

A32 of 2018

**ELECTION OF A COUNCILLOR REPRESENTATIVE TO THE GENERAL COMMITTEE OF SALA PENSION FUND (SPEAKER) (4/1/2/2)**

**PURPOSE**

To submit to Council, a proposed for election of a Councillor Representative to Sala Pension Fund.

**BACKGROUND**

Matjhabeng have some of its employees who belong to Sala Pension Fund. On the 29<sup>th</sup> March 2018, the Office of the Speaker received a communique that was informing the Office about the meeting of the 3<sup>rd</sup> April 2018 for employees' representatives in Sala Pension Fund.

The Council has never elected a representative to that Pension Fund, the Speaker has to request Councillor Mphikeleli to attend that meeting as to represent the Municipality up until the Council elects its representative to that Pension Fund.

\*\*\* Attached on page 1 of the Annexures is the correspondence from SALA Pension Fund.

**FINANCIAL IMPLICATIONS**

None

**RECOMMENDATIONS**

1. That Matjhabeng Council elects the employer representative to represent the Municipality at Sala Pension Fund.
2. That the Municipal Manager communicates with Sala Pension Fund regarding the name of the employer representative to that Fund.

A33 of 2018

**ESTABLISHMENT OF MULTI-PARTY CAUCUSES IN MUNICIPALITIES (SPEAKER)**  
**(15/2/1/24)**

**PURPOSE**

To elect a Woman Councillor as a Chairperson from Matjhabeng Women Councillors to SALGA Free State Women Commission Portfolio.

**BACKGROUND**

SALGA has a Women Commission Portfolio that is meant to deal with issues of Women Councillors and gender issues in municipalities across the Country and it is then expected that Matjhabeng Women Councillors elect their Chairperson who will represent women equity and equality issues.

The term of Office of the Women Commission Chairperson will be aligned to the serving as a Councillor.

\*\*\* Attached on page 2 to page 3 of the Annexures is the correspondence from SALGA.

**FINANCIAL IMPLICATIONS**

Administrative issues may need Financial Support.

**RECOMMENDATIONS**

1. That the Speaker must coordinate the process of electing the Women Chairperson for the Commission of Women Councillors.
2. That the Speaker should preside over the election.
3. The Speaker must report back to Council about the name of the elected Woman Chairperson for the Women Commission Portfolio.

**A34 of 2018**

**INAUGURATION OF THE TWO NEW COUNCILLORS OF MATJHABENG (SPEAKER)**  
**(14/3/1/1)**

**PURPOSE**

To inform the Council about the sworn in of Councillor KV Van Rooyen for ANC and Councillor BL Jama of the EFF.

**BACKGROUND**

There has been a vacancy in the PR Representation of ANC which came as a result of passing on of an ANC PR Councillor. There was also a vacancy in the PR Representation of EFF which occurred as a result of the resignation of an EFF Councillor from the Municipality.

The processes of IEC were followed and the IEC communicated back to the Municipality to confirm these two Councillors as duly elected as Councillors.

The two Councillors above were sworn in on the 3<sup>rd</sup> of May 2018 in the Chief Magistrate Office in Welkom in front of the Speaker, the Municipal Manager and the Director of Corporate Services.

**\*\*\* Attached on page 4 to page 5 of the Annexures** is the confirmation from IEC.

**RECOMMENDATION**

1. That Council takes note of the inauguration of Cllr KV Van Rooyen and Cllr BL Jama.

**A35 of 2018**

**RESIGNATION OF COUNCILLOR M.E. SENXEZI AS AN EFF COUNCILLOR (SPEAKER) (3/1/4/2)**

**PURPOSE**

The purpose of this item is to submit to Council the resignation of Cllr M.E. Senxezi as a Councillor representing Economic Freedom Fighters in Matjhabeng Council, for noting.

**BACKGROUND**

Councillor M.E. Senxezi has not been attending Council meetings consistently since January 2018 including the workshop of the 13<sup>th</sup> April 2018. Efforts to communicate with him failed as he was not answering his calls. Efforts to check him from the address he gave to the Municipality did not yield any positive results. The only logic conclusion to this case is that Councillor M.E. Senxezi absconded and abandoned any Municipal or Council duties. For all this period he had not been doing any work for the Municipality, he was being remunerated accordingly.

