

**C.15 MATTERS FOR CONSIDERATION**

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- C.15.1 REVISION OF BUDGET ESTIMATES: SPECIAL ADJUSTMENTS BUDGET TO ADDRESS COVID-19 RELATED EXPENDITURE FOR THE 2019/2020 FINANCIAL YEAR IN TERMS OF THE ANNEXURE TO MFMA CIRCULAR NO. 99 IN TERMS OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003)  
(5/1/1/6 & 3/2/5/15)**
- R.15.1 HERSIENING VAN BEGROTINGSRAMINGS: SPESIALE AANSUIWERINGS-BEGROTING OM COVID-19-VERWANTE UITGAWES VIR DIE 2019/2020 FINANSIËLE JAAR TE DEK INGEVOLGE DIE BYLAE TOT MFMA OMSENDBRIEF NO. 99 KRAGTENS DIE WET OP PLAASLIKE REGERING: MUNISIPALE FINANSIËLE BESTUUR, 2003 (WET NO. 56 VAN 2003)  
(5/1/1/6 & 3/2/5/15)**
- C.15.1 UHLAZIYO LOQIKELELO LOHLAHLO LWABIWO-MALI: UHLENGA-HLENGISO OLULODWA LOHLAHLO LWABIWO-MALI UKULUNGISELELA UKUNIKWA KWENGQWALASELA KWINKCITHO EPATHELELENE NECOVID-19 KULUNGISELELWA UNYAKA-MALI WAMA-2019/2020 NGOKUHAMBELANA NESIHLOMELO KWISETYHULA YE-MFMA ENGUNOMBOLO 99 NGOKWEMIQATHANGO YOMTHETHO KAMASIPALA: UMTHETHO KAMASIPALA WOLAWULO LWEMALI, 2003 (UMTHETHO ONGUNOMBOLO 56 WAMA-2003)  
(5/1/1/6 & 3/2/5/15)**
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**PURPOSE OF SUBMISSION**

That Council consider to approve an adjustments budget as contemplated in Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Exemption Notice No. 429 published in Government Gazette No. 43181 of 30 March 2020 as well as the Annexure to MFMA Circular No. 99 dated 8 April 2020 to authorise expenditure related to the COVID-19 pandemic in the 2019/2020 MTREF and to authorise additional funding received for the 2019/2020 MTREF in terms of section 28(2)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008.

## **DOEL VAN VOORLEGGING**

Dat die Raad oorweging daaraan skenk om 'n aansuiweringsbegroting goed te keur, soos beoog in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 (Wet No. 56 van 2003), die Vrystellingskennisgewing No. 429 wat in Staatskoerant No. 43181 van 30 Maart 2020 gepubliseer is, asook die Bylae tot MFMA Omsendbrief No. 99 gedateer 8 April 2020, om uitgawes in verband met die COVID-19-pandemie in die 2019/2020 MTIUR te magtig en om bykomende befondsing wat vir die 2019/2020 MTIUR ontvang is, te magtig kragtens artikel 28(2)(b) van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 (Wet No. 56 van 2003) (MFMA) en regulasie 23(3) van die Regulasies oor Munisipale Begroting en Verslagdoening, 2008.

## **INJONGO YONGENISO**

Yeyokokuba iBhunga ligqibe ngokuvumela uhlelwa-hleliso lohlahlo lwabiwo-mali njengoko lucamngciwe nguMasipala: kuMthetho kaMasipala woLawulo lweMali, 2003 (uMthetho onguNombolo 56 wama-2003), kwiSaziso sokuKhululwa esinguNombolo 429 esipapashwe kwiGazethi kaRhulumente enguNombolo 43181 yomhla wama-30 kuMatshi 2020 ngokunjalo nakwiSihlomelo kwiSetyhula ye-MFMA enguNombolo 99 yomhla wesi-8 ku-Epreli 2020 ukulungiselela ukugunyazisa inkcitho ephathelelene nesifo esibulalayo seCOVID-19 kwi-MTREF yowama-2019/2020 ngokwemiqathango yecandelo 28(2)(b) loMthetho kaMasipala: uMthetho kaMasipala woLawulo lweMali, 2003 (uMthetho onguNombolo 56 wama-2003) (MFMA) kunye nomthetho 23(3) woHlahlo Lwabiwo-mali lukaMasipala neMithetho yokuNikwa kweNgxelo, 2008.

