

SMC1 of 2018

MONTHLY FINANCE REPORT – MARCH 2018 (CFO) (6/4/1)

PURPOSE

To submit to the Mayoral Committee the Monthly Finance Report for March 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003.

BACKGROUND

Section 71 of the Municipal Finance Management Act no 56 of 2003 states that the Accounting Officer must submit to the Executive Mayor a statement in a prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- 1) Actual revenue per revenue source
- 2) Actual borrowings
- 3) Actual expenditure per vote
- 4) Actual capital expenditure per vote
- 5) The amount of any allocations received
- 6) Actual expenditure on allocations received

The compilation of the Section 71 report is as follows:

1. After the billing cycle the Income Department compile the income reports which consist of the following and submit to the Budget Department:
 - Billing and Income per month
 - Top Outstanding debtors for the month
 - Income per ward
 - Debtors age analysis per service
2. After month end the ICT Department runs all the month end reports.
3. The Budget Department then extracts the required income and expenditure information from Solar. This is done with the GS 560 procedures. This report shows the transactions for the month VAT EXCLUSIVE.
4. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
5. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.
6. The Section 71 report is then compiled with all the information received from other sections and extracted from the Solar System.

DISCUSSIONS

*** The finance report for March 2018 is attached under Separate Cover 1.

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (March 2018)	For Year to date (2017/2018)
All Grants Received	157 771 000	561 992 000
Actual Revenue Received	84 613 104	777 041 429
Actual Expenditure	202 237 397	1 289 435 291
Salaries	55 403 919	510 921 785
Water	27 467 277	186 326 926
Electricity	72 836 572	153 462 946
Other Expenditure	46 529 629	438 723 634
Sub-Total	40 146 707	49 598 138
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	40 146 707	49 598 138
MIG Payments	20 062 989	92 415 722
INEG Payments	-	882 659
WSIG Payments	3 607 295	5 805 936
Capital Assets procured - Equitable Share	191 813	2 878 080
Fleet & Equipment	-	27 300
Office convention/ Furniture	191 813	2 850 780
Net Surplus/(Deficit) after Capital payments	16 284 610	

Table 1: The municipality had a surplus of R16 284 610 for the month of March after capital payments, This surplus indicates that the expenditure incurred is less than the revenue received for month. This surplus is due to grants received for the reporting period.

TABLE 2	Actual For the Month (March 2018)	For Year to date (2017/2018)
Total Billings	149 976 542	1 325 066 919
Less: Indigent Billings	3 613 283	31 279 430
Actual Billings	146 363 259	1 293 787 489
Actual Revenue Received	83 311 193	751 134 894
Consumer Revenue	72 168 453	673 982 521
Other	11 142 740	77 152 3373
Grants & Subsidies	157 771 000	561 992 000

Pay rate for March 2018 (Total Billings)	57%
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3

Total income percentage - March 2018	58%
Total income percentage – YTD	60%

The pay rate for March 2018 was 57%

The total income percentage March 2018 was 58%.

In order for the municipality to be financially sustainable the pay rate will have to be increased to 80% monthly on the consumer services.

LEGAL IMPLICATIONS

The Finance Report is submitted in compliance with Section 71 of the MFMA no 56 of 2003.

RECOMMENDATIONS

1. That the Finance Report for March 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, be noted.
2. That the Finance Report for March 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, be submitted to provincial and national treasury.

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THE 2018-2019 ANNUAL BUDGET FOR THE MATJHABENG MUNICIPALITY (CFO) (6/1/1/1) (2018/2019)

PURPOSE

To table the Annual Budget for the 2018/2019 medium term revenue and expenditure framework (MTREF) financial year.

BACKGROUND

According to section 16 (2) of the MFMA the Municipal Council must at least 90 days before the start of the budget year consider approval of the annual budget to be able to adhere to subsection 1 of section 16, which stipulates “The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

DISCUSSIONS

The consolidated Revenue Budget for the 2018/19 financial year is R 2 654 109 150, inclusive of operating and capital transfers and R 2 490 864 150 excluding capital transfers and contributions. The Expenditure Budget for the 2018/19 MTREF is R 2 413 458 369.

A - Revenue

- a) Increase of 5.3% in water tariffs for the 2018/2019 financial year. The proposed increase by Sedibeng is 9%.
 - b) There will be an overall average increase of 7.32% in electricity tariffs for the 2018/2019 financial year as per NERSA guidelines
 - c) Assessment rates will increase with 5.3%.
 - d) There will be a 5.3% increase in Refuse and Sewerage Rates.
 - e) General tariffs will increase with 5.3%
- Budget Assumptions: CPI of approximately 5.3%

- Increase in Sedibeng Water tariffs by 9%
- Eskom Tariff increase of 6.84% and 7.32% for municipalities
- Salary increases of approximately 8%
- National Treasury (MFMA Circular No. 91)

- e) The average pay rate of **60%** has been informed by the following factors:-
 - Historic collection trends.

- f) The Equitable Share allocation for the 2018/19 financial year will be **R 459 418 000**.

With this back ground in mind, we are therefore of the view that the budgeted revenue figure is realistic. However, the major challenge facing the municipality is the huge backlog in service delivery.

Capital Budget

The Capital Budget for the 2018/19 financial year is R 163 245 000. The sources of funds for the capital budget are as follow:

Municipal Infrastructure Grant	R 128 420 000
Water Services Infrastructure Grant	R 26 825 000
Integrated National Electrification Programme	R 8 000 000

*** See attached 2018/19 to 2020/21 report for **MTREF budget on Separate Cover 2.**

*** See attached 2018/19 MTREF budget **report on Separate Cover 3.**

POLICY POSITION

Municipal Finance Management Act
Municipal Systems Act
Municipal Budget Regulations

RECOMMENDATION

1. That the 2018/19 MTREF Budget be adopted.

SMC3 of 2018

SPECIAL ADJUSTMENT FOR 2016/2017 FINANCIAL YEAR (CFO) (6/1/1)
(2016/2017)

PURPOSE

The purpose of the item is to request Council to approve the Special Adjustment Budget for 2016/2017 financial year

BACKGROUND

During the 2016/2017 financial year, the Municipality incurred unauthorised expenditure as per special adjustment budget attached hereto. In terms of regulation 23(6)(b) of the MBRR, council may authorise unauthorised expenditure in a special adjustments budget tabled in council when the mayor tables the annual report in terms of section 127(2) of the MFMA. This special adjustment budget “may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the Act.”.

As per the above prescription submitting a special adjustment budget within the set timeframe is a minimum requirement and as such non-submission may lead to non-compliance, however it remains within the council’s jurisdiction to deliberate on the subject matter if it is submitted at a later date. Contrarily not deliberating on the special adjustment budget emanating from unauthorised expenditure of the previous financial year often leads to an adverse audit opinion.

*** **See attached on page 1 to 7 is the fruitless and wasteful expenditure and on page 8 to 16 is the irregular expenditure.**

LEGAL IMPLICATIONS

Section 15 of the MFMA provides that a municipality may incur expenditure only in terms of an approved budget. This is confirmed by section 32(2)(a)(i) of the MFMA that provides that council may only authorise unauthorised expenditure in an adjustments budget.