Eventually Councillor M.E. Senxezi submitted his resignation letter dated 16 May 2018 with effect from 28 May 2018 to the Office of the Municipal Manager.

\*\*\* The resignation letter is **attached on page 6 of the Annexures**.

**POLICY POSITION**

None

**LEGAL IMPLICATIONS**

Local Government: Municipal Structures Act (Act 117 of 1998)

**FINANCIAL IMPLICATIONS**

Remuneration paid to him for the period January 2018 up to the period of his resignation.

**RECOMMENDATIONS**

1. That the Municipality should quantify the amount that was paid to Cllr M.E. Senxezi during the period he was not doing any work for the Municipality.
2. That Cllr M.E. Senxezi should repay the money that was paid to him for the period he absconded, up until he resigned.
3. That the Municipal Manager should declare a vacancy to the IEC.

**A36 of 2018**

**QUESTIONS OF WHICH NOTICE WAS GIVEN: CLLR A. STYGER (MM) (3/1/3/2)**

**PURPOSE**

To submit the questions raised by Cllr A. Styger and the response thereon by the Municipal Manager.

**BACKGROUND**

- \*\*\* A letter dated 03 November 2017 received from Cllr A. Styger, containing certain questions is **attached on page 7 to page 12 of the Annexures.**

These questions were tabled at the Council meeting held on 31 January 2018 and served as Item A15 of 2018. Council resolved that the item be deferred to the next meeting as Cllr A. Styger was not present at that meeting.

- \*\*\* The Municipal Manager's response **is attached on page 13 to page 14 of the Annexures.**

**SUBMITTED FOR NOTIFICATION**

A37 of 2018

**QUESTIONS OF WHICH NOTICE WAS GIVEN: CLLR M.T. MACINGWANE (MM)**  
**(3/1/3/2)**

**PURPOSE**

To submit the questions raised by Cllr M.T. Macingwane and the response thereon by the Municipal Manager.

**BACKGROUND**

- \*\*\* A letter dated 17 March 2018 received from Cllr M.T. Macingwane, containing certain questions is **attached on page 15 to page 16 of the Annexures.**
- \*\*\* The Municipal Manager's response **is attached on page 17 to page 18 of the Annexures.**

**SUBMITTED FOR NOTIFICATION**

**A38 of 2018**

**QUESTIONS OF WHICH NOTICE WAS GIVEN: CLLR T.W. LETLHAKE** (MM) (3/1/3/2)

**PURPOSE**

To submit the questions raised by Cllr T. W. Letlhake and the response thereon by the Municipal Manager.

**BACKGROUND**

- \*\*\* A letter dated 13 April 2018 received from Cllr T. W. Letlhake, containing certain questions is **attached on page 19 of the Annexures.**
- \*\*\* The Municipal Manager's response is **attached on page 20 to page 21 of the Annexures.**

**SUBMITTED FOR NOTIFICATION**

A39 of 2018

**QUESTIONS OF WHICH NOTICE WAS GIVEN: CLLR P.F. BOTHA (MM) (3/1/3/2)**

**PURPOSE**

To submit the questions raised by Cllr P.F. Botha and the response thereon by the Municipal Manager.

**BACKGROUND**

- \*\*\* A letter dated 09 May 2018 received from Cllr P.F. Botha, containing certain questions is **attached on page 22 to page 23 of the Annexures.**
- \*\*\* The Municipal Manager's response is **attached on page 24 to page 26 of the Annexures.**

**SUBMITTED FOR NOTIFICATION**



A40 of 2018

**QUESTIONS OF WHICH NOTICE WAS GIVEN: CLLR M.J. BADENHORST (MM)**  
**(3/1/3/2)**

**PURPOSE**

To submit the questions raised by Cllr M.J. Badenhorst and the response thereon by the Municipal Manager.

**BACKGROUND**

- \*\*\* A letter dated 07 May 2018 received from Cllr M.J. Badenhorst, containing certain questions is **attached on page 27 to page 28 of the Annexures.**
- \*\*\* The Municipal Manager's response **is attached on page 29 to page 30 of the Annexures.**

**SUBMITTED FOR NOTIFICATION**

A41 of 2018

**QUESTIONS OF WHICH NOTICE WAS GIVEN: CLLR M.J. BADENHORST (MM)**  
**(3/1/3/2)**

## **PURPOSE**

To submit the questions raised by Cllr M.J. Badenhorst and the response thereon by the Municipal Manager.

