

MC9 of 2018

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

PURPOSE

To submit to the Mayoral Committee the Monthly Finance Report for April 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 April 2018 is attached on **Separate Cover 1**.

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (April 2018)	For Year to date (2017/2018)
All Grants Received	-	561 992 000
Actual Revenue Received	74 182 870	851 224 301
Actual Expenditure	87 732 193	1 377 167 484
Salaries	57 373 814	568 295 599
Water	1 000 000	187 326 926
Electricity	3 497 618	156 960 564
Other Expenditure	25 860 761	464 584 395
Sub-Total	-13 549 323	36 048 817
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	-13 549 323	36 048 817
MIG Payments	1 470 710	93 886 432
INEG Payments	-	882 659
WSIG Payments	-	5 805 936
Capital Assets procured - Equitable Share	-	2 878 080
Fleet & Equipment	-	27 300
Office convention/ Furniture	-	2 850 780
Net Surplus/(Deficit) after Capital payments	-15 020 033	

Table 1: The municipality had a deficit of R15 020 033 for the month of April after capital payments, This deficit indicates that the expenditure incurred is more than the revenue received for month.

TABLE 2	Actual For the Month (April 2018)	For Year to date (2017/2018)
Total Billings	140 257 427	1 465 324 346
Less: Indigent Billings	3 777 782	35 057 212
Actual Billings	136 479 645	1 430 267 134
Actual Revenue Received	73 088 361	824 223 257
Consumer Revenue	66 986 371	740 968 894
Other	6 101 990	83 254 363
Grants & Subsidies	-	561 992 000

Pay rate for April 2018 (Total Billings)	54%
Total income percentage - April 2018	54%
Total income percentage – YTD	60%

The pay rate for April 2018 was 54%

The total income percentage April 2018 was 54%.

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

MC10 of 2018**MONTHLY FINANCE REPORT – MAY 2018 (CFO) (6/4/1)****PURPOSE**

To submit to the Mayoral Committee the Monthly Finance Report for May 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:

- 7) Actual revenue per revenue source
- 8) Actual borrowings
- 9) Actual expenditure per vote
- 10) Actual capital expenditure per vote
- 11) The amount of any allocations received
- 12) Actual expenditure on allocations received

The compilation of the Section 71 report is as follows:

- 7. 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
- 8. After month end the ICT Department runs all the month end reports.
- 9. 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.
- 10. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- 11. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.
- 12. 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 May 2018 is attached on **Separate Cover 2**.

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (May 2018)	For Year to date (2017/2018)
All Grants Received	-	561 992 000
Actual Revenue Received	107 773 758	958 998 059
Actual Expenditure	112 437 460	1 489 604 944
Salaries	46 405 071	614 700 670
Water	2 000 000	189 326 926
Electricity	40 654 142	197 614 706
Other Expenditure	23 378 247	487 962 642
Sub-Total	-4 663 702	31 385 115
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	-4 663 702	31 385 115
MIG Payments	9 101 981	102 988 413
INEG Payments	-	882 659
WSIG Payments	-	5 805 936
Capital Assets procured - Equitable Share	96 892	2 974 972
Fleet & Equipment	-	27 300
Office convention/ Furniture	96 892	2 947 672
Net Surplus/(Deficit) after Capital payments	- 13 862 575	

Table 1: The municipality had a deficit of R13 862 575 for the month of May after capital payments, This deficit indicates that the expenditure incurred is more than the revenue received for month.

TABLE 2	Actual For the Month (May 2018)	For Year to date (2017/2018)
Total Billings	146 874 102	1 612 198 448
Less: Indigent Billings	3 840 638	38 897 850
Actual Billings	143 033 464	1 573 300 598
Actual Revenue Received	106 617 846	930 841 103
Consumer Revenue	98 977 073	839 945 967
Other	7 640 773	90 895 136
Grants & Subsidies	-	561 992 000

Pay rate for May 2018 (Total Billings)	75%
Total income percentage - May 2018	75%
Total income percentage – YTD	61%

The pay rate for May 2018 was 75%

The total income percentage May 2018 was 75%.

