

MINUTES OF THE SPECIAL COUNCIL MEETING OF THE WITZENBERG MUNICIPALITY, HELD IN THE COUNCIL CHAMBERS, MUNICIPAL OFFICES, 50 VOORTREKKER STREET, CERES ON MONDAY, 27 JUNE 2016 AT 14:00

PRESENT

Councillors

TT Godden (Speaker)
BC Klaasen (Executive Mayor)
K Adams (Deputy Executive Mayor)
R Badela
P Daniels
JJ du Plessis
MC du Toit
JP Fredericks
WJ Hanekom
S Louw
JS Mouton
SM Ndwanya
MI Saula
EM Sidego
RJ Simpson
HJ Smit
D Swart
JJ Visagie

Officials

Mr D Nasson (Municipal Manager)
Mr J Barnard (Director: Technical Services)
Mr HJ Kritzinger (Director: Finance)
Mr M Mpeluza (Director: Corporate Services)
Mr A Raubenheimer (Deputy Director: Finance)
Mr G Louw (Head: Internal Audit)
Ms L Nieuwenhuis (Senior Officer: Properties)
Mr A Hofmeester (IDP Manager)
Mr CG Wessels (Manager: Administration)
Ms M Arendse (Principal Administrative Officer)
Mr C Titus (Committee Clerk)
Ms P Nombayeka (Interpreter)

1. OPENING AND WELCOME

The Speaker welcomed everyone present and requested Councillor S Louw to open the meeting with prayer.

NOTED.

**2. CONSIDERATION OF APPLICATION FOR LEAVE OF ABSENCE, IF ANY
(3/1/2/1)**

Applications for leave of absence from the meeting were received from Councillors J Okada, JT Phungula, A Smit and L Salmon.

An apology for absence from the meeting was received from the Director: Community Services.

RESOLVED

- (a) *that the applications for leave of absence from the meeting, received from Councillors J Okada, JT Phungula, A Smit and L Salmon, be accepted and approved.*
- (b) *that notice be taken of the apology for absence from the meeting, received from the Director: Community Services.*

3. STATEMENTS, ANNOUNCEMENTS OR MATTERS RAISED

**3.1 Matters raised by the Speaker
(09/1/1)**

The Speaker announced that his office will send a letter to Councillor J Klazen to request reasons for his absence from council meetings.

NOTED.

**3.2 Matters raised by the Executive Mayor
(09/1/1)**

- The Executive Mayor expressed his thankfulness towards the Lord for the welcome rain.
- The Executive Mayor expressed his sympathy with the people at Tulbagh who lost possessions, and some their lives, in the recent fire.
- The Executive Mayor wished all councillors well and success in the forthcoming local government elections of 2016.

NOTED.

4. INTERVIEWS WITH DELEGATIONS

**4.1 Electricity: Hydro-electricity
(16/3/2)**

None.

NOTED.

5. GERESERVEERDE BEVOEGDHEDE / RESERVED POWERS

5.1 Finance: Writing off of interest and arrear monies: Household debt and other irrecoverable outstanding amounts (5/12/1/3)

The following items refer:

- (a) Item 7.1.6 of the Executive Mayoral Committee meeting, held on 20 August 2015.
- (b) Item 9.2 of the council meeting, held on 24 August 2015.
- (c) Item 8.1.4 of the council meeting, held on 30 March 2016.

The following report, dated 14 August 2015, was received from the Director: Finance:

“Purpose

The purpose of this report is for Council to consider the writing off of households' debt and other irrecoverable arrear debt.

Legislature framework

In terms of Section 96 of the Municipal Systems Act (Act 32 of 2000), Council must collect all money that is due and payable to it. Subject to the provisions of the Municipal Systems Act. It also allows the municipality to compile and adopt a policy to give effect to this power to collect.

Council adopted a credit Control and Debt Collection Policy on 28 May 2009 per item 8.1.2(c). Amendments to this policy were approved at subsequent council meetings.