## **BACKGROUND**

- \*\*\* A letter dated 07 May 2018 received from Cllr M.J. Badenhorst, containing certain questions is **attached on page 31 to page 32 of the Annexures.**
- \*\*\* The Municipal Manager's response **is attached on page 33 to page 34 of the Annexures.**

**SUBMITTED FOR NOTIFICATION**

A42 of 2018

**DRAFT REVIEWED INTEGRATED DEVELOPMENT PLAN FOR THE FINANCIAL YEAR 2018/2019 (EXECUTIVE MAYOR) (9/3/1)**

**PURPOSE**

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

**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.

On the 28<sup>th</sup> 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 3<sup>rd</sup> May 2018 and was completed on the 22<sup>nd</sup> May 2018. For the 2018/2019 review process, the schedule had to be extended as a result that some wards could not secure venues and hence the extensions. This problem caused postponements of about two to four ward sittings which contributed to the delays in the consolidation of ward participation reports.

The consolidated report is required to provide a summary of priority needs from the wards. Serious service delivery challenges pitted communities against ward Councillors in some wards justifying equitable distribution of resources. The equitable distribution of resources is necessary as township wards away from Welkom allege that there is concentration of development there than anywhere away from the centre. The IDP Matrix must be developed in such a way that it becomes a live document which can direct development in all wards.

In order for the IDP to be credible, we need to have all relevant master plans that provide direction on what must happen and related time frames. The IDP is therefore influenced by a number of policies/master plans which must be developed/revised for approval and implemented as per the inexhaustible tabular list below.

NUMBER	PLAN NAME	AVAILABILITY	TECHNICAL ASSISTANCE REQUIRED	APPROVE	DEVELOP	DRAFT REVIEW	COMPLETION DATE	GENERAL COMMENTS
1	Potable Water Master Plan	No	Yes		Yes			The Municipality has a dilapidated water network. It is important to know how much should be set aside for repairs and new reticulations.
2	Waste Water Master Plan (Sewer)	No	Yes		Yes			The Municipality has a dilapidated waste water network. It is important to know how much should be set aside for repairs and new reticulations.
3	Energy Master Plan	No	Yes		Yes		June 2019	There is a need for the plan as it provides budget information for new and future developmental needs.
4	Road and Storm-water Master Plan	No	Yes		Yes		June 2019	Key to development is the existence on well planned road and ancillary network system.
5	Open Space Master Plan	No	Yes		Yes		June 2019	Use for open spaces should be planned quite in advance.
6	Air Quality Management Plan	No	Yes		Yes		June 2019	We need to have specialized air quality experts to assist in developing the plan to ensure that communities live under controlled and unpolluted environment.

NUMBER	PLAN NAME	AVAILABILITY	TECHNICAL ASSISTANCE REQUIRED	APPROVE	DEVELOP	DRAFT REVIEW	COMPLETION DATE	GENERAL COMMENTS
7	Sport and Recreation Master Plan	No	No		Yes		June 2019	All available recreation facilities and planned future planned ones should comply to needs as envisaged through the plan.
8	Rural Road Assets Management Plan	No	Yes		Yes		June 2019	A report from the interaction with Public Works through RRAMS will provide background information for the development of this plan.
9	Precinct Plans	No	Yes		Yes		June 2019	The first critical precinct plans should be developed by September 2017 and thereafter other precinct plans in other towns should follow.
10	CBD and Urban Renewal Plan	No	Yes		Yes		June 2019	The Municipality needs the CBD renewal plan to ensure that our towns get resuscitated
11	Water Conservation and Demand Management Plan	No	Yes		Yes		June 2019	This plan will assist the Municipality when it is time for water restrictions and general water use management due to scarcity of water as a valuable resource.