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

MC11 of 2018**MONTHLY FINANCE REPORT – JUNE 2018 (CFO) (6/4/1)****PURPOSE**

To submit to the Mayoral Committee the Monthly Finance Report for June 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:

- 13) Actual revenue per revenue source
- 14) Actual borrowings
- 15) Actual expenditure per vote
- 16) Actual capital expenditure per vote
- 17) The amount of any allocations received
- 18) Actual expenditure on allocations received

The compilation of the Section 71 report is as follows:

- 13. 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
- 14. After month end the ICT Department runs all the month end reports.
- 15. 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.
- 16. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- 17. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.
- 18. 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 June 2018 is attached on **Separate Cover 3**.

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (June 2018)	For Year to date (2017/2018)
All Grants Received	-	561 992 000
Actual Revenue Received	78 456 368	1 037 454 427
Actual Expenditure	375 856 977	1 865 461 921
Salaries	71 523 596	686 224 266
Water	-	189 326 926
Electricity	13 089 171	210 703 877
Other Expenditure	291 244 210	779 206 852
Sub-Total	-297 400 609	-266 015 494
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	-297 400 609	-266 015 494
MIG Payments	42 815 666	145 804 079
INEG Payments	-	882 659
WSIG Payments	-	5 805 936
Capital Assets procured - Equitable Share	67 951	3 042 923
Fleet & Equipment	-	27 300
Office convention/ Furniture	67 951	3 015 623
Net Surplus/(Deficit) after Capital payments	- 340 284 226	

Table 1: The municipality had a deficit of R340 284 226 for the month of June after capital payments, This deficit indicates that the expenditure incurred is more than the revenue received for month. This deficit is due to bad debts written off for the month of **R262 470 191**. Operating Expenditure incurred for the month less bad debts written off amounts to **R113 386 786**

TABLE 2	Actual For the Month (June 2018)	For Year to date (2017/2018)
Total Billings	115 182 824	1 727 381 272
Less: Indigent Billings	3 837 824	42 735 674
Actual Billings	111 345 000	1 684 645 598
Actual Revenue Received	77 273 256	1 000 473 586
Consumer Revenue	70 140 604	910 086 571
Other	7 132 652	90 387 015
Grants & Subsidies	-	561 992 000

Pay rate for June 2018 (Total Billings)	69%
Total income percentage - June 2018	70%
Total income percentage – YTD	62%

The pay rate for June 2018 was 69%

The total income percentage June 2018 was 70%.

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 June 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, be noted.
2. That the Finance Report for June 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, be submitted to Provincial and National Treasury.

MC12 of 2018

THREE MONTHS FINANCE REPORT – APRIL - JUNE 2018 (CFO) (6/4/1)

PURPOSE

To submit to the Mayoral Committee three Months Finance Report for April – June 2018 in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003.

BACKGROUND

Section 52(d) 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 quarter and for the financial year up to the end of that quarter:

- 19) Actual revenue per revenue source
- 20) Actual borrowings
- 21) Actual expenditure per vote
- 22) Actual capital expenditure per vote
- 23) The amount of any allocations received
- 24) Actual expenditure on allocations received

The compilation of the Section 52 report is as follows:

- 19. 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
- 20. After month end the Information Communication Technology Department runs all the month end reports.
- 21. 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.
- 22. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- 23. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.
- 24. The Section 52(d) report is then compiled with all the information received from other sections and extracted from the Solar System.

DISCUSSIONS

*** The finance reports for April – June 2018 are attached on **Separate Cover 4 & 4A**

FINANCIAL IMPLICATIONS

TABLE 1	Budget for three months	Actual for three months (2017/2018)
Actual Revenue Received	479 349 340	260 412 996
All Grants Received	140 748 000	-
Total Income	620 097 340	260 412 996
Actual Expenditure	580 705 415	576 026 630
Salaries	176 727 823	175 302 481
Water	109 856 301	3 000 000
Electricity	103 016 971	57 240 931
Other Expenditure	191 104 320	340 483 218
Net Surplus/(Deficit) before Capital payments	39 391 925	-315 613 634

MIG Payments	53 388 357
INEG Payments	-
WSIG Payments	-

Capital Assets procured - Equitable Share	164 843
Fleet & Equipment	-
Office convention/ Furniture	164 843

Net Surplus/(Deficit) after Capital payments	-369 166 834
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Table 1: The municipality had a deficit of R369 166 834 for the quarter after capital payments, this indicates that the expenditure incurred is more than the revenue received for quarter.