Sections 28(c) and 28(g) of the MFMA, read together with regulations 23(1), 23(2), 23(4) and 23(6) of the MBRR, discusses *when* council may authorise unauthorised expenditure in an adjustments budget. This can be addressed in three different adjustments budgets as follows:

- (a) ***Adjustments budget for unforeseen and unavoidable expenditure:*** An adjustments budget to allow council to provide *ex post* authorisation for unforeseen and unavoidable expenditure that was authorised by the mayor in terms of section 29 of the MFMA must be tabled in council at the “first available opportunity” or within the 60 days after the expenditure was incurred (see section 29(3) of the MFMA). Should either of these timeframes be missed, the unforeseen and unavoidable expenditure must be treated in the same manner as any other type of unauthorised expenditure and may still be authorised in one of the other adjustments budgets process described below.

- (b) **Main adjustments budget:** In terms of regulation 23(6)(a) of the MBRR, council may authorise unauthorised expenditure in the adjustments budget which may be tabled in council “at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year”. Therefore, unauthorised expenditure that occurred in the first half of the current financial year may be authorised by council in this adjustments budget. Where unauthorised expenditure from this period is not identified or investigated in time to include in this adjustments budget, it must be held over to the following adjustments budget process noted below.

© **Special adjustments budget to authorise unauthorised expenditure:** In terms of regulation 23(6)(b) of the MBRR, council may authorise unauthorised expenditure in a special adjustments budget tabled in council when the mayor tables the annual report in terms of section 127(2) of the MFMA. This special adjustment budget “may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the Act.” This special adjustment budget therefore deals with:

unauthorised expenditure that occurred in the first half of the previous financial year that was not included in the main adjustments budget or that was included but referred back for further investigation or further information;

unauthorised expenditure that occurred in the second half of the previous financial year, and any unauthorised expenditure identified by the Auditor-General during the annual audit process.

All instances of unauthorised expenditure must be recovered from the liable official or political office-bearer, unless the unauthorised expenditure has been authorised by council in an adjustments budget.

FINANCIAL IMPLICATIONS

Unauthorised expenditure as per special adjustment budget attached hereto, amounts to R965 932 246, 00

EXPENDITURE TYPE	ADJUSTED BUDGET 2016/17	POST AUDIT ACTUALS	VARIANCE	SPECIAL ADJUSTMENT BUDGET
Employee related costs	620 098 550,73	654 633 722,00	(34 535 171,00)	654 633 722,00
Remuneration of councillors	28 551 594,00	28 790 999,00	(239 405,00)	28 790 990,00
Debt impairment	70 000 000,00	350 487 460,00	(280 487 460,00)	350 487 460,00
Depreciation & asset impairment	87 000 000,00	210 591 424,00	(123 591 424,00)	210 591 424,00
Finance charges	105 980 000,00	225 560 704,00	(119 580 704,00)	225 560 704,00
Bulk purchases	676 436 219,79	893 422 073,00	(216 985 853,21)	893 422 073,00
Other materials	230 690 767,00	71 864 414,00	158 826 353,00	230 690 767,00
Contracted services	80 000 000,00	167 483 479,00	(87 483 479,00)	167 483 479,00
Transfers and grants	32 850 000,00	-	32 850 000,00	-
Other expenditure	105 127 252,00	208 156 182,00	(103 028 930,00)	208 156 182,00
Loss on disposal of PPE	-	-	-	-
	2 036 734 383,52	2 810 990 457,00	(965 932 426,00)	2 897 952 396,00
Non -cash items			(404 078 884,00)	
Bulk purchases and Eskom				
Interest			(336 566 557,00)	

Other expenditures
**Total Unauthorised
expenditure**

(225 286 985,27)
<u>(965 932 246,00)</u>

RECOMMENDATION

1. That Council approves the special adjustment budget to authorise the 2016/2017 unauthorized expenditure incurred.

SMC4 of 2018

DRAFT SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR 2017/2018 FINANCIAL YEAR (ED: SSS) (6/1/1/1)

PURPOSE

The purpose of this item is to submit the draft Service Delivery and Budget Implementation Plan for 2018/19 Financial year to Mayoral Committee for consideration.

BACKGROUND

Municipalities are required in terms of the law to develop annual service delivery and budget implementations. The Municipality has of late been able to submit draft SDBIP as the requirement has been lately enforced as a compliance to Local Government: Municipal Finance Management Act, No.56 of 2003 and Preferential Procurement Policy Framework Act, No.5 of 2000 and Regulations.

We are submitting the document in compliance with pieces of legislation as follows:

1. Municipal Systems Act, Act 32 of 2000 states as follows:

- (1) (c) “The mayor of a municipality-
 - (ii) that the municipality’s service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget;
- (3) The mayor must ensure-
 - (a) That the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made no later than 14 days after the approval of the service delivery and budget implementation”

2. Municipal Financial Management Act, Act 56 of 2003: Circular 13:

“The SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA”.

The first draft SDBIP for 2017/2018 financial year was submitted together with the draft IDP and budget to Mayoral Committee on the 22nd March and Council on the 28th March 2017.

LEGAL IMPLICATIONS

The following pieces of legislations gave legal basis for the development of the plan:

1. Municipal Finance Management Act 2003:

Section 53 of the Municipal Systems Act states:

- (1) “The mayor of a municipality-
 - (c) (ii) that the municipality’s service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget;

2. **National Treasury: Circular 13:** p.1. “The SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA”.

FINANCIAL IMPLICATION

There is no financial implications in developing the draft SDBIP for 2018/2019

RECOMMENDATIONS

1. That Mayoral committee considers the draft Service Delivery and Budget Implementation Plan for 2018/2019.
2. That the Draft Service Delivery and Budget Implementation plan for 2018/2019 be submitted to Council for noting.
3. That the final Service Delivery and Budget Implementation Plan 2018/2019 be published together with the IDP and the budget after the Executive Mayor has signed.
4. That the final SDBIP for 2018/2019 be submitted to Offices of the Provincial and National Treasuries as well as Provincial COGTA.

SMC5 of 2018

PROGRESS ON THE FIRST DRAFT REVIEWED INTEGRATED DEVELOPMENT PLAN FOR THE FINANCIAL YEAR 2018/2019 (ED: SSS) (9/3/1)**PURPOSE**

To present to the Mayoral Committee sitting progress towards the Draft Reviewed Integrated Development Plan (IDP) for the Financial Year 2018/2019 for consideration in terms of Chapter 5 of the Municipal Systems Act

BACKGROUND

In terms of Municipal Systems Act No. 32 of 2000, local municipalities are required to submit their revised Integrated Development Plans every year, no later than the 31st of March, to Council for consideration.

The Draft IDP for 2017/2018 was noted by Council on the 22nd March 2017 as a draft and the following resolutions were taken during the meeting:

- That Council **TAKES NOTE** of the draft IDP document as a work in progress.
- That the draft IDP **BE SUBJECTED** to public consultation as per adopted IDP process plan.
- That the draft IDP incorporating inputs from consultations **BE RE-TABLED** to Council for final approval.
- That the IDP **BE WARD-BASED**.
- That all issues raised by the communities in previous years **BE SUMMARIZED** and **INCORPORATED** in the current IDP.
- That the acting Municipal Manager **MUST DETERMINE** whether the priorities listed for the previous five years in all 36 wards are still current priorities.