All of the above master plans would require sizeable amount of money in the next financial year. We have however, commissioned development/review of the following service plans some of which must go to council for approval as follows:

ITEM	PLAN NAME (Service Plan)	STATUS	COMMENTS
1.0	Draft Spatial Development Framework	Draft	Approval by council
2.0	Integrated Human Settlement Plan	Draft	Approval by council
3.0	Integrated Waste Management Plan	Draft	Approval by council
4.0	Disaster Management Plan	Available	Need Review
5.0	Rural Development Plan	Complete	Approval by council
6.0	Rural Roads Assets Management Systems	Complete	Approval by council
7.0	Integrated Transport Plan	Available	Approval by council
8.0	Integrated Human Settlement Plan	Draft	Approval by council
9.0	Local Economic Development Strategy	Draft	Need Review

\*\*\* The Draft revised IDP for 2018/ 19 financial year **attached as SEPARATE COVER 1 and 3 other Sector Plans will be uploaded on Sunday, the 26<sup>th</sup> 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 Council approves the draft revised IDP for the Financial Year 2018/2019.
2. That a Service Delivery Programme be linked to the priority needs submitted from all wards.
3. That Council approves the IDP with related attached IDP policies and master/sector plans.
4. That the approved IDP and related policies and sector plans be submitted to Member of the Executive Council responsible for Provincial Treasury and Department of Cooperative Governance and Traditional Affairs within the required time as stipulated by law.

A43 of 2018

**THE 2018-2019 ANNUAL BUDGET FOR THE MATJHABENG MUNICIPALITY  
(EXECUTIVE MAYOR) (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 2 653 704 150, inclusive of operating and capital transfers and R 2 490 298 150 excluding capital transfers and contributions. The Expenditure Budget for the 2018/19 MTREF is R 2 415 436 293.

**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 6.84% 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:-**

- CPIX of approximately 5.3%
  - Increase in Sedibeng Water tariffs by 9%
  - Eskom Tariff increase of 7.32% and 6.84% for municipalities
  - Salary increases of approximately 8%
  - National Treasury (MFMA Circular No. 91)
- f) The average pay rate of **60%** has been informed by the following factors:-
    - Historic collection trends.
  - g) The Equitable Share allocation for the 2018/19 financial year will be **R 459 037 000**.

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

\*\*\* **Attached as SEPARATE COVER 2** is the Budget for 2018/19 - 2020/21 financial years.

\*\*\* **Attached as SEPARATE COVER 3** is the tariffs.

During the 2017/2018 financial year, the Municipality conducted an exercise of fixed assets verification to comply with MFMA as well as to produce a GRAP compliant fixed assets register. In the process, it was identified that the Matjhabeng Assets Policy be reviewed and amended to comply with GRAP. It was also identified that minor assets should be de-recognised from the register in accordance with the Matjhabeng Assets Policy.

In compliance with the above prescripts, request is hereby put before Council for consideration and approval of the de-recognition of specific minor assets that are below the assets capitalization threshold as prescribed by the Matjhabeng Local Municipality fixed assets management policy.

\*\*\* **Attached as SEPARATE COVER 4** are the Budget related policies.

\*\*\* **Attached as SEPARATE COVER 5** is the amended Fixed Assets Management Policy.

\*\*\* **Attached hereto as SEPARATE COVER 6** is a detailed list of proposed Assets.

## BUDGET RELATED POLICIES

Supply Chain Management Policy  
Municipal Property Rates Policy  
Credit Control Policy  
Indigent Policy  
Petty Cash Policy  
Subsistence and Travelling Policy  
Tariff Policy  
Unallocated Deposits Policy  
Budget Policy  
Deposits Policy  
Liability, Investment and Cash Management policy  
Asset Management policy

## POLICY POSITION

Municipal Finance Management Act  
Municipal Systems Act  
Municipal Budget Regulations

Matjhabeng Local Municipality is required to comply with Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). This further requires municipalities to apply the GRAP reporting framework outlined in the ASB Directive 5 *Determining the GRAP Reporting Framework*, issued on March 2009. The Appendix to ASB



Directive 5, part 2, lists the standards and pronouncements that are GRAP Reporting Framework effective for financial periods commencing on or after 1 April 2009 and should be applied as set out in paragraph .04 of ASB Directive 5.

## **FINANCIAL IMPLICATIONS**

The expensing of de-recognised minor assets amounting R 235,745 as the attached SEPARATE COVER 6.

## **RECOMMENDATIONS**

1. That Council adopts the 2018/19 MTREF Budget.
2. That Council approves the amended Fixed Assets Management Policy as submitted to be GRAP compliant.
3. That Council approves the de-recognition of the attached list of minor assets for the year ended 30 June 2018.