TABLE 2	Actual for three months (2017/2018)
Total Billings	402 314 353
Less: Indigent Billings	11 456 244
Actual Billings	390 858 109
Actual Revenue Received	323 965 834
Consumer Revenue	236 104 048
Other	87 861 786
Grants & Subsidies	-

Pay rate for fourth quarter (Total Billings)	83%
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Total income percentage - fourth quarter	67%
Total income percentage – YTD	62%

The pay rate for the fourth quarter was 83%

The total income percentage for the fourth quarter was 67%.

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 budget report is submitted in compliance with Section 52(d) of the MFMA no 56 of 2003.

Section 52(d) stipulates that the mayor of the Municipality must, within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of the Municipality.

RECOMMENDATIONS

1. That the Finance Report for the Quarter (April - June 2018) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, be noted.
2. That the Finance Report for the Quarter (April - June 2018) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, be submitted to Provincial and National Treasury.

MC13 of 2018

APPROVAL OF THE BANKING FACILITIES AND OVERDRAFT OFFERED BY ABSA BANK LIMITED FOR THE 2018/19 FINANCIAL YEAR (CFO) (6/3/1/2)

PURPOSE

To request approval for the Banking Facilities and overdraft offered by ABSA Bank Limited for the 2018/19 financial year.

BACKGROUND

In terms of Section 7 of the Municipal Finance Management Act 56 of 2003, must every municipality open and maintain at least one bank account in the name of the municipality. All the money received by the municipality must be paid into its bank account or accounts, and this must be done promptly and in accordance with Chapter 3 of the aforementioned act and any requirements that may be prescribed. Section 8 of the Municipal Finance Management Act 56 of 2003 indicates all the moneys that must be paid into a municipality's primary bank account.

The volume of the banking transactions that the municipality performs daily is a great number which result in too excessive banking costs, the municipality should therefore manage and reduce the banking cost by implementing a banking facility that will assist and perform the aforementioned.

Every year the Council of the municipality is responsible for approving the banking facilities offered. ABSA Bank Limited has approved banking facilities in favour of the municipality.

Council resolved previously that:

1. The client opens/operates bank accounts with ABSA Bank Limited ("the bank") from time to time.
2. The client negotiates and accepts banking facilities and/or other banking services/products, including but not limited to electronic banking products and foreign exchange products, with the bank.
3. The municipality be entitled to:

Request the Bank to open new or close existing bank accounts;

Negotiate and settle the terms and conditions of the banking facilities/services/products on behalf of the client;

Sign all documentation relating to 3.1 and 3.2 including but not limited to application forms, agreements, facilities letters, security documents including but not limited to indemnities, surety ships, cessions, undertakings and mortgages;

Authorize individuals to give instructions to the bank, whether verbal, written, faxed or electronic, that may be necessary for the utilization of the banking facilities/services/products;

For purpose of electronic banking services, appoint system managers who will be responsible for registration of operations; registration of modules and authorizations per operator; linking accounts to operators; changing operator detail;

Authorize individuals to sign cheques, bills of exchange, promissory notes, other negotiable instruments, documentation relating to deposit and withdrawal of funds in any bank account;

4. The Mayor be authorized to supply the bank with the names and specimen signatures of the persons authorized pursuant to 3 above.

DISCUSSIONS

None

POLICY POSITION

Liability, Investment and Cash Management Policy.

LEGAL IMPLICATIONS

Municipal Finance Management Act 56 of 2003 Section 7.

FINANCIAL IMPLICATOINS

ABSA Bank Limited will assist Council in reducing and effectively managing Council's banking cost.
Overdraft facility of R 20 000 000

RECOMMENDATION

1. That the Council approves the Banking Facilities and overdraft facilities of **R20 000 000** for the 2018/19 financial year.