The relevant portion is:

- 26.11 Whenever all the legal avenues and procedures listed above have been exhausted, or it becomes uneconomical to proceed further, the arrear amounts should be classified as irrecoverable and should be written off.
- 26.12 The Chief Financial Officer may forward a report to Council for the writing off of consumer, if such debts may be irrecoverable.
- 26.13 The Executive Committee, in terms of its delegated authority, may authorise the writing off of the debts wherein after a report will be forwarded to full Council for ratification.
- 26.14 The Chief Financial Officer shall as soon as possible after 30 June each year, or more regularly if requested by Council to do so, present to the Council a report indicating the amount of the arrears that have been written off during the financial year, together with the reasons for the write off.
- 26.15 The Chief Financial Officer may write off debts if he is satisfied that:
 - All reasonable steps have been taken to recover the debt and the debt is considered to be irrecoverable, or
 - He/she is convinced that recovery of the debt would be uneconomical.
- 26.16 Any debtors whose amounts are written off may be listed with the Credit Bureau and may not be permitted to enter into future service contracts with the Council.

Discussion

Council considered the writing off of the following debt at its meeting of 27 May 2015:

Closed Accounts: Accounts with all services closed and all avenues exhausted to collect the debt.	3 651 991.58
Indigents	14 276 112.28
Accounts with services where legal action has been instituted and all avenues exhausted to collect the debt	37 531 639.64
Prescribed Debt: Debt becomes prescribed if no movement took place for a period of three years.	13 990 829.77
Induplum Accounts: Where penalties charged is greater than the capital amount.	116 775.50
TOTAL	69 567 348.77

Council resolved:

- (a) That the prescribed debt in the amount of R13 990 829-77 be written off.
- (b) That a report be tabled by the Head: Internal Audit regarding the rest of the outstanding debt.'

A new analysis was done on the outstanding debt and it was found that prescribed debt was included in the other categories of debt such as:

- Closed Accounts
- Indigents
- Accounts with services where legal action has been instituted and all avenues exhausted to collect the debt.

The total prescribed debt is as follows:

Capital	26 420 710,35
Interest	14 349 075,13
Vat	<u>3 525 646,11</u>
Total	44 295 431,59

Debt of indigent consumers

The outstanding debt in terms of indigents consumers is R15 368 645,28. No credit control measures are currently implemented against indigents consumers.

The Chief Financial Officer is convinced that the recovery of the debt would be uneconomical as stated in 26.15 of the Credit Control and Debt Collection Policy.

Financial implications

The current provision of bad debt excluding traffic fines is R130 333 327,93 at the end of June 2015. This provision will be debited with the amount written off, excluding VAT. The provision has already been created prior to this financial year and therefore the effect on the budget is zero."

The following recommendation was tabled to the Executive Mayoral Committee:

To recommend to Council that the irrecoverable arrears to the value of R44 295 431,59 be written off.

The Executive Mayoral Committee resolved on 20 August 2015 to recommend to Council:

- (i) That the matter regarding the writing off of interest and arrear monies be workshopped by Council.
- (ii) That the matter be held in abeyance until the workshop has taken place.

Council resolved on 24 August 2015:

- (a) That the matter regarding the writing off of interest and arrear monies be workshopped by Council.
- (b) That the matter be held in abeyance until the workshop has taken place.

A workshop was held on 30 March 2016 from 09:00 to 12:30.

The following recommendation was tabled to Council:

- (a) that the prescribed debt to the value of R44 295 431-59 be written off.
- (b) that the debt of indigents consumers to the value of R15 368 645-28 be written off on condition that the consumer agrees to the installation of a water management device / smart water meter at the cost of the municipality.

Council resolved on 30 March 2016:

- (a) that the matter regarding the writing off of interest and arrear monies be held in abeyance until the next council meeting.
- (b) that the Chief Financial Officer makes a detailed presentation, without personal details, with regard to the writing off of interest and arrear monies at the next council meeting.