A44 of 2018

**SPECIAL ADJUSTMENT FOR 2016/2017 FINANCIAL YEAR (EXECUTIVE MAYOR)**  
**(6/1/1/1) (2016/17)**

**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.

- \*\*\* Attached on page 35 to page 41 of the Annexures is the MPAC report on investigation of Fruitless and Wasteful expenditure for the period ended 30 March 2018.
- \*\*\* Attached on page 42 to page 50 of the Annexures is the MPAC report on investigation of Irregular expenditure for the period ended 30 March 2018.

**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.

(c) *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	-	-	-	-
	<b>2 036 734 383,52</b>	<b>2 810 990 457,00</b>	<b>(965 932 426,00)</b>	<b>2 897 952 396,00</b>
Non -cash items			(404 078 884,00)	
Bulk purchases and Eskom			(336 566 557,00)	
Interest			(225 286 985,27)	
Other expenditures				
<b>Total Unauthorised expenditure</b>			<b>(965 932 246,00)</b>	

**RECOMMENDATIONS**

1. That Council must condone the Special Adjustment Budget that was not submitted on the stipulated time.
2. That Council approves the Special Adjustment Budget to authorise the 2016/2017 unauthorised expenditure incurred.

A45 of 2018

**DRAFT SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR 2017/2018 FINANCIAL YEAR (EXECUTIVE MAYOR) (6/1/1)**

**PURPOSE**

The purpose of this item is to submit the draft Service Delivery and Budget Implementation Plan for 2018/19 Financial year to Council 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 22<sup>nd</sup> March and Council on the 28<sup>th</sup> March 2017.

\*\*\* **Attached as SEPARATE COVER 7** is the Draft Service Delivery and Implementation Plan for 2018/2019 financial years.

**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 Council notes the Draft Service Delivery and Budget Implementation plan for 2018/2019.
- 2. 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.
- 3. That the final SDBIP for 2018/2019 be submitted to Offices of the Provincial and National Treasuries as well as Provincial COGTA.

**A46 of 2018**

**BUDGET/ IDP REVIEW PROCESS PLAN – 2019/ 2020 (EXECUTIVE MAYOR) (18/1/18)**

**PURPOSE**

To present the Budget/ IDP Review Process Plan in terms of chapter 5 of the Municipal Systems Act and MFA chapter 4 section 21, to Council for consideration.

**BACKGROUND**

In terms of Chapter 5 section 34 of Local Government: Systems Act, 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 extent that changing circumstances so demand; and
- b) May amend its Integrated Development Plan in accordance with a prescribed process.

The process plan for the review of IDP as contemplated in the section above is hereby complied with as per section 28 & 29 of the same Act.

The budget compilation is regulated in terms of section 21(1) (b) of the Municipal Finance Management.

The endeavor was made to align the IDP process with Budget time table to achieve seamless out of the two processes.

\*\*\* Attached as **SEPARATE COVER 8A** is the IDP Review Process Plan 2019/ 2020.

\*\*\* Attached as **SEPARATE COVER 8B** is the IDP/Budget Process Plan Time-table for 2019/ 2020.

**LEGAL IMPLICATIONS.**

To comply with the provisions of chapter 5 of the Municipal Systems Act and MFMA.

**FINANCIAL IMPLICATIONS.**

None

**RECOMMENDATION**

1. That Council approves the Budget/Integrated Development Plan Review Process-Plan for financial year 2019/ 20.

A47 of 2018

**PROGRESS REPORT REGARDING THE ALLOCATION OF SITES/  
FORMALISATION OF 7000 SITES IN THE AFFECTED WARDS OF MATJHABENG  
(EXECUTIVE MAYOR) (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 the draft allocation plan for 7000 sites planned and pegged within some areas in Matjhabeng.

Allocations are done per allocation program as approved by Council per 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, as follows:

Planning Area	Ward	No. of sites pegged	Allocation status	Challenges faced
Nyakallong	19	300	None	Community members have expressed dissatisfaction with the number of sites pegged.
Kutlwanong	10	2900	1580 allocated	Illegal land invasion
Phomolong	3	1654	None	None
Mmamahabane	1	500	432 sites allocated.	Delay in beneficiaries in paying R250 admin fee.
Thabong: Phokeng	25	810	Allocation completed	Sites pegged were insufficient as about 228 individuals could not be allocated. They are 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 a result there are still individuals who are occupying school site stand at number 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 sites, 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 Mmamahabane, 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 Mmamahabane.

Allocation in the following area is still to follow, Bronville, Pumlani 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, however, 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 Kutlwanong 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 sites.