The draft IDP was ultimately approved by Council for implementation in May 2017. Subsequent to approval and implementation of planned projects for the first six months of the 2017/2018 financial, and as per the requirements of the law, Council received both financial and non-financial reports as per section 72 of the Municipal Finance Management Act of 2003 indicating challenges in terms of implementation of the planned projects in the IDP due to financial constraints.

An adjustment budget was then submitted to a special council held on the 28th February 2018 with the following resolutions:

- That the 2017/2018 Annual Budget **MUST REMAIN** unadjusted at R 2 480 389 358.
- That Council **APPROVES** the virements between votes.
- That Council **APPROVES** the mSCOA data strings.
- That Council **SHOULD REDUCE** the budget in the next financial year.
- That Council **MUST SPEND** according to the revenue collection, which is 60% currently.
- That in the new budget, payment according to the recovery plan **SHOULD TAKE** preference.

On the 28th March 2018, a council meeting was held to discuss the draft IDP and budget for 2018/2019. Both were discussed and the following resolutions were taken:

1. That Council **NOTES** progress on the first Draft revised IDP for the Financial Year 2018/2019.
2. That the first draft revised IDP **BE SUBJECTED** to public consultation as per adopted IDP process plan.
3. That the draft IDP **BE WARD-BASED** and **REALISTIC**.
4. That the draft IDP **MUST INCLUDE** inputs from previous and current consultations and both be incorporated to be re-tabled to Council for final approval.
5. That all Municipal Master Plans must **BE INCLUDED** in the IDP/ Budget for the 2018/19 financial year, before it is adopted.

The public participation process followed an advertised schedule which started on the 3rd May 2018 and was completed on the 15th May 2018.

LEGAL IMPLICATIONS

Municipal Systems Act No. 32 of 2000- Chapter 5(s34) clearly indicates that a Municipal Council-

- (a) *Must review its integrated development plan-*
 - (i) *Annually in accordance with an assessment of its performance measurements in terms of section 41; and*
 - (ii) *To the extent that changing circumstances so demand; and*
- (b) *May amend its integrated development plan in accordance with a prescribed process.*

FINANCIAL IMPLICATIONS

The draft revised IDP for 2018/2019 did not require financial support.

RECOMMENDATIONS

1. That Mayoral Committee considers the draft revised IDP for the financial year 2018/2019.
2. That the Draft revised IDP for the Financial year 2018/2019 be submitted to Council for approval;

SMC6 of 2018

**DRAFT PUBLIC PARTICIPATION SCHEDULE FOR 2018/2019 DRAFT IDP/BUDGET
(ED: SSS) (6/12/1)**

PURPOSE

To submit a draft public participation schedule to Mayoral Committee ad progress report for discussion and adopt recommendation.

BACKGROUND

Council has taken a decision on the 28th March 2018 that both the submitted IDP and budget be subjected to a public participation process. This activity is conducted on an annual basis and all staff and political leadership of the Municipality undertake the process quite actively and all wards get visited and views get collected and an updated IDP matrix gets developed as a result.

The attached draft schedule was adopted and published to inform communities of the programme to be followed. It should be noted that as part of the process, the IDP and budget should be placed in places convenient to the communities so that they can go and read before the actual programme starts.

*** **Please find attached both the draft schedule as well as the progress report template on the IDP Matrix to be presented during the meeting.**

FINANCIAL IMPLICATION

As a consequence of developing the schedule, it must be borne in mind that the actual preparations will require loud hailing as well as sound and microphones to facilitate easy communication during the meetings. The actual financial implication cannot be determined at this stage until the programme is finalised.

LEGAL IMPLICATIONS

- Local Government: Municipal Systems Act ; no 32 Of 2000
Chapter 4 (16) (1) A Municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose-
 - (a) encourage, and create conditions for, the local community to participate in the affairs of the Municipality, including in-
 - (i) The preparation, implementation and review of integrated development plan in terms of Chapter

RECOMMENDATIONS

1. That Mayoral Committee notes the draft public participation schedule.

2. That Mayoral Committee notes the updated draft public participation report.
3. That discussions and finalization of priorities in the IDP must take into account needs that were raised during public participation process.

SMC7 of 2018

PROGRESS REPORT REGARDING THE ALLOCATION OF SITES/FORMALISATION OF 7000 SITES IN THE AFFECTED WARDS OF MATJHABENG (AED: HS) (8/3/2)

PURPOSE

To present progress report with regard to site allocation/ formalization for 7000 pegged sites within Matjhabeng.

BACKGROUND AND DISCUSSION

On the 13th December 2016 the Municipal Council approved draft allocation plan for 7000 sites planned and pegged within some areas in Matjhabeng.

Allocations are done per allocation program as approved by Council. (Resolution A110/16)

PROJECT DEFINITIONS

The core focus of the project is the planning and pegging of 7000 erven in Matjhabeng in terms of the Matjhabeng business plan for 9 individual areas, is as follows:

Planning Area	Ward	Nr of Sites pegged	Allocation status	Challenges faced
Nyakallong	19	300	None	Community member have expressed dissatisfaction with number of sites pegged.
Kutlwanong	10	2900	1580 allocated	Illegal land invasion
Phomolong	3	1654	None	none
Mmamahabane	1	500	432 site allocated.	Delay in beneficiaries in paying R 250 admin fee.
Thabong: Phokeng	25	810	Allocation completed	Site pegged was insufficient as about 228 individual could

				not be allocated, their currently squatting in school site temporarily.
Bronville: Erf 32179, 32180 and 32371	11	500	None	Illegal land invasion
Bronville: portion of Homestead 668	11	800	None	Illegal land invasion
Thabong Freedom Square	16	210	Allocation completed	none
Thabong: Phumlani	15	180	none	Illegal land invasion(eviction order obtaining in 2015 not implemented due to lack of funds for red ants).

FURTHER DISCUSSION

Allocation of sites in the following area has been completed e.g. Freedom Square Informal Settlement, Phokeng site pegs were shown to occupants and they were allocated permanent site numbers, in Phokeng the number of site pegged could not accommodate the squatters, as results the is still individual who are occupying school site that could not be allocated site, this number stand at 228.

In August 2017 allocation of sites resumed in informal settlement K10 Kutlwanong and a meeting was later held on the 14 November 2017 between Kutlwanong ward councillors, MMC Human Settlements and responsible officials,.

It was resolved:

- That only child headed families (from 1990) should be allocated sites and the rest will be dealt with when the aged have been assisted
- That approved waiting list (195) for all wards in Kutlwanong be obtained from the responsible official and be verified on HSS and Deeds search for allocation purpose on the green field.

To date 1540 people were allocated site, this process was hampered by illegal invasion of land which emanated, the matter was referred to Legal Service for sourcing of Eviction order.

as of currently the department is busy with allocation process in Mmababane, so far about 259 sites have been allocated, the process is proceeding slowly due to delay in Beneficiaries in payment the R250 admin fee.

The department will be ready to proceed to Phomolong once allocation is completed in Mmababane.

Allocation in the following area is still to follow, Bronville, Pumlanzi and Allanridge.