The following comments, dated 23 June 2016, were received from the Director: Finance:

“Long term loans

Various small amounts are levied on some service accounts in respect of loans granted by the previous municipalities before amalgamation. Limited information is available on the remaining capital balances and instalment periods of the loans. Some loans were granted to clubs that no longer exist, but the major part of the loans to be written off is in respect of old housing schemes.

The total amount (capital and interest) to be written off in respect of these loans is R841 445.92.

Pine Forest

The debtors that need to be written off on the Innkeeper computer program stem from the year 2000 at Pine Forest Resort and Klip River Park Resort. These are amounts that have either been allocated incorrectly on the system or have been handed over to Finance Department for collection. For example, if four chalets were booked, the payment for all four chalets were posted onto one chalet, thus giving the impression that money was owed on the other three chalets. This meant that the accounts of the other three chalets were not closed.

After a reconciliation process it was found that an amount of R41 000-00 needs to be considered for writing off. The write-off is not a loss for the municipality, it is just misplaced revenue which was paid to us, but we posted it to the wrong accounts.”

RESOLVED

- (a) *that the prescribed debt to the value of R44 295 431-59 together with additional interest charges thereon be written off.*
- (b) *that the long term loans to the value of R841 445-92 together with additional interest charges thereon be written off.*
- (c) *that the outstanding debt in respect of the resorts to the value of R41 000-00 be written off.*
- (d) *that the outstanding debt in respect of the community residing at Op-die-Berg, transferred from the former Boland District Municipality with amalgamation, be written off.*

5.2 Electricity tariffs approved by NERSA, clarification of refuse tariffs and impoundment of animals tariffs for 2016/2017 (5/1/15)

The following memorandum, dated 21 June 2016, was received from the Director: Finance:

“1. Purpose

The purpose of this report is to submit electricity tariffs approved by the National Energy Regulator of South Africa (NERSA) and the clarification of refuse tariffs for consideration to Council.

2. Background

2.1 Electricity tariffs

The electricity tariffs for the 2016/2017 financial year as tabled to Council on 30 March 2016 were submitted to NERSA for approval.

The tariffs as indicated in the following table were amended by NERSA and will be implemented from 1 July 2016.

Tariff number	Description	Tabled tariff excluding VAT	NERSA tariff excluding VAT
2.2.1.3	Single Part: Single Phase: 0 – 50 kWh	93 c/kWh	92 c/kWh
2.2.1.3	Single Part: Single Phase: 51 – 350 kWh	110 c/kWh	108 c/kWh
2.3.2.1	Single Phase: Basic Charge 150 Amp	R 969.00	R968.00
2.3.2.1	Single Phase: Basic Charge 200 Amp	R 1 109.00	R1 108.00
2.3.2.1	Single Phase: Basic Charge 250 Amp	R 1 225.00	R1 223.00
2.5.2.1.1	> 1 MVA High tension: Out of season: Standard	85 c/kWh	86 c/kWh
2.7	Streetlights	157 c/kWh	162 c/kWh

The monetary value of the changes is nominal and will not affect the financial viability of the municipality.

2.2 Refuse removal tariffs: Non-residential

The following tariffs (including VAT) were approved by Council on 18 May 2016 for refuse removal services rendered to all non-residential consumers during the 2016/2017 financial year:

770 litre wheelie bin	Monthly tariff
1 Collection per week per 770 litre wheelie bin	R684.00
2 Collections per week per 770 litre wheelie bin	R1 368.00
3 Collections per week per 770 litre wheelie bin	R2 052.00
1 Collection per week per additional wheelie bin	R684.00
2 Collections per week per additional wheelie bin	R1 368.00
3 Collections per week per additional wheelie bin	R2 052.00
240 litre wheelie bin	
1 Collection per week per 240 litre wheelie bin	R285.00
2 Collections per week per 240 litre wheelie bin	R570.00
3 Collections per week per 240 litre wheelie bin	R855.00
1 Collection per week per additional wheelie bin	R285.00
2 Collections per week per additional wheelie bin	R570.00
3 Collections per week per additional wheelie bin	R855.00

To improve on the fairness of the new tariff structure, a system that counts the number of bins emptied by the municipality is considered. If implemented consumers will only pay for the number of bins emptied, with a minimum fee per month.