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 per Resolution A48/2016.

## **IN CONCLUSION**

Ward Councillors in 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 Council takes note of the report.
2. That a time-frame be indicated in terms of the allocation process.

**A48 of 2018**

**PROGRESS ON MUNICIPAL ACCREDITATION PROGRAMME (EXECUTIVE MAYOR) (7/1/4/1)**

**PURPOSE**

To inform Council 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 28<sup>TH</sup> 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 9<sup>th</sup> May 2017.  
A progress report was submitted to council on the 31<sup>st</sup> May 2017.

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

On the 29<sup>th</sup> June the department and Lekwa consulting had a working session to finalise the outstanding ABP templates, required documents were submitted electronically with an undertaking 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 3<sup>rd</sup> 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 6<sup>th</sup> 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 endeavour 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 Council takes note of the progress report.
2. That funds be made available for the Service Provider to proceed with Sector Plans.
3. That the area be considered for Gap Market development.

A49 of 2018

**REQUEST FOR APPROVAL OF MATJHABENG LOCAL MUNICIPALITY 1<sup>st</sup> DRAFT RESETTLEMENT PLAN – UPGRADING / RELOCATION OF INFORMAL SETTLEMENTS (EXECUTIVE MAYOR) (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 1<sup>st</sup> Draft Re-Settlement Plan of the 21 informal settlements which were identified **is attached as SEPARATE COVER 9**.

**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 settlements 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 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 51 of the Annexures is a letter from the Free State Department of Human Settlements.

## **FINANCIAL IMPLICATIONS**

None

## **LEGAL IMPLICATIONS**

Municipal policy on allocation of Sites

## **RECOMMENDATION**

1. That Council approves the Matjhabeng Local Municipality's 1<sup>st</sup> Draft Re-Settlement Plan Upgrading / Relocation of Informal Settlements.

**A50 of 2018**

**DISPOSAL OF CAPITAL ASSETS – ALIENATION OF IMMOVABLE PROPERTIES:  
COMMUNITY FACILITIES SITES IN MATJHABENG (EXECUTIVE MAYOR) (8/3)**

**PURPOSE**

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

**BACKGROUND**

It is 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 identify 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 were identified, on further assessment it was further discovered that 80% of these sites have already been occupied by various churches and NPO, occupation in majority of these sites was done illegally by the respective Organizations, in other cases occupation was granted by our former TLC's and no formal 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 52 to 69 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 these 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 70 to 82 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 Council notes the report.
2. That Council 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 Council notes the Valuation amount on each property as received from our revenue department.
4. That Council 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 Council 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.

**A51 of 2018**

**RE: ESTABLISHMENT OF DISCIPLINARY BOARD TO ASSIST COUNCIL WITH ALLEGATIONS OF FINANCIAL MISCONDUCT (EXECUTIVE MAYOR)**

**PURPOSE**

To submit to Council 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”.

\*\*\* See Government Gazette No. 37682 **attached as SEPARATE COVER 10.**

**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 the minutes of Lejweleputswa District Municipality as **SEPARATE COVER 11**.

**RECOMMENDATIONS**

1. That Council approves the establishment of Matjhabeng Local Municipality Disciplinary Board.
2. That as a temporary solution, it is recommended that Council approves that a Committee 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.

A52 of 2018

**DEVELOPMENT OF MASTER PLANS BY THE DEVELOPMENT BANK OF SOUTH AFRICA FOR THE MUNICIPALITY (DBSA) (EXECUTIVE MAYOR) (5/6/2/5)**

**PURPOSE**

To seek approval from Council to pursue engagements with the Development Bank of South Africa (DBSA) on the development of the Water and Sanitation Master Plan and the Roads and Storm Water Master Plan through their in-kind grant.

**BACKGROUND**

The Municipality is in urgent need of Master Plans in order to guide Municipal infrastructure development for the next 25 to 30 years. Due to financial constraints, the Master Plans were not being developed in the past whilst settlements grew and consequently the demand to provide the community with efficient quality basic services also increased.

On the 29<sup>th</sup> March 2018 we received an e-mail from the Municipal Infrastructure Support Agency (MISA) inviting us to submit a letter requesting DBSA for funding support to assist the Municipality in Developing Master Plans.

\*\*\* Attached on page 83 to page 87 of the Annexures is the email from MISA and our letter of response thereof.