## **BACKGROUND**

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The Minister of Cooperative Governance and Traditional Affairs, in terms of section 27(2) of the Disaster Management Act, 2002 (Act 57 of 2002) ("the DMA"), issued directives to address, prevent and combat the spread of COVID-19 in South Africa. The Annexure to MFMA Circular No. 99 provides for a special adjustments budget to address any expenditure relating to COVID-19 for the current municipal financial year ending 30 June 2020 (attached as Annexure "E"). Only one adjustments budget will be allowed between the date of the declaration of the national state of disaster and 15 June 2020.

An adjustments budget, contemplated in section 28(2)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for within a prescribed framework.

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In addition, regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008 (published in Government Gazette No. 32141 on 17 April 2009), determined the timeframes for the tabling of the said special adjustments budget as follows:

*“If a national or provincial adjustments budget allocates or transfer 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 adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.”*

## **COMMENT**

### **A. Grants from National and Provincial Government**

#### **(i) Local Government Support Grant: Humanitarian Relief**

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The Provincial Cabinet approved a Local Government Support Grant, to be coordinated by the Department of Local Government, aimed at augmenting and supporting the current humanitarian relief initiatives in the Cape Winelands District (attached as Annexure “F”). This support will be in addition to initiatives already implemented and seek to reach the citizens that traditionally will not meet the means test criteria utilised by SASSA and Department of Social Development (DSD) on their food provision programmes.

The application of the grants is explained below:

The Cape Winelands District Municipality will perform the administrative and monitoring role, including data management relating to humanitarian relief. Accordingly, the Cape Winelands District Municipality has been allocated R100,000 in the form of a Local Government Support Grant.

The outcome of this grant is –

- Support to local municipalities with humanitarian relief initiatives;
- Administrative and monitoring role, including data management relating to humanitarian relief initiatives;

#### **(ii) Municipal Disaster Relief Grant**

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National Treasury released funds from the National Disaster Relief Grant to finance intervention measures for the COVID-19 pandemic (attached as Annexure “G”).

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The purpose of the funding is to augment the resources of the municipality with regard to the following prioritised areas:

- Sanitation (chemical toilets and their maintenance);
- Decontamination of specific selected municipal spaces (e.g. ablution facilities in public spaces);
- Personal Protective Equipment, and Hygiene packs; and
- Waste management.

An amount of R119,000 was made available to the Cape Winelands District Municipality with regard to this grant.

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Due to the allocation of additional funding to the municipality, certain 2019/2020 Operating Budget items had to be adjusted to the amounts as reflected below. See Annexure "B" (Revised Budget Document) and Annexure "C" (Revised B Schedules with supporting tables.)

### **Expenditure**

- (i) Humanitarian Relief as per Annexure F from R0 to R100,000
- (ii) Municipal disaster relief grant / COVID-19 as per Annexure G from R0 to R119,000

### **Revenue:**

- (i) Transfers and subsidies: Humanitarian Relief from R0 to R100,000
- (ii) Non- exchange revenue: Mun. Disaster Relief Grant from R0 to R119,000

## **B. Allocations to Category B Municipalities**

As a response to an immediate need for support expressed by the Category B municipalities within the District, given the severe impact of COVID-19 in specifically the Cape Winelands District, allocations were made as follow:

	<b>CWDM Own funds</b>	<b>Community Safety Grant</b>
Witzenberg	1 882 353	669 620
Drakenstein	2 352 941	541 860
Stellenbosch	2 117 647	385 020
Breede Valley	2 000 000	
Langeberg	831 200	

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The allocations were towards -

- (i) COVID-19 related expenditure; and
- (ii) The enhancement of safety activities, including law enforcement, to support the COVID-19 relief response.