PROBLEM STATEMENT

During February 2018 Council directed that all outstanding sites had to be allocated and the project should be completed by March 2018, due to shortage of staff personnel provincial department of Human Settlement and HDA was roped in to assist with appointment of Surveyor to supplement Matjhabeng staff, a tender went out requesting quotation of surveyors whoever the amount tendered for exceeded the department's budget.

Further to above the Municipality has of currently been facing massive land invasion, this land invasion hamper the progress of allocation, as of currently allocation in Kutlwane was hampered by invasion of land. The same challenge is faced with regards Bronville, illegal land invasion occurred whilst the department was preparing to allocate site.

All cases of land invasion have since been referred Legal Service department to obtain Eviction order.

FINANCIAL IMPLICATIONS

The process usually requires overtime authorization due to staff limitations as well as to cater for some occupants who are only available during weekends and after hours.

Legal cost incurred in the process of obtaining eviction order.

LEGAL IMPLICATIONS

Municipal Policy on allocation of site.

Council approved Strategy on site allocation (Resolution A48/2019)

IN CONCLUSION

Ward Councillors of wards to be allocated were issued with Council approved 195 beneficiaries list, submission of this list to respective ward Councillor was to enable them to verify their beneficiaries, unfortunately the department is still awaiting the verification report from Ward 11, 23 and 24.

RECOMMENDATIONS

1. That Mayoral Committee notes the report.

2. That Mayoral Committee resolve that all verification list to be submitted to the Human Settlement department on or before 15 May 2018.

SMC8 of 2018

PROGRESS ON MUNICIPAL ACCREDITATION PROGRAMME (LED, P & HS) (7/1/4/1)

PURPOSE

To inform Mayoral Committee about the progress in Municipal Accreditation Programme

BACKGROUND AND DISCUSSION

In its sitting on the 25 September 2012 **COUNCIL RESOLVED**

1. That Council **ACKNOWLEDGES** the requirements of the accreditation process.
2. That Council **APPROVES** the participation of the municipality in the accreditation Programme.
3. That the Municipal Manager **MUST SUBMIT** a quarterly report to Council indicating Progress made

Subsequently, Lekwa Consulting was appointed to assist Municipalities with the development of the Accreditation Business Plan.

IN ITS SITTING ON THE 28TH MARCH 2017 COUNCIL RESOLVED.

That Council **ACKNOWLEDGES** the requirements of the Level 1 accreditation Business Plan process to be compiled by Lekwa Consulting (HDA)

That Council **APPROVES** the participation of the municipality in the Level I accreditation Business Plan programme.

That Me Mothekhe be appointed as accreditation champion on behalf of the Municipality.
That workshop be held on behalf of all Councillors on accreditation process.

In compliance with the council resolution a workshop was held on the 9th May 2017.
A progress report was submitted to council on the 31st May 2017.

COUNCIL FURTHER RESOLVED to take note of progress made in the Accreditation process.

On the 29th June the department and Lekwa consulting had working session to finalise the outstanding ABP templates, required documents were submitted electronically with an undertaken to submit copies per requirements of Lekwa.

During this working session the consultant expressed a concern on the lack of following plans;

1. Housing Sector Plan
2. Infrastructure Plan: water and sanitation, electricity, roads.
3. Risk Management Plan
4. Land use management strategy
5. Integrated Transport Management Plan
6. Economic Growth strategy or LED Plan.
7. Updated Spatial Development Framework

Subsequently a final meeting was convened on the 3rd October 2017 by the Provincial Department of Human Settlements to finalize the completion of the Enhanced Accreditation Tool questionnaire.

Pursuant to the above meeting, a Provincial Accreditation PSC was convened in Bloemfontein on the 6th October 2017 for the identified municipalities to submit the Business Plan. The Municipal Manager successfully signed off for the final assessment document that would inform level 1 accreditation readiness.

Limitations were however indicated on the absence of the compliance plans as alluded to above, as well as their possibility to negatively affect the acquisition of ABP Level 1.

During the compilation of this report, the consolidated document developed by HDA after the Accreditation PSC was not yet forwarded to the Municipality.

PROGRESS

An item was later submitted to Council and it was resolved:

COUNCIL RESOLVED: (16 JANUARY 2018)

1. That Council **TAKES NOTE** of the progress report.
2. That the sector plans **BE SECURED** in line with the recommendations from Lekwa Consulting and Free State Provincial Government.
3. That the Provincial Department of Human Settlements **BE APPROACHED** for assistance with acquisition of Sector Plans.

4. That the Municipal Manager **MUST ENSURE** that the master plans are in place by the next Council meeting.

FURTHER DISCUSSION

In an endeavor to implement the absence of the compliance plans, Royal HaskoningDHV Consultants were appointed in order to develop the Sector Plans. The Task team consisting of Municipal officials from the affected Directorates are meeting regularly with the Consultants for the development of the Sector Plans. The Consultants will assist with the development of:

- Housing Sector Plan
- Spatial Development Framework (SDF)
- Land use management Plan; and
- Infrastructure Management Plan

The drafts are expected to be handed in by end of March

Due to the financial constraints on the side of the Municipality, Royal HaskoningDHV Consultants are unable to proceed with the development of the Sector Plans

FINANCIAL IMPLICATIONS

The Municipality has procured a Service provider to develop the Sector Plans

POLICY POSITION

- **The Constitution of South Africa 1996**

Section 26 of the Constitution of the Republic of South Africa, 1996, states that everyone has the right to have “access to adequate housing”

- **Housing Act of 1997 as amended (second amendment Act. No 60 of 1999)**

Section 9 of the Housing Act of 1997 section 1 as amended, states that every Municipality must, as part of the municipality’s process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to-

Ensure that-

“the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis”

- Guidelines on Breaking New Grounds(BNG)
- Approved Municipal IDP and Budget
- SDBIP

RECOMMENDATIONS

1. That Mayoral Committee to take note of the progress report.
2. That the funds be made available for the service provider to proceed with Sector plans.

3. That the area be considered for Gap Market development.

SMC9 of 2018

REQUEST FOR APPROVAL OF MATJHABENG LOCAL MUNICIPALITY 1st DRAFT RESETTLEMENT PLAN – UPGRADING / RELOCATION OF INFORMAL SETTLEMENTS (ED: LED P & HS) (8/3/2)

PURPOSE

To obtain Council approval for Matjhabeng Local Municipality 1st Draft Re-Settlement Plan in order to upgrade or relocate Informal Settlements in Matjhabeng.

BACKGROUND

A rapid assessment on Informal Settlements in Matjhabeng was conducted in 2013 with the assistance of Housing Development Agency (HDA).

The process to enumerate informal settlement was then physically conducted by Provincially appointed consultants , Kayamandi ,with the assistance of 30 local people (five Matjhabeng units included) who were trained on enumeration procedures (skills transfer).

*** The 21 informal settlements which were identified **are attached on page 17 to 37 of annexure.**

SURVEY

1. In summary, the following outcomes were recorded in most of the informal settlements which were rapidly assessed:

- Most settlements have access to shared water taps (communal taps) while others access water from the existing settlement or neighbours.
- Most settlements have access to self-dug pit toilets but others use bucket system and others reported to be helping themselves in the bushes or from neighbours.

2. Settlements are situated within or closer to the existing townships this makes it easy access to the services or connection points in other settlements.

- Most settlements are accessible from the streets of the existing townships and close by major roads.
- Most areas have no access to street lighting but other settlements receive light from the high mass light from the existing townships.