We received response from DBSA on the 7<sup>th</sup> May 2018 and subsequently held a meeting with them on the 11<sup>th</sup> May 2018.

\*\*\* Attached on page 88 to page 90 of the Annexures is the Agenda and Attendance register of the meeting.

**DISCUSSIONS**

Although we had requested for 7 (seven) Master Plans, it was agreed in the meeting of the 11<sup>th</sup> May 2018 that as a start they can consider only two Master Plans namely; Water and Sanitation Master Plan and the Roads and Storm Water Master Plan considering the development challenges as far as these services are concerned. Our IDP is also not credible due to a lack of Master Plans. There is a need for the Municipal Manager to resubmit the application for only these two Master Plans.

DBSA indicated that the development of these Master Plans will be funded in-kind. Therefore; they will procure a Service Provider, manage and monitor the Service Provider, while we provide inputs and all relevant information required throughout the entire process until the development of the Plans is finalized.

DBSA has already started with their internal processes to implement the programme. It is part of their requirements to get Council approval authorizing the Municipal Manager to apply, commit to contribution, execution, migration and execution of projects to be identified in the Infrastructure Plan. Further the DBSA emphasized the need to commit to the Municipality's contribution towards the development of the Infrastructure Plans in our application, which can either be monetary or in-

kind. Upon the final approval of our application by their Investment Committee, a project steering committee composed of various stakeholders will be established.

## **FINANCIAL IMPLICATION**

To be carried by DBSA. The Municipality will only contribute in-kind.

## **LEGAL IMPLICATION**

### **As per Section 152 and 153 of the Constitution;**

#### 152. Objects of local Government

The objects of local Government are –

- 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 organizations in the matters of local government.

1. A Municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

#### 153. Developmental duties of Municipalities

A Municipality must –

- a. structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- b. Participate in national and provincial development programmes.

### **5.2 As per Section 26 the Municipal Systems Act:**

#### 26. Core components of integrated development plans

An integrated development plan must reflect-

- a. The Municipal Council's vision for the long term development of the Municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- b. An assessment of the existing level of development in the Municipality, which must include an identification of communities which do not have access to basic Municipal services;
- c. The Council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- d. The Council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the Municipality in terms of legislation;
- e. A spatial development framework which must include the provision of basic guidelines for a land use management system for the Municipality;
- f. The council's operational strategies;

- g. Applicable disaster management plans;
- h. A financial plan, which must include a budget projection for at least the next three years; and the key performance indicators and performance targets determined in terms of section 41.

### **5.3 As per Section 3 the Water Services Act:**

#### **2. Right of access to basic water supply and basic sanitation**

- 1. Everyone has a right of access to basic water supply and basic sanitation.
- 2. Every water services institution must take reasonable measures to realize these rights 15
- 3. Every water services authority must, in its water services development plan Provide for measures to realize these rights.
- 4. The rights mentioned in this section are subject to the limitations contained in this Act.

### **OTHER IMPLICATIONS**

The Municipality will gain the following benefits from the development of these Master Plans:

- A credible IDP
- Guided new infrastructure development
- Clearly identified critical infrastructure requiring improvement
- Transformation of our targeted service delivery objectives into tangible plans and goals

### **RECOMMENDATIONS**

- 1. That the item be noted.
- 2. That the Municipal Manager be authorized to continue engagements and co-operation with the Development Bank of South Africa (DBSA) in order to access their in-kind grant to develop the following master plans:
  - 2.1.1 water and sanitation master plan
  - 2.1.2 roads and storm water master plan
- 3. That the Municipal Manager be authorized to enter into a memorandum of agreement (moa) upon final approval of the application by the investment committee of the Development Bank of South Africa (DBSA).
- 4. That the Municipality's contribution towards the development of the master plans be in-kind and not of monetary value.



**A53 of 2018**

**SANRAL INTERVENTION TO REPAIR ROADS IN MATJHABENG MUNICIPALITY  
THROUGH THE VENTERSBURG QUARRY (EXECUTIVE MAYOR) (8/3/2)**

**PURPOSE**

To provide feedback to Council on engagements with SANRAL on the Ventersburg quarry.

**BACKGROUND**

The Municipality held a meeting with the representatives of SANRAL on 20 April 2018, to discuss the possibility of SANRAL assisting the Municipality to access the Ventersburg Quarry which was alienated to them by Council in 2015, to get material to repair roads in the Municipal area.

