

EXTRACT OF MINUTES OF THE FULL COUNCIL MEETING HELD ON 30 JUNE 2010

8. **PRESENTATION OF THE BUDGET: 2010/2011 FINANCIAL YEAR (3.7.1.1[2010/2011])**

- (i) Speech dated 30 June 2010 by the Honourable Mayor of Msunduzi Municipality, Councillor M.A.Tarr.

(Tabled at the meeting)

- (ii) Msunduzi Municipality Draft Budget Policy.

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- (iii) Credit Control and Debt Collection Policy 2010/2011.

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- (iv) The Msunduzi Municipality Credit Control and Debt Collection Bylaws.

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- (v) Indigent Policy 2010/2011.

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- (vi) Rates Policy 2010/2011.

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- (vii) Tariff Policy 2010/2011.

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- (viii) Tariffs 2010/2011.

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- (ix) Report dated 28 June 2010 by Administrator.

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- (x) Msunduzi Municipality Business Plan for the Turnaround Strategy including a Financial Recovery Plan: Draft 9 by Administrator.

(Page 8 of FCC 15 of 2010)

- (xi) Revised Draft Integrated Development Plan for 2010/2011 Financial Year and Beyond (10.4.1.INT): Report dated 23 June 2010 by Acting Municipal Manager.

(Page 48 of FCC 15 of 2010)

- (xii) Municipal Annual Budgets and MTREF and supporting tables: Undated document.

(Tabled at the meeting)

- (xiii) Revised IDP for 2010/2011 and beyond.

(Tabled at the meeting)

The Mayor presented the 2010/2011 budget, advising that that National Treasury had not approved the draft budget due to the deficit and that drastic amendments had had to be made in order to present a balanced budget. He referred to the critical importance of collecting debt in order to keep a balanced budget and appealed to all roleplayers to work together to ensure the success of the budget.

(Councillors BS Ngubane and ZH Magubane entered the Chamber at 11:15)

The Mayor advised that in order to adhere to the amended budget it would be necessary for both the municipality and the residents to improve collection and payment levels in order to meet revenue targets. He referred to critical projects which would be implemented to stabilise the municipality and monitored daily. He cautioned that the amendments carried an element of risk and that assumed cash inflows might vary from the actual income.

He outlined the increase in the tariffs as follows, viz.

Electricity	21%
Water	8%
Sewerage	8%
Refuse	8%
Rates (average)	8%
Other tariffs	10%

In respect of the Rates increases he advised that, due to there being no increase in the randage for the 2009/2010 financial year, the budgeted shortfall was approximately R500 million. He explained that, in order to start recovering this shortfall, the increase in the randage over the next three years would have to be in the region of 28%. He further advised that the effect of these increases, as per the Municipal Property Rates Act, would mean that lower value houses would pay less than the current year and higher value houses would pay more than the average increase of 8%.

The Mayor requested that the following amendment to the tariff for the City Hall rental be effected, viz. "*Hire of Main Hall – R2 500*".

He referred to the policies included in the agenda and requested that the following amendment to the Credit Control and Debt Collection Policy, as agreed at the Special Full Council meeting held on 23 June 2010, be effected, viz. Paragrah 16.3, the sentence beginning "Upon written application.." be amended to read as follows:

"Upon written application by a customer the maximum payment period may be extended to sixty months and a percentage lower than the above 10% may be permitted at the discretion of the Consolidated Billing Manager in line with guidelines which will be developed by the Administrator."

The Mayor expressed the hope that, with all roleplayers actively participating in the Turnaround Strategy, it would be possible to again make Msunduzi the "City of Choice". He then requested that the Council approve and adopt the Business Plan, the Budget, the Tariffs and supporting policies to the budget and the Draft Integrated Development Plan.

(The Council adjourned for tea at 11:35 and reconvened at 12:00)

(Councillors KP Chetty, S Ntuli, TR Zuma, SC Gabela and RB Mazibuko arrived during the tea break)

The Chief Whip thanked the Mayor, the Administrator, the Provincial Intervention Team and the Acting Municipal Manager for all the work undertaken to turn the municipality's finances around and to present a balanced budget. He MOVED that the budget be supported and approved, taking cognisance of the challenges faced in presenting a balanced budget under the current financial circumstances.

Councillor D Zondi echoed the sentiments of the Chief Whip and stated that the Inkatha Freedom Party accepted that the budget was drafted under extremely difficult circumstances and, although not happy with the budget, they nevertheless supported it on condition that the administration

made a point of dealing with all those responsible for the problems and that lost municipal funds be recovered. He urged that all parties accept the need to work hard at ensuring the municipality's finances were stabilised.

