Planning and Performance Management Regulations, 2001.

### **5. STAFF IMPLICATIONS**

- ◆ None.

### **6. FINANCIAL IMPLICATIONS**

- ◆ The financial implications for the reviewed IDP and included in the 2019 / 2020 annual budget.

### **7. RISKS**

- ◆ Non-compliance to section 34 (a) of the Municipal Systems Act.
- ◆ Non-alignment between the IDP and the Budget.
- ◆ No direction for service delivery in the municipality.

### **8. ANNEXURE**

- ◆ 2019 / 2020 Reviewed Integrated Development Plan.
- ◆ 2019 / 2020 Financial Plan.

### **9. RECOMMENDATION**

1. The reviewed Integrated Development Plan is yet to undergo community consultation processes and the final IDP will be approved by Council on the latest 30 June 2019.

[FOR RESOLUTION]

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**The Honourable Mayor delivered the 2019 / 2020 budget speech and it was well accepted. The budget speech is attached as an Annexure to the minutes.**

**Minutes: Special Council Meeting: 27 June 2019**

The Mayor proposed that the matter be resolved as follows and was seconded by Cllr Taedi

**RESOLVED:**

1. That Council approved the 2019 / 2020 Reviewed IDP in terms of section 25 [1] of MSA.
2. That the 2019 / 2020 Reviewed IDP be placed on the municipal website, made available for the public scrutiny and submitted to all relevant provincial and national departments.
3. A municipality must give effect to the approved Integrated Development Plan and conduct its affairs in a manner which is consistent with Integrated Development Plan.

## **1. PURPOSE**

This item is submitted to Council for consideration of the revised municipal sector plans for 2019 / 2020 by Council and in line with integrated development plan and annual budget processes:

1. Human Settlement Sector Plan
2. Spatial Development Framework
3. Disaster Management Framework
4. Integrated Waste Management Plan
5. Environmental Management Plan
6. Fire Management Plan
7. Performance Management Policy

## **2. BACKGROUND**

The above mentioned sector plans form part of the Integrated Development Plan and are reviewed yearly as they contain action plans that outlines the implementation of the plan administratively with the aim of improving service delivery and lives of the community members.

The above mentioned sector plan were placed on the municipal website subsequent to the adoption of the IDP and Budget in March 2019 in line with the provisions of section 21 of Municipal Systems Act of 2000.

Sector plans are critical in a municipality as they ensure that regulations and acts are implemented fully and that community members are provided with adequate information and knowledge on legislation and acts that govern local government. For proper management in order to accelerate service delivery, it is essential that local government have adequate local legislation that is beneficial for the community and better the lives of communities at large.

## **3. STAKEHOLDERS CONSULTED**

- ♦ None.

## **4. LEGAL IMPLICATIONS**

- ♦ Local Government: Municipal Systems Act, 2000 [Act 32 of 2000].
- ♦ Spatial Planning and Land Use Management Act, 2003 [Act 16 of 2003].
- ♦ National Housing Code, 2009.
- ♦ National Road Traffic Act, 1996 [Act 93 of 1996].
- ♦ National Land Transport Act, 2009 [Act 5 of 2009].
- ♦ Criminal Procedures Act, 1977 [Act 51 of 1977].
- ♦ Disaster Management Act, 2002 [Act 57 of 2002].

## **5. STAFF IMPLICATIONS**

- ♦ None.



## **6. FINANCIAL IMPLICATIONS**

- ♦ None.

## **7. RISKS**

- ♦ If communities are not informed on issues of municipal legislation, residents might be at risk of misusing resources. It is the responsibility of the Municipality to ensure that communities are informed and empowered.

## **8. ANNEXURE**

- ♦ Human Settlement Sector Plan.
- ♦ Spatial Development Framework.
- ♦ Disaster Management Framework.
- ♦ Integrated Waste Management Plan.
- ♦ Environmental Management Plan.
- ♦ Fire Management Plan.
- ♦ Performance Management Policy.