The contract for the mining in the quarry expired and currently material has been stockpiled. Therefore, there is no mining activity in the quarry. SANRAL still has mining rights in the quarry, and therefore they can provide support to the Municipality by assisting with documentation to acquire own mining Contractor, but strongly advised that it would be imperative to determine the scope of work to minimize wastage of material.

During the upgrading of the N1 in Ventersburg, the surrounding roads of the Municipality were damaged. SANRAL indicated that the main Voortrekker Road and MMA 80 leading to their truck stop in the new 2018/19 financial year will be repaired.

**DISCUSSIONS**

SANRAL committed to provide technical support to the Municipality to complete a comprehensive plan to repair roads depending on condition. The Municipality forwarded information of the entire road network, per type, road length and width and current condition on 23 April 2018, so that they can resume with a desktop study before they can send technical support staff to complete the comprehensive plan with the Municipality. A short-term plan to gravel roads in townships will also be included.

It was agreed that the comprehensive plan and MOU should be finalized by 30 May 2018, but unfortunately there has not been any progress on the side of SANRAL, even after follow-up was done via e-mail on 02 May 2018 and several times telephonically.

**FINANCIAL IMPLICATION**

None.

**LEGAL IMPLICATION**

**As per Section 41 and 152 of the Constitution;**

**41. Principles of co-operative government and intergovernmental relations**

1. All spheres of government and all organs of state within each sphere must:

- h) co-operate with one another in mutual trust and good faith by:
  - i. fostering friendly relations;
  - ii. assisting and supporting one another;
  - iii. informing one another of, and consulting one another on, matters of common interest;
  - iv. co-ordinating their actions and legislation with one another;
  - v. adhering to agreed procedures; and
  - vi. avoiding legal proceedings against one another.

#### 152. Objects of local Government

- 1. The objects of local Government are -
  - (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
- 2. A Municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

#### **OTHER IMPLICATIONS**

The condition of roads in Matjhabeng is very bad, and maintenance is not regularly done due to a shortage of resources, thus service delivery is affected. With the intervention from SANRAL, roads maintenance can be improved and service delivery improved.

#### **RECOMMENDATIONS**

- 1. That the report be noted.
- 2. That a letter be written to the CEO of SANRAL and the Director General of the National Department of Transport respectively to express disappointment on the lack of progress as agreed on 20 April 2018.
- 3. That the Executive Mayor and the Municipal Manager must arrange a meeting with the Minister of the National Department of Transport for intervention.

**A54 of 2018**

**MOTION BY CLLR P.F. BOTHA: MOTION TO HAVE MEDIA NEWS CONTRACT DECLARED NULL AND VOID (20/14/4/3)**

**PURPOSE**

To submit to Council the motion received from Cllr P.F. Botha for consideration.

**BACKGROUND**

\*\*\* A copy of the motion by the Cllr P.F. Botha dated 09 May 2018 is attached on **page 91 to page 108 of the Annexures.**

**LEGISLATIVE MANDATE**

Rule 54 of the Standard Rules and Orders states that:

- “1) A councillor or traditional leader may put a matter on the agenda of a committee of which he or she is a member or of the council by submitting a written motion to the municipal manager, provided that a councillor or traditional leader may orally request the municipal manager to include a motion in the agenda for the first ordinary meeting of such committee or the council next ensuing.”

*Rule 55 of the Standard Rules and Orders states that:*

- “1) With due regard for the provisions of sub-rule (4) a motion in terms of rule 54 must be included in the agenda for the first ordinary meeting next ensuing of the council or the committee concerned, provided it had reached the municipal manager at least forty-eight hours before the date referred to in rule 10(1).
- 2) Only one motion of a councillor or traditional leader may be considered at a meeting.
- 3) If the introducer of a motion is absent during the meeting when the motion is put to the order, it is deferred to the ensuing ordinary meeting of the council or committee, as the case may be.
- 4) Any motion which-
- (a) contemplates the repeal or amendment of a resolution taken during the preceding three months; or
  - (b) has the same scope as a motion that had been rejected during the preceding three months may not be included in the agenda, unless it has been signed by at least three councillors in addition to its introducer.”

**FINANCIAL IMPLICATIONS**

None

**SUBMITTED FOR CONSIDERATION**