Councillor Ashe thanked the Mayor for a detailed and excellent presentation of the budget. He acknowledged that they were operating in extraordinary times and stated that, as the African National Congress was the majority party in the Council and it was under their tenure that the intervention had become necessary, they should be held accountable for the current situation. He stated that the Democratic Alliance fully supported the Provincial Intervention Team and commended them for the decisive steps taken to curb wasteful expenditure. However, he advised that the Democratic Alliance had serious concerns regarding the property rates increases as the original draft budget had indicated an 8% increase which was misleading, as the variances in the rates increases were considerable and would cause unhappiness amongst ratepayers, who would feel that they were being held responsible to fund the previous mismanagement and lack of service delivery.

He stated that, while supporting the budget in general, on the basis of the rates increases the Democratic Alliance did not support the 2010/2011 operating and capital budget as presented. Councillor Ashe accordingly MOVED that the 2010/2011 budget NOT be approved. Councillor Lambert JP seconded the motion.

(Councillor SJ Seymour entered the Chamber at 12:15)

Councillor Thebolla noted the concerns of the Democratic Alliance and advised that the African National Congress did not agree with the Democratic Alliance's assessment of the ruling party's role. However he requested that they reconsider in view of the current challenges the municipality faced and that they endeavour to find consensus and approve the budget unopposed.

In response to a point of order raised by Councillor Green the Speaker stated that, as the Democratic Alliance had attacked the African National Congress in their speech, the African National Congress had a right to respond.

At this point in the proceedings the Chairperson PUT the 2010/2011 Operating and Capital Budget to the vote.

By a show of hands there were 52 votes FOR and 11 votes AGAINST and the motion for the APPROVAL of the 2010/2011 Operating and Capital Budget was therefore CARRIED.

It was accordingly

RESOLVED

- (a) That Msunduzi Municipality Business Plan for the Turnaround Strategy including a Financial Recovery Plan: Draft 9 by the Administrator be approved and adopted.
- (b) That the 2010/2011 Operating and Capital Budget as presented in the report dated 28 June 2010 by the Administrator be approved and adopted.
- (c) That the Tariff Register 2010/2011 be approved and adopted, subject to the tariff under the City Hall for Hire of the Main Hall being amended to read "R2 500".
- (d) That the Msunduzi Municipality Draft Budget Policy be approved and adopted.
- (e) That the Credit Control and Debt Collection Policy 2010/2011 be approved and adopted subject to the following amendment, as previously resolved by Council, being effected prior to publication, viz. Paragraph 16.3, the sentence beginning "Upon written application.." be amended to read as follows:
"Upon written application by a customer the maximum payment period may be extended to sixty months and a percentage lower than the above 10% may be permitted at the discretion of the Consolidated Billing Manager in line with guidelines which will be developed by the Administrator."

- (f) That the Msunduzi Municipality Credit Control and Debt Collection Bylaws be approved and adopted for publication.
- (g) That the Indigent Policy 2010/2011 be approved and adopted.
- (h) That the Rates Policy 2010/2011 be approved and adopted.
- (i) That the Tariff Policy 2010/2011 be approved and adopted.
- (j) That the revised draft Integrated Development Plan for 2010/2011 with amendments as reflected in the Msunduzi Turnaround Strategy which is approved by Full Council and as translated into the Municipal Financial Recovery Plan be approved and adopted.
- (k) That the Organisational Strategic Objectives, Mission and Mission Statement as reflected in Annexure A to the report dated 23 June 2010 by the Acting Municipal Manager be approved and adopted.
- (l) That the Izimbizo community priority needs as reflected on pages 2 and 3 of the report dated 23 June 2010 by the Acting Municipal Manager be noted.
- (m) That the MEC for Co-operative Governance and Traditional Affairs' comments as reflected on page 3 of the report dated 23 June 2010 by Acting Municipal Manager be noted.

(Councillor ME Dlamini was not present when the above decisions were made)

The Chairperson reminded the members that they were a collective, despite differences, and that they should all commit to working together going forward.

For CORPORATE SERVICES BUSINESS UNIT

9 July 2010

Enquiries : Municipal Manager's Representative: Dr K Barichiev (Tel. 3922763)

Enquiries : Committee Officer: Anne Geary

Tel: 033-3922770

Facsimile: 033-3424904

Email: anne.geary@msunduzi.gov.za