- Settlements are situated on Municipal Land.
- There are in-situ upgrading settlements and others earmarked for relocation
- Land for relocation already identified for other settlements but land identification may be necessary for settlements in Virginia.
- Areas earmarked for relocation are closer to the existing townships and planning and survey have already commenced for some settlements.
- Sector alignment -other sector department must be involved from planning phase of the settlements in order to avoid unoccupied open spaces.
- Socio-economic facilities must also be considered when planning for the settlement with involvement of relevant sectors.

It was with regard to the above survey that the Housing Development Agency developed a Re settlement plan for the Municipality in order to identify the informal settlement that could be relocated and those that have possibility of being upgraded in situ.

Relocation plan process will assist the municipality to:

- Determine and confirm current settlement profile
- Identify pros and cons of relocation process to earmarked site
- Formulate strategy and action plan
- Formulation of development scenarios and options for qualifiers and non- qualifiers
- Coming up with different Mechanisms to avoid re –invasion post relocation

*** Attached on page 38 of the annexures is the Housing Development Agency 1st Draft Re - Settlement Plan.

FINANCIAL IMPLICATIONS

None

LEGAL IMPLICATIONS

Municipal policy on allocation of Sites

RECOMMENDATIONS

1. That Mayoral Committee takes note of the report.
2. That Council approves Matjhabeng Local Municipality 1st Draft Re-Settlement Plan – Upgrading / Relocation of Informal Settlements.

SMC10 of 2018

**DISPOSAL OF CAPITAL ASSET – ALIENATION OF IMMOVABLE PROPERTIES:
COMMUNITY FACILITIES SITES IN MATJHABENG (ED: LED P & HS) (8/3)**

PURPOSE

To request Mayoral Committee to pronounce itself pertaining to disposal Community Facilities sites (churches, crèches and NPO) within Matjhabeng Municipality.

BACKGROUND

Its Common knowledge that Matjhabeng Local Municipality has been faced with numerous requests from religious communities and Non-profit organization(NPO) for disposal of community facilities sites, the Human Settlement department embark on vigorous task to identified all community facilities sites within Matjhabeng, this process also led to various engagement with religious communities and NPO on qualifying criteria for Organizations to acquire sites as per approved municipal policy on disposal of Immovable Assets Policy.

About 364 Community Facilities Sites where identified, on further assessment it was further discovered that 80% of this sites have already been occupied by various churches and NPO, occupation in majority of this sites was done illegal by the respective Organizations, in other cases occupation was granted by our former TLC's and no formally deed of sale was concluded with respective institutions.

This illegal occupation was exacerbated by the fact that during the financial year of 2009/2010 no land disposal was done as disposal of land was placed on moratorium.

*** We attached hereto list of application received during this period that could not be processed **on page 39 to 55 of the Annexures.**

Council has inherent responsibility to provide social facilities for its community, Section 152 (1) outline the core objective of Local Government as follows;

- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of communities and community organization in the matters of local government.

PROBLEM STATEMENT

The disposal of sites is ordinarily done through Section 14 of MFMA, which requires disposal process to be through competitive bidding, in normal circumstance the disposal of identified sites should be done in terms of Section 14, however it is imperative for Council to apply its mind in cases where occupation of sites has already been done, as stipulated above 80% of this sites have already been occupied.

There is strong likelihood of social conflict emanating between the Organization and municipality or Community and the Municipality, particularly with regards to the manner that Council resolve for the Sites to be disposed. The Human Settlement department envisaged the following challenges with regards to this;

1. if Council direct disposal of sites to Organization that have already occupied sites this could be perceived as Council condoning illegal acts, as some of this organization occupied sites illegal.
2. Municipality will have to instituted eviction orders on all sites occupied prior to disposal, the eviction process can lead to community unrest as it might not be well received by the respective community, further to the above the eviction can be timeous and costly to the Municipality and further delay the disposal of community facilities sites.
3. In some cases this Organization are owing thousands and thousands to the Municipality on the service bill, this has contributed intensely to financial challenges of the Municipality as most churches and crèches that have occupied sites are further not paying any rental occupation for the sites, nor do they pay rates and taxes on the land occupied.

It is against this background that Human Settlement department requires a directive from Council pertaining to disposal of the identified sites.

*** Attached find the list of sites identified for disposal **on page 56 to 69 of the Annexures.**

FINANCIAL IMPLICATION

The process has the benefit of increasing revenue for the Municipality, from the open market values received from all the properties.

This envisaged revenue could further be utilized to fund extension of bulk service in some of these sites where infrastructure has advised that extension of service will be required, it's quite evident the estimated cost envisaged for extension of bulk services are minimal to the revenue to be received from disposal of land, further to the above the Municipality is guarantee increase monthly income derived for Council in for assessment rates and other charges.

However the Municipality will have to incur the cost for requisition of valuation certificate of each erven from the appointed Municipal Valuer.

Should Council resolve for eviction of Organization who have occupied illegal the implication is that there will be legal cost incurred.

LEGAL IMPLICATION

Section 14 of the Municipal Finance Management Act No. 56 of 2003 states:

14. (1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.
- (2) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in sub-section (1), but only after the Municipal Council, in a meeting open to the public –
 - (a) Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal service; and
 - (b) Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.
- (3) A decision by a Municipal Council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.
- (4) Any transfer of ownership of a capital asset in terms of sub-section (2) or (4) must be fair, equitable, transparent, competitive and consistent with the Supply Chain Management (SCM) Policy which the Municipality must have and maintain in terms of Section 111.

POLICY POSITION

Matjhabeng SCM Policy (as amended) states:

6.6 The Municipal Manager must ensure that:

- (a) immovable capital assets are sold at market related prices, unless the public interest or the plight of the poor demands otherwise;
- (b) movable capital assets are sold either by way of written quotation, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the Municipality;
- (c) immovable capital assets are leased/ let at market related rates, unless the public interest or the plight of the poor demands otherwise;
- (d) where assets are traded-in for other assets, the highest possible trade-in price is negotiated; and

- (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the leasing of movable and immovable assets are reviewed annually.
- 6.7 Subject to the provisions of this policy, the disposal of immovable capital assets shall be effected by means of competitive bidding or by evaluated or negotiated price if no more than one company is bidding.

Policy on the Alienation of Immovable Assets

9. MANNER OF DISPOSAL OF THE MUNICIPAL'S VARIOUS CATEGORIES OF ASSETS

9.1 Definition of the Process

(All marked related values to be determined between the average marked related values of sworn valuers.)

9.1.1 The disposal must seek to achieve objectives of the municipality read with the Supply Chain Management Policy. The following methods can be employed:

9.1.1.1 The outright tender method which involves the call for purely financial offers for the immovable property offered for alienation. In adjudicating such tenders the highest financial offer will score a determined number of points with lower offers scoring proportionately in relation to the highest offer. In addition, points must be allocated for complying with the municipality's Black Economic Empowerment Policy.

9.1.1.2 The main objective of the outright tender method is the promotion of first time home ownership in previously disadvantaged communities. Black persons who had never before owned immovable property, either directly or indirectly, but are financially able and otherwise qualified will be afforded preference in the adjudication of the tenders. This will apply solely to the disposal of single residential erven in areas and on sites considered suitable to meet this objective.

