

EXTRACT SPECIAL COUNCIL MINUTES: 25 AUGUST 2022

UNANIMOUSLY RESOLVED

Item A162/25/08/2022

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 2022/2023, 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 adjustments permitted in terms of section 28(2) of the Municipal Finance Management Act and reflected in the tables referred to in resolution 1 above, be approved.

Item number A162. 25.08.2022

ADJUSTMENTS BUDGET: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2022/2023 (Roll-over Budget)

Report from the Director Financial Services: Ms E Wassermann

Department	Financial Services
Section	Budget
File number	5/1/1/20

PURPOSE OF THE REPORT

The purpose of the report is to submit the 2022/2023 Adjustments Budget in respect of unspent grants as well as capital projects funded from the CRR in the 2021/2022 financial year that were not completed and should be rolled over to the 2022/2023 financial year for completion.

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 rollover of that grant and reasons for the underspending must be provided.

The Adjustment Budget is circulated as Annexure A.

DISCUSSION

The following grants received are unspent as at 30 June 2022:

Capital Projects:

Human Settlement Development Grant	R 2,500,000-00	An allocation from the Department of Human Settlement in the amount of R2.500,000-00 was received for the implementation of the housing project in Railton. This funding was outside the DORA allocation for the 2021/2022 financial year. These funds were for progress on the project. These funds were not paid by the municipality to the service provider yet. This is because the amount has not been officially allocated in the Provincial Gazette.
Human Settlement Development Grant	R 4,446,000-00	MEC for Human Settlements: Western Cape Government, Mr. Tertuis Simmers, wrote to the Minister of Public Enterprises, Mr. P. Gordhan, to assist in fast-tracking and prioritizing the process for the release of Transnet-owned land. Contractual agreements between Transnet Property and Swellendam Municipality were finalized. The deed of sale for the disposal of the property was received on 20 April 2021 to be signed by the Municipal Manager. The letter to Transnet Property dated 6 May 2021 with a copy of the Transnet agreement of sale was already communicated with your office during the 2020/2021 roll-over process. Swellendam Municipality supplied the transfer attorneys with a guarantee for the acquisition of the land. The transfer attorney is in the process of registering the Transnet property into the name of Swellendam Municipality, thereafter the money will be paid over to Transnet.
Water Service Infrastructure Grant	R 1,545,491-00	The following reasons are provided on why the grant was not fully spent during the year of original allocation: a. The municipality received a stoppage letter from National Treasury, due to slow financial performance on the project. The project allocation was decreased by R 8 063 000.00 from an allocation of R 21 707 000.00 for the 2021/22 and 2022/23 financial years. It is an R 3,5 million stoppage of the 2021/22 allocation and a reduction of allocation for the 2022/23 financial year. b. The municipality had to enter into negotiations with the Contractor to decrease the scope and budget to a functional deliverable/s. Time lost due to the negotiation led to delays in implementation. c. The scope was decreased dramatically to fit into the available/remaining budget. The time delays caused the project not to perform financially.
Library Service	R 322,843-00	This was due to vacant positions that could not be filled due to restructuring and Covid 19. Furthermore, many of

Replacement Funding for most vulnerable B3 municipalities		the municipality's outreach library programs came to a standstill, due to moving to the new library building and having a skeleton service at the old building library.
Community Library Service Grant	R 180,349-00	This funding was allocated in the Provincial 2022/2023 financial year but in the Local Government 2021/2022 financial year. The Community Services Department did commence with the spending on finalizing the new library and needs to continue with this in the 2022/2023 financial year.
Provide Resources for the Development and/or Upgrade of SMME Infrastructure (Container Park)	R 1,917,848-00	<p>The unspent allocation is committed to:</p> <ul style="list-style-type: none"> • Consulting Engineers: <ul style="list-style-type: none"> ○ Bergstan SA (Pty) Ltd – SMT 37/18/19 CB ○ Commitment – R279 448.00 (excl VAT) • Contractor: <ul style="list-style-type: none"> ○ Areka Investments Holdings – SMT 41/21/22 ○ Commitment – R1 945 225.15 (excl VAT) <p>The project tender advertisement was published and closed on 08 April 2022.</p> <p>The agreement/contract was signed on 10 June 2022.</p> <p>The project program confirms that the project will be completed before 30 June 2023. The cash flow project is attached.</p> <p>A site handover meeting was held on 15 June 2022</p>

Operating Projects:

Human Settlement Development Grant	R 375,897-00	<p>Title Deeds Restoration Programme - Due to several reasons, progress with transfers has been seriously hampered due to for example the Covid -19 lockdown periods, slow progress with transfers at the Deeds Office, and home working arrangements. Transfers are being done on an ongoing basis, tracing of beneficiaries of deceased estates is problematic and slows the process down.</p> <p>The transfer process is now well underway and some of the transfers have already been submitted and prepared documents to the Deeds Office for registration. Funds are to be utilized as the transfer processes are completed.</p> <p>At the transferring attorney, there are currently transfers amounting to R48 229.65 which will be settled in the next three months.</p> <p>Provision of access to basic services - In the Malagas, Nuwe Dorp Informal Settlement we plan to retrofit existing precast concrete mono cast toilets with plastic eaziflush facility with a combination septic tank and modular soak away back-end solution.</p> <p>The balance of the funding allocated will be spent on this project.</p>
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		Railton CBD: 32 sites - Planning money was received from the Department of Human Settlements on 5 January 2022 and our service provider is in the process of finalising the engineering designs for implementation.
SETA	R 362,587-00	These funds were allocated for Discretionary Grant Projects that did not happen because Overberg District Municipality (coordinating municipality) could not find service providers but funds will be used in the 2022/2023 financial year and will be reported to the LGSETA as such.
Western Cape Financial Management Capacity Building Grant	R 250,000-00	These funds are committed and will be paid out to current bursary beneficiaries as soon as it is released by Provincial Treasury.
Municipal Library Support Grant	R 150,000-00	The Community Services Department did go out on tender for this work to be done, but due to the tenderer's tax clearance not being in order the end-user department could not finalize this program and are ready to re-advertise.
Western Cape Financial Management Support Grant	R 250,000-00	The funds for this grant were received in February 2022. Certain projects included in the business plan were finalized in the 2021/2022 financial year. The financial department has finalized the specifications for the remaining project, ICT Security Gap Analysis and Risk Assessment.
Local Government Public Employment Support Grant	R 733,335-00	<p>The approved business plan did include the following projects:</p> <p>Road Repairs – pothole repairs, patching and crack sealing for the 2021/22 and 2022/23 (multiyear) Financial Year.</p> <p>Illegal Dumping – Answering complaints in connection with illegal dumping, maintaining common illegal dumping sites, scouting for new illegal dumping sites and clearing and maintaining those sites for the 2021/22 Financial Year.</p> <p>The implementation date, however, was delayed to 1 March 2022, due to transfer delays and employment challenges. The end date will therefore be extended to the end of March 2023.</p>

CRR Projects:

Sewerage Network	N2 Pumpstation and Klipperivier Steel Gates	R 117,000-00
Refuse	7 x 6m Containers	R 137,000-00
Water Network	Railton Bulk Water Pipeline Phase 1.1	R 767,000-00
Water Purification	Upgrade of Telemetry (Swellendam)	R 350,000-00
Water Purification	Fence for Generators Swellendam WTW	R 291,000-00

The finance department did apply on 15 July 2022 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 2022.

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 to include projected rollovers when the annual budget for the current year was approved by Council.”

Also, in terms of the Municipal Budget and Reporting Regulations: sections 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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