MC14 of 2018

REQUEST FOR THE MATJHABENG LOCAL MUNICIPALITY TO CONCLUDE A LEASE AGREEMENT WITH THE FALCON CONCEPTS (PTY) LTD (AED: LED, P & HS) (8/3/2/6)

PURPOSE

The purpose of this report serves to request the Matjhabeng Local Municipality to conclude a lease agreement with the Falcon Concepts (PTY) LTD in order to manufacture bricks in portion Saaiplaas situated in Welkom District near Bronville area next to the Municipal dumping site.

BACKGROUND

Falcon Concepts (PTY) LTD is a female owned Company and 100% black owned entity and is holding CIDB of grade 1 CE, GB.

*** See the company proposal on **page 1 to page 8 of the Annexures**.

It is against this background that we request the Matjhabeng Local Municipality conclude a lease agreement with Falcon Concepts (PTY) LTD in the Saaiplaas 690 which is situated in Welkom District in Bronville area next to the municipal dumping site.

*** See the farm map on **Page 9 of the Annexures**.

The economic benefits associated with the proposed project are expected to be somewhat positive. From the point of view, the following three advantages are envisaged:

- To boost region economic growth;
- It can offer people more job opportunities and raise their living standard;
- The slime rehabilitation process can be realized after the processing of the dump.

LEGAL IMPLICATION

Legal implication by Falcon Concepts (PTY) LTD should adhere to regulations as per Department of Minerals and Energy (DMR).

POLICY POSITION

Municipal Finance Management Act
Municipal Supply Chain and Management policy
National Development Plan 2020, Chapter 3
Integrated Development Plan (IDP)
Mineral and Petroleum Resources Act

FINANCIAL IMPLICATION

The financial implication will be clarified as projects roll out.

RECOMMENDATIONS

1. That the Matjhabeng Local Municipality conclude a five (5) year lease contract with Falcon Concepts (PTY) LTD for the purpose manufacturing clay into bricks.
2. That all the process of manufacturing clay into bricks comply with the applicable legislation.
3. That all mining right/permit and all applicable legislations requirements requested by the Department of Minerals and Energy (DMR) be adhered to.

MC15 of 2018

REPORT ON THE CURRENT STATUS OF MUNICIPAL FARMS FOR PERIOD JUNE 2018
(AED: LED, P & HS) (8/3/3/5)

PURPOSE

This report serves to provide Mayoral Committee with information data on the current status on municipal farms.

BACKGROUND

Matjhabeng Local Municipality has already acquired a number of farms either by setting aside farms or by applying to the Department of Rural Development and Land Reform to purchase suitable farms and transfer such land into the name of Council so that they can be utilised for the purpose of agricultural development by community members.

DISCUSSION

The municipal farms are all occupied by small scale farmers from previously disadvantaged groups. These farms are leased out for a period of up to 5 years and the farm users pay the municipality for that period.

*** See detailed table of all municipal farm users on **page 10 of the Annexures**.

STATUS

Commonages

Commodity: Livestock

AREA	FARM	Number of common age users	Number of cattle	Number of sheep	Number of goats	Number of pigs	Other animals
Allanridge	Uitkyk Farm	21	136	0	0	80	6 Chickens
Allanridge	Allanridge Farm 425	10	39	6	68	42	0
Odendaalsrus	Kaalkuil Farm 2/153 (2)	3	30	0	0	30	0
Odendaalsrus	Leeuwbosch Farm 285	9	86	0	0	116	0
Odendaalsrus	Phillipi Farm 414	4	66	0	0	26	0

Welkom	Lotgeval Farm 96	20	363	36	104	134	40 chickens
Welkom	Delparts Rust Farm 30	44	359	91	47	0	40 chickens
Welkom	Homestead Farm 668	31	274	211	175	348	45
Virginia	Virginia Farm	6	54	0	24	16	0
Virginia	Calabria Farm 630 (1)	30	14	0	0	1	25 Chickens
Virginia	Niewemoed Farm 534(2)	10	63	0	32	2	0
Hennenman	Uitsig 723 & Advonster Farm	35	159	3	0	103	1 horse
Ventersburg	Groenpunt 96 & Hamburg Farms	41	220	0	0	75	0
Ventersburg	Blaauwbank 116	48	121	0	0	53	0
Ventersburg	Pietersrust Farm 91 1)	7	25	0	0	0	0
Ventersburg	Kraansvoeglvlei	10	74	0	0	0	0