9.1.1.3 Competitive bidding, defined in the Supply Chain Management Regulations.

9.1.1.4 Unsolicited bid, especially for socio economic reasons where the plight of poor justifies it and for purposes of social housing.

9.1.1.5 Private treaty applicable between organs of state.

9.2.2.1 Will be subject to an upset price that is market related determined from an average marked related between two sworn Valuers.

9.2.2.2 Will, within certain pricing cohorts as determined by the Council from time to time, be allocated to take into account persons who might have been previously disadvantaged.

9.2.2.3 The creation of a free- standing (new –spaces-development) lot will in each instance be preference of the Council in order that the new residential opportunities are created.

Prevention of Illegal Eviction Act no: 19 of 1998.

CONCLUSION

Drawing from the inputs as provided by the departments indicated on the separate table attached as part of the Annexures it can therefore be concluded that the requested portion is not required for the provision of municipal services as such can be disposed of accordingly.

RECOMMENDATIONS

1. That Mayoral Committee notes the report.
2. That Mayoral Committee resolves that Erven mentioned on the item and also depicted in table below are not needed to provide future minimum basic municipal services.
3. That Mayoral Committee notes the Valuation amount on each property as received from our revenue department.
4. That Mayoral Committee resolves, in compliance to Section 14 (5) of the MFMA, that the property be disposed of at the market value in a fair, equitable, transparent, competitive manner and in accordance with Council's Supply Chain Management Policy and Policy on the Alienation of Immovable Assets.
5. That Mayoral Committee resolves that the Municipal Manager, in compliance with Section 6.20 of the SCM Policy and Policy on the Alienation of Immovable Assets, shall submit a report concerning the outcome of the bidding process to Council.

SMC11 of 2018

REPORT ON PAYMENT CONTRIBUTION OF RENTAL STOCK TO MATJHABENG REVENUE (AED: HS) (5/9/3) (8/1/2/2)

PURPOSE OF REPORT

To submit a report on revenue contribution on Matjhabeng Rental stock as from July 2017 to March 2018.

To request Council to enforce legal department to speed-up the process of eviction of illegal tenants at Masimong 4 Complex because these hinders our process to enforce tenants to pay while there are tenants who were not complied since 2016.

BACKGROUND

Rental Accommodation consists of family units (Previously called (“Hostels”), existing renovated units in Thabong & Meloding, Flats, Personnel houses (Welkom) and newly renovated builds mines hostels in Masimong Complex and Merriespruit New Shaft in Meloding.

The two projects, Masimong Complex (461) and Merriespruit (448) were signed between Free State Human Settlements, Matjhabeng Local Municipality and Harmony Gold Mining Company to embark on a program to convert those two hostels into quality family units. Masimong Complex was completed in 2012 while Merriespruit Complex completed in 2016.

*** See attached rental stock monthly financial status and the total amounts **on page 70 to 75 of the Annexures.**

*** **Attached under Separate Cover 4 is Provincial Register.**

CHALLENGES

- Revenue collection not satisfactory in all Family Units (Hostels)
- Water reticulation still a challenge at Merriespruit, revenue satisfactory
- Pre-paid meter still a challenge at Merriespruit, Electrical Department did not install all the flats, due to insufficient resources.
- Masimong existing and illegal tenants are not billed for both water & Electricity
- Masimong eviction process is very slow, that hampers department to be effective.

- Refuse removal and daily maintenance (water leakages and sewage) still a problem at all rental units.
- Security at both Masimong & Merriespruit is a serious challenge.

PROBLEM STATEMENT

Existing tenants and illegal tenants of Masimong 4 Complex are not billed even though utilities are being fully utilized.

FINANCIAL IMPLICATIONS

The Council is losing revenue on monthly basis, due to the delayed process at Masimong

POLICY POSITION

Housing Rental Act (CRU)

MFMA

The Constitution of the Republic of SA

RECOMMENDATIONS

1. That R10M contributed from July 2017 to March 2018 within Rental Stock to Matjhabeng revenue be noted by Mayoral Committee.
2. That Council to expedite the eviction process at Masimong complex.
3. That both Masimong & Merriespruit services to be connected by Directorate Infrastructure.

SMC12 of 2018

PROPOSED ORGANISATIONAL STRUCTURE (MM) (2/1)

PURPOSE

To table the Proposed Organisational Structure of the Matjhabeng Local Municipality to the Mayoral Committee for discussion.

INTRODUCTION AND BACKGROUND

At its meeting held on 16 January 2018 **COUNCIL RESOLVED:**

- “1. That the item BE **NOTED AND REFERED BACK** for re-submission at the next Ordinary Council meeting.
2. That Municipal Manager MUST **IDENTIFY** all critical positions that Council should approve to be filled.
3. That the Whips of different political parties **MUST MEET** with the Municipal Manager to deliberate on the Organogram, clarify matters, agree and present their consensus and their disagreements to Council, to deal with disagreements.”

DISCUSSION

The various directorates reviewed the proposed organisational structure to align it with current Municipal's financial needs and functions. The costs related to the new proposed organisational structure could not be sufficiently brought down to acceptable level. The Executive Management Committee then resolved to submit the current structure to Council with the following adjustments:

- a. The proposed organogram is based on the structure approved in 2009.
- b. Crucial vacant positions were identified and retained in the proposed organogram.
- c. Vacant positions that are not crucial, and have been vacant for some time have been removed from the proposed structure.
- d. Staff complements for non-crucial positions that currently have incumbents, were as far as possible reduced and equated to the number of “warm bodies” that are in such positions.

*** **Attached as Separate Cover 5** are the financial implications tables of the Proposed Macro and Micro Organizational Structure of the Matjhabeng Local Municipality.

*** **Also attached are the comparative tables 6** that indicate cost movements from the earlier submissions made to Council in 16 January 2018.

The total cost of the Organisational Structure tabled in Council on 16 January 2018 was R1,096,368,695 . After the exercise conducted by directorates to reduce non-crucial posts in the proposed structure, the total cost of the organogram has come down to R 792 266 161.

LEGAL REQUIREMENTS

- Constitution of the RSA, Act 108 of 1996 (156 & 229)
- Local Government Municipal Structures Act, Act 117 of 1998
- Local Government Municipal Systems Act, Act 32 of 2000, as amended by Act No. 7 of 2011
- Municipal Finance Management Act, Act 56 of 2003 IDP of the Municipality

POLICY POSITION

Council's Approved Organization Structure as approved in 2009.

SUBMITTED FOR DISCUSSION

SMC13 of 2018

THE AVAILABILITY OF LAND FOR SHORT TO MEDIUM TERM RESIDENTIAL DEVELOPMENT IN MATJHABENG (8/3/2) (LED)

PURPOSE OF REPORT

The purpose of the report is to present Council with information pertaining to the availability of land for short to medium terms residential development in Matjhabeng.

2. BACKGROUND

2.1 INTRODUCTION: THE FOUR PHASES OF RESIDENTIAL DEVELOPMENT

The development of sustainable housing is normally is a process over four distinct phases that can overlap to some extent:

Phase 1: Land acquisition: This process involves the identification of land suitable for residential development. In this regard the Matjhabeng SDF (2013) is already approved and provides guidance regarding the land that can be utilized for future residential development in Matjhabeng.