The following tariffs, based on the approved tariffs, are therefore proposed:

Type of bin	Removal cost (VAT inclusive)
240 litre	Service availability - R285.00/month. Include four removals per month. Additional removals at R72.00 per removal.
770 litre	Service availability - R684.00/month. Include four removals per month. Additional removals at R170.00 per removal.

Due to practical problems with the implementation of the wheelie bin system and the information sessions that need to be held with the relevant consumers, the system cannot be implemented from 1 July 2016.

The approved tariffs do not make provision for any collections from non-residential consumers where wheelie bins are not available.

The following tariffs (including VAT), based on the 2015/2016 tariffs for refuse removal, are proposed for the 2016/2017 financial year until the wheelie bin system has been introduced.

Refuse service	2015/2016 tariffs	2016/2017 tariffs
One collection per week (two refuse bags or less)	R197.52	R209.38
Two collections per week (two refuse bags or less)	R355.51	R376.84
Three collections per week (two refuse bags or less)	R513.53	R544.35
Additional units per collection	R158.02	R167.51

2.3 Impoundment of animals tariffs

Animals	2016/2017 tariffs (VAT inclusive)
Horses, cattle, pigs, goats and sheep	R153.00 per day
Bulls and stallions	R201.00 per day
Rams	R159.00 per day
Additional costs will be levied for transport and veterinary services	

RESOLVED

that the following tariffs be approved for implementation from 1 July 2016:

(i) *Electricity*

Tariff number	Description	NERSA tariff (excluding VAT)
2.2.1.3	Single Part: Single Phase: 0 – 50 kWh	92 c/kWh
2.2.1.3	Single Part: Single Phase: 51 – 350 kWh	108 c/kWh
2.3.2.1	Single Phase: Basic Charge 150 Amp	R 968.00
2.3.2.1	Single Phase: Basic Charge 200 Amp	R 1 108.00
2.3.2.1	Single Phase: Basic Charge 250 Amp	R 1 223.00
2.5.2.1.1	> 1 MVA High tension: Out of season: Standard	86 c/kWh

2.7	Streetlights	162 c/kWh
<i>The other electricity tenders remain as approved by Council on 18 May 2016</i>		

(ii) Refuse removal tariffs: Non-residential

- Where wheelie bins and a counter system are implemented

Type of bin	Removal cost (VAT inclusive)
240 litre	<i>Service availability - R285.00/month. Include four removals per month. Additional removals at R72.00 per removal.</i>
770 litre	<i>Service availability - R684.00/month. Include four removals per month. Additional removals at R170.00 per removal.</i>

- Where wheelie bins are not implemented

Refuse service	2016/2017 tariffs (VAT inclusive)
<i>One collection per week (two refuse bags or less)</i>	<i>R209.38</i>
<i>Two collections per week (two refuse bags or less)</i>	<i>R376.84</i>
<i>Three collections per week (two refuse bags or less)</i>	<i>R544.35</i>
<i>Additional units per collection</i>	<i>R167.51</i>

(iii) Impoundment of animals tariffs

Animals	2016/2017 tariffs (VAT inclusive)
<i>Horses, cattle, pigs, goats and sheep</i>	<i>R153.00 per day</i>
<i>Bulls and stallions</i>	<i>R201.00 per day</i>
<i>Rams</i>	<i>R159.00 per day</i>
<i>Additional costs will be levied for transport and veterinary services</i>	

6. COUNCIL-IN-COMMITTEE