Commonages**Commodity: Crops and poultry**

AREA	FARM NAME	COMMODITY
Virginia	Calabria Farm 630	Crop production
Virginia	Virginia Farm 448	Crop production
Virginia	Calabria Farm 630	Poultry

Other municipal farm not classified as commonages

AREA	FARM NAME	COMMODITY
Hennenman	Vredefontein 418 RD	Livestock
Hennenman	Vredefontein 418 RD	Crops
Hennenman	Vredefontein 418 RD	Crops
Hennenman	Eden 192 RD	Crops
Odendaalsrus	Eva 127 RD	Livestock

Odendaalsrus	Eva 127 RD	Livestock
Odendaalsrus	Erfdeel 198 RD	Livestock
Odendaalsrus	Phillipi 414 RD	Livestock
Odendaalsrus	Phillipi 414 RD	Livestock
Odendaalsrus	Dolly 404 RD	Livestock
Odendaalsrus	Martinas Gift 299 RD	Crops
Odendaalsrus	Odendaalsrus 428 RD	Livestock
Odendaalsrus	Ophir 405 RD	Livestock
Virginia	Saaiplaas 771 RD	Crops
Virginia	Saaiplaas 771 RD	Crops
Virginia	Saaiplaas 771 RD	Crops
Welkom	Gelukspan 394 RD	Crops
Welkom	Dankbaarheid 187 RD	Livestock and crops
Odendaalsrus	Flavour 421 RD	Livestock

POLICY POSITION

Matjhabeng Municipality Commonage Management Policy
Animal Identification Act 6 of 2002

LEGAL IMPLICATION

Lease contract

FINANCIAL IMPLICATION

The financial implication will be clarified as projects roll out.

SUBMITTED FOR NOTING

MC16 of 2018

REQUEST FOR THE MATJHABENG LOCAL MUNICIPALITY TO CONCLUDE A LEASE AGREEMENT WITH THE LENONG ENGINEERING (PTY) LTD. (AED: LED, P & HS) (19/1/2/6)

PURPOSE

The purpose of this report serves to request the Matjhabeng Local Municipality to conclude a lease agreement with the Lenong Civil Engineering (PTY) LTD in order for them to conduct rehabilitation studies on farm Martinas Gift which is owned Municipality.

BACKGROUND

Lenong Civil Engineering (PTY) LTD is Small Scale Mining Company and 100% black owned entity and is holding CIDB of grade 8 CE PE, 7 GB PE.

*** See the company profile in **page 11 to page 20 of the Annexures.**

The company has appointed Engedi Minerals and Energy (Pty) Ltd as consultant to lodge a mining right/permit application with the Department of Minerals Resources (DMR).

Before any mining right or permit can be issued by DMR, the land owner need to give permission with regard to the envisaged activity to take place in his/her property.

It is against this background that we request the Matjhabeng Local Municipality to conclude a lease agreement with Lenong Civil; Engineering (PTY) LTD in the Farm Martinas Gift which is situated in Odendaalsrus district.

*** See the Martinas Gift farm map on **page 21 of the Annexures.**

The economic benefits associated with the proposed project are expected to be somewhat positive. From the point of view, the following three advantages are envisaged:

- To boost region economic growth;
- It can offer people more job opportunities and raise their living standard;
- The slime rehabilitation process can be realized after the processing of the dump.

LEGAL IMPLICATION

Legal implication should pertain to the letter received by Lenong Civil Engineering (PTY) LTD form Department of Minerals and Energy (DMR).

*** See the please see attached letter from Department of Minerals and Energy (DMR) on **page 22 to page 23 of the Annexures.**

POLICY POSITION

Municipal Finance Management Act
Municipal Supply Chain and Management policy
National Development Plan 2020, Chapter 3
Integrated Development Plan (IDP)
Mineral and Petroleum Resources Act

FINANCIAL IMPLICATION

The financial implication will be clarified as projects roll out.

RECOMMENDATIONS

1. That the Matjhabeng Local Municipality conclude a five (5) year lease contract with Lenong Civil Engineering (PTY)LTD for the purpose of rehabilitating the waste slime dam.
2. That all the process of disposal of slime dams comply with the applicable legislation.
3. That all mining right/permit applicable legislations requested by the Department of Minerals and Energy (DMR) be adhered to.