Phase 2: Township establishment: This phase involves the process of Township Establishment as guided by the Free State Ordinance. From July the process is determined by the stipulations of the Spatial Planning and Land Use Management Act (2013).

The process entails the preparation of a layout plan which is supported by a number of studies including a geotechnical report, services report, environmental impact assessment etc. Currently such a township establishment application is evaluated by the Directorate Spatial Planning (COGTA) that presents the application to the Townships Board who in turn makes a recommendation to the responsible MEC for the approval of the layout.

After approval by the MEC the final plan is calculated, surveyed by a surveyor and registered with the Surveyor General. The general plan is then registered in the Deeds Office when the township register is also opened. In this regard all the new properties gets ownership. As soon as the township is provided with all required services so that occupation can take place the new suburb is proclaimed as a new township.

Phase 3: Provision of bulk and internal services: In order to make occupation of erven possible a new township establishment area must be provided with the necessary bulk and internal services. In this regard the bulk service is defined as the infrastructure (roads, sewage, storm water and water connections) that links the new suburb to the larger municipal infrastructure.

Phase 4: Construction of houses and public amenities: During this phase erven can be sold to private individuals or on a larger scale to developers for the construction of houses. In order to serve the community of the new areas responsible departments/Municipality will develop public amenities like schools, clinics, police stations etc.

2. SUMMARY OF HIGH PRIORITY LAND AVAILABLE FOR RESIDENTIAL DEVELOPMENT

2.1 SUMMARY

*** The summary document **as enclosed on Page 76 to 99 of the Annexures depicts the following:**

- a) High priority development land which is in alignment with the Matjhabeng Spatial Development Framework
- b) Middle and high income development areas with specific reference to the development of the gap housing market where the private sector has a significant role to play.
- c) Low income development areas where the Provincial Department of Human Settlement have a financial role to play in terms of township establishment and the provision of internal services.
- d) The current status including the cost related to the provision of bulk services in order to develop the individual areas.

2.2 LOCTION PLANS

*** The location plan of each area listed in the summary document **is depicted in the enclosed Separate Cover 7.**

2.3 CONCLUSION

With reference to the information provided the following is concluded:

- a) In general, sufficient land is available for residential development over the short to medium term.
- b) In terms of middle to high income areas there is a current over supply. Lower demand areas in e.g. Allanridge, Odendaalsrus and Virginia should be converted to lower income areas by means of the re-design of these areas in order to create smaller more affordable and low cost areas.
- c) In terms of middle to high income areas the private sector must play a role. With reference to the limited demand and current number of existing homes in the property market the feasibility of private development ventures must be properly evaluated.
- d) The lack of bulk services and the related cost is perhaps the biggest constraint the Municipality has to address. In this regard the development of bulk services master plans for all areas will be essential.
- e) In terms of the current housing backlog (approximately 36 000) the role of the Provincial Department is critical in terms of the timeous funding of township

establishment, the provision of internal services and housing subsidies. Timeous coordination and joint planning efforts with the Department of Human Settlement will be essential in order to secure sufficient funding.

- f) Denser development including town houses, housing complexes, social housing etc. must be supported in order to optimize and ensure more profitable developments.

LEGAL IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Township establishment will have financial implications for Council, but in the case of medium to high income areas it may be diverted to become the responsibility of a developer. In the case of low income areas the Provincial Department of Human Settlement will have to play a dedicated role being responsible. In this regard timeous action will be necessary to submit business plans to secure funding for township establishment and internal services from the Department.

The provision of bulk and internal services will have financial implications for Council – if external funding cannot be sourced. The department of Human Settlement will play a role in relation to the provision of the internal services for the planning areas. In this regard it will be critical that a strategy be developed for the provision of bulk services for high priority development areas, both for medium and high income as well as all low income areas.

POLICY/LEGISLATIVE POSITION

- Matjhabeng Spatial Development Framework.
- Spatial Planning and Land Use Management Act.
- Land allocation Policy.
- Land alienation policy and procedures

RECOMMENDATIONS

1. That the high potential development areas as depicted in Table 1 on Page 76 to 99 of the Annexures be noted and supported.
2. That the general shortage of bulk services and the associated cost thereof be noted and that a technical task team be nominated to evaluate the feasibility of and to develop business plans for high priority development areas. All potential external sources of funding must be also be investigated and approached for funding.
3. That the Technical task team will engage with the Housing Development Agency and the Provincial Department of Human Settlement in order to prepare a short to medium term development strategy for low cost residential development in Matjhabeng to include:
The acquisition of land for new development with specific reference to Nyakallong and Meloding.

- a) The alleviation of erven backlogs in all areas.
 - b) The conversion of existing middle income areas with larger erven into more affordable low cost areas with smaller erven and the funding of the related town planning and internal services with specific reference to Allanridge, Odendaalsrus and Ventersburg.
 - c) The preparation of business plans for town planning aspects and the provision of internal services in priority development areas.
 - d) Application for housing subsidies.
- 4. That existing vacant and serviced residential sites be alienated on a regular basis via the MFMA processes of competitive bidding.
 - 5. That the allocation of land to the private sector for the development of “gap” and medium income development be done in terms of the MFMA processes of competitive bidding but that all proposals be subject to the submission of a feasibility analysis to be submitted by prospective developers.
 - 6. That the development of denser housing typologies e.g. townhouses, social housing, student accommodation, rental units etc. be supported.

SMC14 of 2018

RE: ESTABLISHMENT OF DISCIPLINARY BOARD TO ASSIST COUNCIL WITH ALLEGATIONS OF FINANCIAL MISCONDUCT (CFO)

PURPOSE

To submit to Mayoral Committee a proposal for establishing disciplinary board as required by section 4 (8) of Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

BACKGROUND

In reference to Communication 15 of audit finding, Auditor General has identified that the Municipality does not have a disciplinary board in place to assist Council with allegations of financial misconduct as prescribed by the required act “Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings section 4(1), 4(3), 4(5) (d), (e) & (f)”.

REQUIREMENT

The Municipality is required to establish the disciplinary committee and charge it with a responsibility to investigate allegations of financial misconduct in terms of MFMA Act No.56 of 2003.

Section 4 of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, “Establishment of disciplinary board and its functioning” state;

(1) A municipal council or board of directors of a municipal entity must establish a disciplinary board to investigate allegations of financial misconduct in the municipality or municipal entity, and to monitor the institution of disciplinary proceedings against an alleged transgressor.

(2) A disciplinary board is an independent advisory body that assists the council or the board of directors with the investigation of allegations of financial misconduct, and provide recommendations on further steps to be taken regarding disciplinary proceedings, or any other relevant steps to be taken.

(3) A disciplinary board must consist of maximum five members appointed on a part- time basis by the council or board of directors for a period not exceeding three years, in accordance with a process as determined by the municipal council or board of directors.

Section 4(8) of the Act states that should the municipality not have enough capacity to appoint such a committee, “a disciplinary board established by a district municipality or an equivalent provincial or national structure established for a similar purpose may, with approval of the district municipality or provincial or national structure, be used as a disciplinary board for the municipality or municipal entity”.

Please see annexure (A) attached.