## **9. RECOMMENDATION**

- ♦ These sector plans are yet to undergo community consultation processes and the final sector plans will be approved by Council on the latest 30 June 2019.

[FOR RESOLUTION]

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**Minutes: Special Council Meeting: 27 June 2019**

The Mayor proposed that the matter be resolved as follows and was seconded by Cllr Njodina.

### **RESOLVED:**

1. That Council approved the above mentioned sector plans which form part of the Municipal Integrated Development Plan 2019 / 20 financial year.
2. That the approved sector plans be made available on the municipal website.
3. That the sector plans be workshopped for all Councillors.

**1. PURPOSE**

This item is submitted to Council for consideration of the Annual Budget for the 2019 / 2020 financial year as required by the Municipal Finance Management Act, 2003 [Act 56 of 2003].

**2. BACKGROUND**

In terms of the Municipal Finance Management Act, 2003, Act 56 of 2003, section 24 (2)(a), the annual budget of the Municipality must be approved before the start of the new financial year, section 24 (2)(b), annual budget is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i) and section 24 (2)(c) annual budget of the Municipality must be approved together with the adoption of resolutions as may be necessary.

It is crucial that the Council approves the annual budget before the start of the financial year [i.e. approval must be done by the latest 30 June 2019]. Failure by Council to approve the annual budget before the beginning of the financial year would mean that the Mayor must report to the member of the executive council responsible for local government in the province, highlighting the reasons why the budget could not be approved.

**3. STAKEHOLDERS CONSULTED**

- ♦ None.

**4. LEGAL IMPLICATIONS**

- ♦ Compliance with Municipal Finance Management, 2003 [Act 56 of 2003].
- ♦ Compliance with Municipal Budget and Reporting Regulations.

**5. STAFF IMPLICATIONS**

- ♦ None.

**6. FINANCIAL IMPLICATIONS**

- ♦ Approval of the item as submitted will constitute the tabled budget for the 2019 / 2020 financial year. This budget is yet to undergo community consultation processes and the final budget will be approved by Council on the latest 30 June 2019.
- ♦ The following are the proposed tariff increases for 2019 / 2020 financial year:
  - Property Rates for all other properties : 6.50%

- Property Rates for agricultural properties : 6.50%
- Water : 6.50%
- Refuse : 6.50%
- Sanitation : 6.50%
- Electricity : 13.00%

- ◆ All other tariff increases are per the Tariff List of the Municipality as tabled during March 2019 with the exception of the electricity tariff.

During March 2019, when the annual budget was tabled to Council, the guideline from NERSA was not yet received / published. Accordingly, a tariff increase of 8.50% was considered. However, NERSA has subsequently published the guideline which the municipality must consider when increasing their tariff for electricity, which is 13.07%. In developing this tariff by NERSA, the following assumptions on c increases were made:

1. Bulk purchases will increase by 15.63% as indicated in the Eskom standard tariff submission for the 2019 / 2020 financial year.
2. Consumer Price Index (CPI) – 5.2%<sup>2</sup>.
3. Salary increases – CPI plus 1.5%<sup>3</sup>.
4. Repairs and maintenance, capital charges and other costs will increase by CPI.

The formula used to calculate the guideline increase is outlined below:

$$\begin{aligned}
 \text{MG} &= (\text{BP} \times \text{BPI}) + (\text{S} \times \text{SI}) + (\text{R} \times \text{RI}) + (\text{CC} \times \text{CCI}) + (\text{OC} \times \text{OCI}) \\
 &= (74 \times 0.1563) + (10 \times 0.067) + (6 \times 0.052) + (5 \times 0.052) + (5 \times 0.052) \\
 &= 11.566 + 0.67 + 0.312 + 0.26 + 0.26 \\
 &= 13.07\%
 \end{aligned}$$

Where:

- MG = % Municipal Guideline Increase
- BP = % Bulk purchases
- BPI = % Bulk purchase increase
- S = % Salaries
- SI = % Salaries increase
- R = % Repairs
- RI = % Repairs increase
- C = % Capital charges
- CCI = % Capital charges increase
- OC = % Other costs
- OCI = % Other costs increase