MC17 of 2018

REPORT ON PROPOSAL FOR LAND EXCHANGE (A PORTION OF FARM GELUCKSPAN 394 RD MEASURING 37 HA AND A PORTION OF FARM ONVERWAG 728 RD MEASURING 25 HA SITUATED IN THE DISTRICT OF VIRGINIA (AED: LED, P & HS) (8/3/3/5)

PURPOSE

The purpose of the report is to inform the Mayoral Committee about the proposal for land exchange (A Portion of Farm Geluckspan 394 RD measuring 37 ha and a Portion of Farm Onverwag 728 RD measuring 25 ha situated in the district of Virginia).

BACKGROUND

The Matjhabeng Municipality Local Economic Development Directorate has allocated land (Farm Geluckspan 394 RD measuring 257 ha to three emerging farmers for purposes of Crop production. Upon site visit at the farm (Geluckspan 394 RD), it emerged that part of the farm measuring 37 ha is being utilised by another small scale farmer due to the fact that he was misled by the previous owner in terms of boundaries of the farm he leased from Rural Development and Land Reform (Farm Onverwag 728 RD) which is next to the Municipal Farm.

*** See the letter of proposal for land exchange from Department of Rural Development and Land Reform on page 24 to page 25 of the Annexures.

DISCUSSION

The lessee has since constructed a two roomed house on the portion that belongs to the Municipality and the he will be provided with 30 years lease agreement as he is approved for Recapitalisation Development Funding to plant cash crops on the farm.

Rural Development and Land Reform therefore approached the Municipality regarding this portion which is being utilised by their lessee due to the fact that he was misled by the previous owner in terms of boundaries of the farm. A site visit to the farm was conducted between the officials of the Municipality and Rural Development to verify the invasion by the lessee where the lessee has constructed a house. The Surveyor General has since shown the Municipality and Rural Development the correct boundaries and the Department of Rural Development and Land Reform committed to incur all cost of exchange processes.

*** See the copy of maps for farms Geluckspan 394 and RD Onverwag 728 RD on page 26 to page 28 of the Annexures.

POLICY POSITION

Chapter three -Cooperative Governance

The relationship between the national and provincial governments is governed by the principle of cooperative government, set out in Chapter three of the South African Constitution. This principle demands that the relationship between the spheres of government be one of close cooperation, within a larger framework that recognizes the individuality of every component, as well as their

interrelatedness and interdependence. The relationship should also include consultation, coordination and mutual support.

40. (1) In the Republic, government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated.
- (2) All spheres of government must observe and adhere to the principles in this Chapter and must conduct their activities within the parameters that the Chapter provides.

Principles of co-operative government and intergovernmental relations

41. (1) all spheres of government and all organs of state within each sphere must
 - 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 coordinating their actions and legislation with one another;
 - v adhering to agreed procedures; and
 - vi avoiding legal proceedings against one another.

LEGAL IMPLICATIONS

Exchanging Contract to be entered into between the Municipality and the Department of Rural Development and Land Reform

FINANCIAL IMPLICATIONS

To be incurred by Rural Development and Land Reform

RECOMMENDATIONS

1. That the proposal for land exchange with the Department of Rural Development and Land Reform be approved.
2. Rural Development and Land Reform be responsible for all sub-divisions and any other costs that will arise from this transaction.

MC18 of 2018

THE MUNICIPAL MINING DIALOGUE FOR THE MATJHABENG LOCAL MUNICIPALITY
(AED: LED, P & HS) (12/2/2)

PURPOSE

The purpose of this report is to inform the Municipal Mining Dialogue was held on the 20th April 2018 at the TS du Plessis Hall in Welkom. The theme of this Municipal Mining Dialogue was “Towards Municipal Mining Engagement Guidelines”.

BACKGROUND

The Department of Cooperative Governance (DCoG), in collaboration with the Center for Municipal Research and Advice (CMRA), has embarked on the implementation of a national project known as Revitalization of Distressed Mining Towns and Labour – Sending Areas through Capacity Building of Frontline Municipal Officials.