Expenditure:

- (i) Transfers and subsidies from R10 780 641 to R10 780 641

Revenue:

- (i) Own Revenue from R9 184 141 to R9 184 181
- (ii) Community Safety Grant from R1 596 500 to R1 596 500

**C. COVID – 19 related expenditure incurred by CWDM**

As a result of the COVID-19 pandemic and the related provisions provided for in the Annexure to MFMA Circular No. 99, management did an extensive review of the 2019/2020 Operating Budget to identify funds to be redirected to COVID-19 related expenditure.

Expenditure

- (i) COVID-19 related expenditure as per Annexure H from R0 to R1 850 805

Revenue:

- (ii) Own Revenue: from R1 850 805 to R1 850 805

**D. Summary**

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Annexure “B” reflects a summary of the Total Operating Budget should the requested adjustments be approved and Annexure “C” reflects a summary of the Total Operating Budget before the requested adjustments.

**IMPLICATIONS**

**PERSONNEL**

None.

*Comment prepared by: Ms. G.C.N. Gilbert*

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**LEGAL**

Section 29 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) stipulates that –

- (1) *The mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.*
- (2) *Any such expenditure –*
  - (a) *must be in accordance with any framework that may be prescribed;*
  - (c) *must be reported by the mayor to the municipal council at its next meeting; and*
  - (d) *must be appropriated in an adjustments budget.*

In terms of in the Annexure to MFMA Circular No. 99 municipalities will be exempted from the timeline provisions in the MFMA, until such time that the national state of disaster declaration is lifted by the Minister of Cooperative Governance and Traditional Affairs.

The exemption also provides for a special adjustments budget to address any expenditure relating to COVID-19 for the current municipal financial year ending 30 June 2020. However, only one adjustments budget will be allowed between the date of the declaration of the national state of disaster and 15 June 2020.

*Comment prepared by: Ms. W.M. Neethling*

**FINANCIAL**

The financial implications have been addressed under “BACKGROUND” and “COMMENT” above.

In addition, regulation 72(3)(b) of the Municipal Budget and Reporting Regulations, 2008 (published in Government Gazette No. 32141 on 17 April 2009), determines that the amount of expenditure that the mayor of a municipality may authorize in terms of MFMA section 29 is limited to –

*the greater of R5 million or 4% of the municipality’s own revenue in the case of a municipality with approved total revenue in its current annual budget greater than R250 million but not exceeding R500 million.*

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The above stipulation reflect as follows in the case of Cape Winelands District Municipality –

<b>Total Own Revenue</b>	<b>Percentage</b>	<b>Amount</b>
R428 083 533	4%	17 123 341,32

*Comment prepared by: Ms. F.A. du Raan-Groenewald*

**RECOMMENDATION BY EXECUTIVE MAYOR:**

That Council consider to approve an adjustments budget –

- (a) As contemplated in Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Exemption Notice No. 429 published in Government Gazette No. 43181 of 30 March 2020 as well as the Annexure to MFMA Circular No. 99 dated 8 April 2020, to authorise expenditure related to the COVID-19 pandemic in the 2019/2020 MTREF as reflected in Annexures “A”, “B”, “C”, “D”, “E”, “F”, “G” “H”, “I”, “J” and “K; and
- (b) For additional revenue and expenditure changes for the 2019/2020 financial year as reflected in Annexures “A”, “B”, “C”, “D”, “E”, “F”, “G” “H”, “I”, “J” and “K” in terms of section 28(2)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008.

**AANBEVELING DEUR UITVOERENDE BURGEMEESTER:**

Dat die Raad oorweging skenk aan die goedkeuring van ’n aansuiweringsbegroting –

- (a) Soos beoog in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 (Wet No. 56 van 2003), die Vrstellingskennisgewing No. 429 wat in Staatskoerant No. 43181 van 30 Maart 2020 gepubliseer is, asook die Bylae tot MFMA Omsendbrief No. 99 gedateer 8 April 2020, om uitgawes in verband met die COVID-19-pandemie te magtig, soos uiteengesit in Bylae “A”, “B”, “C”, “D”, “E”, “F”, “G” “H”, “I”, “J” en “K; en
- (b) Vir bykomende veranderinge in inkomste en uitgawes vir die 2019/2020 finansiële jaar, soos uiteengesit in Bylae “A”, “B”, “C”, “D”, “E”, “F”, “G” “H”, “I”, “J” en “K” kragtens artikel 28(2)(b) van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, 2003 (Wet No. 56 van 2003) (MFMA) en regulasie 23(3) van die Regulasies oor Munisipale Begroting en Verslagdoening, 2008.