DISCUSSION

Pertaining to the finding of disciplinary committee establishment, discussions took place at the Executive Management Committee and weekly Audit Steering Committee meetings to ensure that the finding is resolved. The Committees realised that Lejweleputswa District Municipality has already established a disciplinary board.

Please see annexure (B) attached.

RECOMMENDATIONS

1. That Mayoral Committee to approve the establishment of Matjhabeng Local Municipality disciplinary board.
2. That as a temporary solution we recommend Mayoral Committee to approved the committee to be established in terms of section 4 (8) of Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings in order to respond to the finding raised by the Auditor General.

SMC15 of 2018**ESTABLISHMENT OF MATJHABENG ECONOMIC ADVISORY COUNCIL (AED: LED) (3/3/19)****PURPOSE**

To request Council to consider the establishment and selection of members of Matjhabeng Economic Advisory Council (MEAC) and recommend for Council's endorsement.

- The main purpose of the council is to advise the municipality on goals and objectives that further economic development within the municipality
- Council members advise the municipality on economic development and opportunities and represent their interest. The council consists of 20 members of which 4 members serves as office bearers, and with 2 members nominated from each municipal's 5 economic development.
- Members serve three year terms and can be reappointed

BACKGROUND AND DISCUSSIONS**THE MAYORAL COMMITTEE AT ITS MEETING HELD ON 7 DECEMBER 2016 RESOLVED:**

1. That the Mayoral Committee **SUPPORTS** the establishment of the Economic Advisory Council.
2. That the report of the Municipal Manager **MUST COMPLY** with rule 141, 142, and 143 of the amended standard rules and orders.
3. That the item **BE SUBMITTED** in the next Mayoral Committee meeting.

COUNCIL RESOLVED: (28 MARCH 2017

1. That Council **APPROVES** the establishment of Matjhabeng Advisory Council to advise on changing the economic characteristics of the area.
2. That due to financial constraints, an option of getting volunteers **BE EXPLORED** and Councillors must recommend people who are interested to serve in that Committee to the Executive Mayor.
3. That Council **MANDATES** the Executive Mayor to investigate how this is done in other Municipalities.

4. That the members of the Advisory Committee **MUST NOT EXCEED** ten.
5. That the acting Municipal Manager **MUST PLACE** an advertisement in newspapers for the people who would be interested in serving in the Matjhabeng Advisory Council.
6. That in the event of getting somebody from outside Matjhabeng area who would use his/her energy, time, resources and ideas, the Municipality **SHOULD PAY** out-of-pocket-expenses.

The Municipality successfully conducted an Economic Growth Summit which was held over two days on 4th to 5th December 2013 themed “*Creating economic growth through the green economy*”.

The objectives of the summit were to: -

- Chart new path by diversifying the local economic landscape to respond to economic challenges resulting from reliance on mining activities.
- To create a platform and expedite the development of a local economic strategy.
- To lay the basis for the municipality to forge strategic partnerships with primary role players in economic development.
- To enable the municipality to drive social and community development in its area of jurisdiction, and

Expected outcomes of the summit were for the Municipality to develop a blue print for a comprehensive economic development strategy, and accord detailing all necessary commitments to be signed amongst all role players.

*** A copy of the Draft Terms of Reference for Matjhabeng Economic Advisory Council is **attached on page 107 to page 113 of the Annexures**.

*** A copy of rule 141, 142, and 143 of the amended standard rules and orders is **attached on page 114 to page 116 of the Annexures**.

PROGRESS

One of the resolutions to be implemented was the establishment of Economic Advisory Council. Advisory Council tailored to guide economic trajectory and growth, this is a key resolution as a social compact of social partners and stakeholders across Matjhabeng. Its mandate will be to provide a platform for co-operative stakeholder engagement on regional and local economic development perspective, guidance and expert strategic direction in the operation of Matjhabeng Municipality’s economic development trajectory.

The advisory council will inter alia provide the latest expert knowledge on issues related to economic development, provide input and advice on the business plan of the Matjhabeng Economic Sector. The Advisory Council will also focus on inputs and advice on local economic implementation issues and decisions. It will ensure that there is a practical implementation of critical programmes agreed as agreed by Council.

On Friday, the 11th November a meeting involving all stakeholders was held and organizations offered an opportunity to nominate two members each who will serve in the Council. These members emerged from all organized business community stakeholders within Matjhabeng.

The MEAC is established in accordance with Standard Rules and Order, it is a non-constitutional, non-permanent body constituted to give economic advice to the Municipality. The council serves to highlight key economic issues facing the municipality and advises on a whole host of economic issues, inflation, microfinance, industrial output etc.

Municipality though the Directorate of LED, Planning and Human Settlement is still in charge of all economic issues.

Draft terms of reference for the Advisory Council were presented for inputs and comments by members. It was agreed that some of the roles of the Economic Advisory Council will be to: -

- Review meetings materials in advance of the meetings and arrive prepared to provide perspective on the issues;
- Advise on potential investment partnerships across locally, regionally and internationally;
- Conduct seminars and economic roundtable discussions and call for expert to advise on what need to be done;
- Advisory Council must package all opportunities and constraints facing SMME's and big businesses and seek interventions with Advisory Council and escalate to the Municipality if needs be.

SECTOR SPECIALIST

SCOPE OF WORK: APPOINTMENT OF SECTOR SPECIALISTS IN THE MATJHABENG ECONOMIC ADVISORY COUNCIL (MEAC)

Sector Specialists to drive economic sector trajectory and give clear direction, analysis, projections on investment trends, economic modelling, reflect on economic intelligence and impact on the growth of the Matjhabeng economy. Sector Specialists will be someone who is a general economic sector practitioner who is well experience in both microeconomic and macroeconomic arena, economic research, economic modelling and forecasting, statistical analysis linked to economics, sector investment trends, land market trends, spatial and geo structure of Matjhabeng and Lejweleputswa region, Free State and South Africa economic restructuring agenda.

The MEAC Secretariat together through the guidance of a Sector Specialists will provide highly level practical research, scientific interventions, policy oriented solutions.

The Sector Specialists must meet the following requirements:

- Should possess a minimum of a Diploma or Bachelor Degree, preferably within Built Economics/Development Economics, Applied Economics or Development Finance
- Registered as an Economists

- The Sector Specialists should have a proven track record of dealing with high level economic Sector economic analysis across Mining, Manufacturing, Agriculture, Green Economy, Tourism etc.
- The Sector Specialists should have a track recording of dealing with Investment and economic strategies, plans that influence the markets, spatial and land use choices, sector foresting
- The Sector Specialists should provide proof that he/she has worked for private Consulting or Investment or Financial institution that deals with economic sectors and infrastructure issues.
- He/she should have intrinsic knowledge of the Free State and Matjhabeng economic and political landscape and fully understand the role of the Economic Council.
- Good in report writing and presentation skills.
- Minimum of 5 years 'experience in stakeholder management.

LEGAL IMPLICATIONS

- The integrated development plan
- Spatial development framework
- Free state growth and development strategy (2005-2014)
- The new growth path
- National development plan (NDP) 2030
- Municipal finance Management Act

FINANCIAL IMPLICATIONS

Should be sourced from relevant vote

RECOMMENDATIONS

1. That Council notes the report for the establishment of Matjhabeng Advisory Council.
2. That a budget be set aside for the payment of the sitting allowance.