

EXTRACT COUNCIL MINUTES: 27 AUGUST 2020

UNANIMOUSLY RESOLVED

Item A99/27/08/2020

1. that the Council approves and adopts the following resolutions:
 - (a) The Council of Swellendam Municipality, acting in terms of section 28(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

The annual adjustments budget of Swellendam Municipality for the Financial year 2020/2021, as set-out in the schedules contained in Section 4, circulated with the agenda and approved as contained in the following prescribed budget tables;

 - (i) Table B1: Adjustments budget summary
 - (ii.) Table B2: Adjustments Budget Financial Performance (expenditure by standard classification)
 - (iii.) Table B3: Adjustments Budget Financial Performance (expenditure by municipal vote)
 - (iv.) Table B4: Adjustments Budget Financial Performance (revenue by source)
 - (v.) Table B5 to B10:
2. that the following adjustments permitted in terms of section 28(2) of the Municipal Finance Management Act as reflected in the tables referred to in resolution 1 above, be approved.

Item number A99. 27.08.2020

ADJUSTMENTS BUDGET: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2020/2021 (ROLL- OVER BUDGET)

Report from the Director Financial Services: Mr H Schlebusch

Department Financial Services

Section Budget

File number 5/1/1/20

PURPOSE OF THE REPORT

The purpose of the report is to submit the 2020/2021 Adjustments Budget in respect of unspent grants as at 30 June 2020 as well as additional Local Government Equitable Share allocation in response to the Covid 19 Pandemic for approval. The Department of Cultural Affairs and Sport did also confirm in writing that an additional amount of R 4,000,000 will be transferred to the municipality for the new library building project.

FACTS AND BACKGROUND

If any grants received from National Government or Provincial Government are unspent on 30 June of a financial year the Council must apply for the roll-over of that grant and reasons for the underspending must be provided.

The Adjustment Budget is circulated as a separate addendum.

DISCUSSION

The following grants received are unspent as at 30 June 2020:

Capital Projects:

Community Library Services Grant	R 4,000,000-00	<p>Department of Cultural Affairs and Sport allocated the amount of R12million to Swellendam for a new Library building project.</p> <p>Because of funding shortfalls and cost cutting the funding allocations was planned over 3 years at R4million per year.</p> <p>Due to this decision the 1st year's allocation have to be rolled over in order to plan and co-ordinate the spending in one or over two financial years without delaying the building process.</p>
Human Settlement Development Grant	R 4,446,000-00	<p>It was confirmed by Transnet Property CPT on 22 January 2020 that this transaction was approved but subject to Ministerial approval. On 24 March 2020 Transnet Property CPT confirmed that the submission has been sent to the GCE's</p> <p>Office to facilitate the process to obtain Ministerial approval from the Department of Public Enterprise.</p>
Municipal Infrastructure Grant	R 2,496,428-00	<p>There are two major events that influenced the delay in the implementation of the Upgrading of Suurbraak Bulk Water Supply Scheme (2A) project:</p> <p>One of the bidders decided to launch an appeal against the appointment of the service-provider. The acquisition process and planned implementation was effectively delayed by 4 weeks.</p> <p>The COVID-19 Pandemic had implications locally and internationally. The lockdown measures locally and internationally thus hampered production and delivery of the booster pump imported from Germany.</p>

Operating Projects:

Human Settlement Development Grant	R 283,865-00	<p>The unspent funds consist of the following projects:</p> <p>Title Deeds Restoration Programme - The backlog in transfer of ownership has led to the implementation of National initiative, the Title Restoration Programme (TRP), which seeks to address the transfer of ownership in historic housing subsidy development. The transfer process is now well underway, and</p>
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		<p>the transferring attorneys have been appointed and some of the transfers have already been submitted and prepared documents to the Deeds Office for registration.</p> <p>Provision of access to basic services – The installation of one precast toilet and underground septic tank in Barrydale and toilet holes for Malagas Nuwedorp. (pit – toilets) were delayed due to the Covid19 Pandemic.</p>
Municipal Electrical Master Plan Grant	R 793,000-00	The implementation of lockdown level 4 on 26 March 2020 severely hampered the continuous implementation and completion of the project. All work was immediately suspended during level 5. This project was not considered as the delivery of essential services, neither was the implementation critical to any service delivery required during level 4 and 5. The project implementation/continuation was only considered for commencement during level 3.
Local Government Support Grant	R 200,180-00	The allocation was received at the end of April 2020 to strengthen the humanitarian and feeding relief initiatives. The roll-over of the unspent funds will allow the municipality to continue to support those in extreme need through the humanitarian relief.
SETA	R 217,585-00	The SETA funds are received on a regular basis through the year and it is not possible to plan properly in advance for the spending thereof.
Financial Management Capacity Building Grant	R 379,000-00	The total allocation was received late in the 2019-2020 financial year. There were no time left to advertise and consider applications from students for this purpose. Our efforts were also hampered due to Covid19 Regulations.
Municipal Replacement Fund	R 455,365-00	<p>The unspent funds is due to two vacant positions which could not be filled in the Covid19 disaster period even after one was already appointed.</p> <p>Furthermore the activities in library services came to a complete standstill due to Covid19 and services like security, newspapers and overtime amongst others came to a complete standstill with no expenditure and thus creating the unspent amounts.</p>
Municipal Disaster Relief Grant	R 216,335-00	The allocation was received on 8 May 2020 for the response and intervention measures for the COVID-19 Pandemic. In terms of the conditions the funds from this grant must be utilised within six calendar months following the date of the transfer of the funds to the municipality. The roll-over of the unspent funds will allow the municipality to assist with the mitigation and response to the spread of COVID-19.

The finance department did apply on 15 July 2020 for the roll-over of certain unspent grants as prescribed by Provincial Treasury. The application for the roll-over of the balance of the unspent grants will be submitted by 31 August 2020.

LEGAL IMPLICATIONS

In terms of section 16 of the MFMA (act 56 of 2003),

“Municipal adjustments budgets

28. (1) A municipal may revise an approved annual budget through an adjustment budget.

(2) An adjustments budget-

(e) may authorise the spending of funds that were unspent at the end of the past financial year where the underspending could not reasonably have been foreseen at the time at the time to include projected roll overs when the annual budget for the current year was approved by Council.”

Also in terms of the Municipal Budget and reporting Regulations: section 23(3) and (5):

“23(3) If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustment budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.”

“23(5) An adjustments budget referred to in section 28(2)(e)of the Act may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by the municipal council by the 25 August of the financial year following the financial year to which the roll-overs relate.”

FINANCIAL IMPLICATIONS

None

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

None

RECOMMENDED

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