During March 2019, when the annual budget was tabled to Council, the guideline from NERSA was not yet received/published. Accordingly, a tariff increase of 8.50% was considered. However, NERSA has subsequently published the guideline which the municipality must consider when increasing their tariff for electricity, which is 13.07%. In

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 &= (74 \times 0.1563) + (10 \times 0.067) + (6 \times 0.052) + (5 \times 0.052) + (5 \times 0.052) \\
 &= 11.566 + 0.67 + 0.312 + 0.26 + 0.26 \\
 &= 13.07\%
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Where:

- MG = % Municipal Guideline Increase
- BP = % Bulk purchases
- BPI = % Bulk purchase increase
- S = % Salaries
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- CCI = % Capital charges increase
- OC = % Other costs
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<b>CALCULATION OF THE GUIDELINE FOR THE 2019/20 FINANCIAL YEAR</b>			
<b>Cost line item</b>	<b>Revised munic % of total cost</b>	<b>Expected increase</b>	<b>Weighted average expected increase %</b>
Purchases	74	15.63	11.566
Salaries and wages	10	6.7	0.67
Repairs and maintenance	6	5.2	0.312
Capital charges in total	5	5.2	0.26
Other cost	5	5.2	0.26
<b>% increase</b>			<b>13.07</b>

**NB: The Municipality proposes a tariff increase of 13.00% [not 13.07%]. The revised tariff increase is indicated in the tariff list. Public consultation must still be undertaken on the budget given that none has unfolded since the budget was tabled.**

## **7. RISKS**

- ♦ The municipality maybe unable to render services to the community due to non-availability of financial resources if the budget is not approved.
- ♦ Section 139 of the Constitution may be imposed on the Council of the Municipality.

## **8. ANNEXURE**

- ♦ Budget with table A1 – A10 in terms of the Municipal Budget and Reporting Regulations.
- ♦ 2019 / 2020 Tariff List.
- ♦ Budget related policies.

## **9. RECOMMENDATION**

1. That the annual budget of the Municipality for the financial year 2019 / 2020, 2020 / 2021 and 2021 / 2022 be considered for approved as set out in:
  - [a] Table A1: Budgeted Summary.
  - [b] Table A2: Budgeted financial performance [revenue & expenditure by standard classification].
  - [c] Table A3: Budgeted financial performance [revenue & expenditure municipal vote].
  - [d] Table A4: Budgeted Financial performance [revenue & expenditure].
  - [e] Table A5: Budgeted capital Expenditure by vote, standard classification and funding.
  - [f] Table A6: Budgeted financial position.
  - [g] Table A7: Budgeted cash flow.
  - [h] Table A8: Cash backed reserves / accumulated surplus reconciliation.
  - [i] Table A9: Asset Management.
  - [j] Table A10: Basic Services Delivery Measurement.
2. That the operating budget as set out in Table A1 – A4 and Capital budget as set out in Table A5 be implemented with effect from 1 July 2019.
3. That property rates tariffs be approved in terms of section 14 of Municipal Property Rates Act, 2004 [Act 6 of 2004].
4. That tariffs for services charges as reflected in the tariff list be approved and implemented with effect from 1 July 2019.
5. That Council implements the electricity tariff as approved by NERSA with effect from 1 July 2019.
6. That the following budget related policies be further subjected to annual review process for approval in June 2019 and implementation with effect from 1 July 2019:
  - (a) Budget policy
  - (b) Virement policy
  - (c) Funding and reserves policy
  - (d) Banking / cash and investment policy

- (e) Credit Control and debt collection policy
- (f) Indigent support policy
- (g) Bad debt write-off policy
- (h) Property rates policy
- (i) Tariffs policy
- (j) Supply chain management policy
- (k) Asset management policy
- (l) Deposit policy
- (m) Customer care policy
- (n) SCM Policy on infrastructure assets
- (o) Petty cash management policy
- (p) Subsistence and travel policy
- (q) Unallocated deposits policy

[FOR RESOLUTION]

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**The Honourable Mayor delivered the 2019 / 2020 budget speech and it was well accepted. The budget speech is attached as an Annexure to the minutes.**

**Minutes: Special Council Meeting: 27 June 2019**

The Mayor proposed that the matter be resolved as follows and was seconded by Cllr Taedi.