**INGCEBISO EYENZIWA NGUSODOLOPHU WESIGQEBA:**

- (a) Njengoko icamngciwe nguMasipala: kuMthetho kaMasipala woLawulo lweMali, 2003 (uMthetho onguNombolo 56 wama-2003), iSaziso sokuKhululwa esinguNombolo 429 esipapashwe kwiGazethi kaRhulumente enguNombolo 43181 yomhla wama-30 kuMatshi 2020 ngokunjalo nakwiSihlomelo kwiSetyhula ye-MFMA enguNombolo 99 yomhla wesi-8 ku-Epreli 2020 ngokunjalo nakwiSihlomelo seSetyhula yeMFMA enguNombolo 99 yomhla wesi-8 ku-Epreli 2020, ukulungiselela ukugunyazisa inkcitho ephathelelene nesifo esibulalayo seCOVID-19 kwi-MTREF yowama-2019/2020 njengoko kubonisiwe kwiZihlomelo "A", "B", "C", "D", "E", "F", "G", "H", "I", "J" no-"K; kunye
- (b) Nokulungiselela iinguqu kwingeniso eyangezelelweyo nenkcitho kunyakamali wama-2019/2020 njengoko kubonisiwe kwiZihlomelo "A", "B", "C", "D", "E", "F", "G", "H", "I", "J" no-"K nhokuhambelana necandelo 28(2)(b) loMthetho kaMasipala: uMthetho kaMasipala woLawulo lweMali, 2003 (uMthetho onguNombolo 56 wama-2003) (MFMA) kunye nomthetho 23(3) woHlahlo Lwabiwo-mali lukaMasipala neMithetho yokuNikwa kweNngxelo, 2008.

**COUNCIL MEETING: 11 JUNE 2020: ITEM C.15.1**

The Executive Mayor, Alderman (Dr.) H. von Schlicht from the Democratic Alliance (DA), seconded by the Deputy Executive Mayor, Councillor D. Swart, from the Democratic Alliance (DA), proposed that the adjustments budget be approved –

- (a) As contemplated in the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Exemption Notice No. 429 published in Government Gazette No. 43181 of 30 March 2020 as well as the Annexure to MFMA Circular No. 99 dated 8 April 2020, to authorise expenditure related to the COVID-19 pandemic in the 2019/2020 MTREF as reflected in Annexures "A", "B", "C", "D", "E", "F", "G", "H", "I", "J" and "K; and
- (b) For additional revenue and expenditure changes for the 2019/2020 financial year as reflected in Annexures "A", "B", "C", "D", "E", "F", "G", "H", "I", "J" and "K" in terms of section 28(2)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008.

The matter was put to the vote and twenty-four (24) Councillors voted in favour of the proposal by the Executive Mayor, Alderman (Dr.) H. von Schlicht from the Democratic Alliance (DA) and nine (9) Councillors voted against the proposal.



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**RESOLVED** with a majority of twenty-four (24) votes to nine (9) votes that an adjustments budget be approved –

- (a) As contemplated in Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Exemption Notice No. 429 published in Government Gazette No. 43181 of 30 March 2020 as well as the Annexure to MFMA Circular No. 99 dated 8 April 2020, to authorise expenditure related to the COVID-19 pandemic in the 2019/2020 MTREF as reflected in Annexures “A”, “B”, “C”, “D”, “E”, “F”, “G” “H”, “I”, “J” and “K; and
- (b) For additional revenue and expenditure changes for the 2019/2020 financial year as reflected in Annexures “A”, “B”, “C”, “D”, “E”, “F”, “G” “H”, “I”, “J” and “K” in terms of section 28(2)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008.

(Councillor RS Nalumango from the African National Congress (ANC) requested that her vote of dissent be noted.)

(Councillors W.M. Blom and X. Kalipa left the meeting)