**RESOLVED:**

1. That the annual budget of the Municipality for the financial year 2019 / 2020, 2020 / 2021 and 2021 / 2022 was considered and approved as set out in:
  - [a] Table A1: Budgeted Summary.
  - [b] Table A2: Budgeted financial performance [revenue & expenditure by standard classification].
  - [c] Table A3: Budgeted financial performance [revenue & expenditure municipal vote].
  - [d] Table A4: Budgeted Financial performance [revenue & expenditure].
  - [e] Table A5: Budgeted capital Expenditure by vote, standard classification and funding.
  - [f] Table A6: Budgeted financial position.
  - [g] Table A7: Budgeted cash flow.
  - [h] Table A8: Cash backed reserves / accumulated surplus reconciliation.
  - [i] Table A9: Asset Management.
  - [j] Table A10: Basic Services Delivery Measurement.

2. That the operating budget as set out in Table A1 – A4 and Capital budget as set out in Table A5 be implemented with effect from 1 July 2019.
3. That property rates tariffs was approved in terms of section 14 of Municipal Property Rates Act, 2004 [Act 6 of 2004].
4. That tariffs for services charges as reflected in the tariff list was approved and be implemented with effect from 1 July 2019.
5. That Council implements the electricity tariff as approved by NERSA with effect from 1 July 2019.
6. That the following budget related policies were approved and be implemented with effect from 1 July 2019:
  - (a) Budget policy
  - (b) Virement policy
  - (c) Funding and reserves policy
  - (d) Banking / cash and investment policy
  - (e) Credit Control and debt collection policy
  - (f) Indigent support policy
  - (g) Bad debt write-off policy
  - (h) Property rates policy
  - (i) Tariffs policy
  - (j) Supply chain management policy
  - (k) Asset management policy
  - (l) Deposit policy
  - (m) Customer care policy
  - (n) SCM Policy on infrastructure assets
  - (o) Petty cash management policy
  - (p) Subsistence and travel policy
  - (q) Unallocated deposits policy

**1. PURPOSE**

To report on Cost Containment Regulations promulgated in terms of Local Government: Municipal Finance Management Act, 2003.

**2. BACKGROUND**

The attached report is submitted in line with Municipal Finance Management Act of 2003, Circular 82 which was introduced by National Treasury on 30 March 2016. Cost Containment Measures **[MFMA CIRCULAR 82]** was tabled and adopted by Tswelopele Local Municipality's Council on 28 June 2016. National Treasury have identified that Government is struggling to implement such Cost Containment measures as a form of a circular and introduced the Cost Containment Regulation 2019 which has to be adopted by Council.

**3. STAKEHOLDERS CONSULTED**

- ♦ None.

**4. LEGAL IMPLICATIONS**

- ♦ Non-compliance with Local Government: Municipal Finance Management Act, 2003.

**5. STAFF IMPLICATIONS**

- ♦ None.

**6. FINANCIAL IMPLICATIONS**

- ♦ None.

**7. RISKS**

- ♦ Non-compliance with Local Government: Municipal Finance Management Act, 2003 and Cost Containment Regulations, 2019.

**8. ANNEXURE**

- ♦ Local Government: Municipal Finance Management Act, 2003: Municipal Cost Containment Regulations, 2019.
- ♦ Cost Containment Regulations made in terms of Local Government: Municipal Finance Management Act, 2003 [Media Statement].

**9. RECOMMENDATION**



- ♦ That Council take note and implement the Cost Containment Regulations, 2019.

[FOR RESOLUTION]

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**Minutes: Special Council Meeting: 27 June 2019**

The Mayor proposed that the matter be resolved as follows and was seconded by Cllr Segopolo.

**RESOLVED:**

- ♦ That Council took note and implement the Cost Containment Regulations, 2019.