This is a Belgian Government funded project through The Tirelo Bosha – Public Service Improvement Facility, and administered on behalf of the South African government by the national Department of Public Service and Administration (DPSA). The principal objective of the project is to support and pilot new ways of delivering public through contributing to the improvement of frontline public service delivery by stimulating and supporting improvement initiatives at all levels, with an overall emphasis on supporting innovative initiatives aligned with the National Development Plan (NDP).

Municipal Mining Dialogue

A Municipal Mining Dialogue with the theme Towards Municipal Mining Engagement Guidelines was held on the 20th April 2018 at the TS Duplesis Hall in Welkom. The main objective of the dialogue session was to understand major issues impacting on building effective and sustained collaborative relations between the mines and the municipality.

*** See the report in **page 64 to page 79 of the Annexures.**

LEGAL IMPLICATION

None

FINANCIAL IMPLICATION

No financial implications for the municipality.

SUBMITTED FOR NOTING

MC19 of 2018

PROGRESS REPORT OF THE MUNICIPAL PLANNING TRIBUNAL (AED: LED, P & HS)
(1/1/38)

PURPOSE

The purpose of the item is to provide a progress report to the Mayoral Committee on the functioning and decisions taken on applications by the Municipal Planning Tribunal.

BACKGROUND

On the 16 January 2018, the Speaker submitted an item to Council on the appointment of the additional member for the Municipal Planning Tribunal in terms of the Spatial Planning and Land Use Management Act, No. 16 of 2013. Pursuant to the presentation, the Council resolved as follows:

COUNCIL RESOLVED: (16 JANUARY 2018)

1. That Council **APPOINTS** Mr Kgosi Simphiwe Mocwagae as an additional member to the Matjhabeng Municipal Planning Tribunal.
2. That in future, Council **MUST NOT** put names of municipal officials when appointments to the Tribunal are made, instead it should indicate the designations, as officials come and go, such as, Messrs X. Msweli and K. Duvenage.

DISCUSSION

The Municipality has already adopted the Spatial Planning and Land Use Management by-law. The Municipal Planning Tribunal conducted eight (8) meetings so far. It is important to mention that Mr. Barry Golele is still the Acting Executive Director: LED, Planning and Human Settlements and part of the Matjhabeng Municipal Planning Tribunal, whilst Mr. Boipelo Molelekoa is still the Acting Manager: Development Control since the departure of Mr. Koos Duvenhage in September 2016.

Therefore, the current situation is that a notice for an additional member in the Matjhabeng Municipal Tribunal was placed in the Provincial Gazette on the 8th June 2018

***** See page 80 to page 81 of the Annexures.**

This means that the Matjhabeng Municipal Planning Tribunal is now fully capacitated in terms of membership. It is important to make mention that the Municipal Planning Tribunal must be introduced to the EXCO and also be provided with support by the municipality.

Furthermore, there are challenges that have made a negative impact on development within the Matjhabeng area of jurisdiction. Lack of capacity from other internal municipal departments has caused a hamstring on the functioning of the Municipal Planning Tribunal. It is standard procedure that land use reports must be circulated to internal municipal departments and other government departments before serving the Municipal Planning Tribunal. Comments are still not received for further processing of land use applications.

It should be noted that there is a lack of capacity within the Spatial Planning Division and most importantly the core functions of this division cannot be done. For the division to function effectively there is a dire need to employ more competent staff, adjust the job descriptions and remuneration packages as per the SPLUMA legislation and provide support to the division. Lack of capacity hampers service delivery and also leads to stress and burnout from the current employees within this division. Since the inception and implementation of SPLUMA at the municipality, there has been a reduction in timeframes with regards to processing land use applications.

This is a positive indication that if this division is capacitated urgently, the mandate of the Constitution, the National Development Plan, the International Urban Development Framework and critical objectives of government will be achieved.

There is also a backlog of not more than 10 land use applications which must still be processed by the Municipal Planning Tribunal and Category 2 applications that must be approved by the Municipal Manager.

Finally, there are applications that cannot be processed accordingly by the appointed authorized official. The Municipal Manager has been appointed to approve Category 2 applications by Council and this has led to delays with regards to signing off of applications. It is important that Council revisits the Council Resolution taken in the past in order to appoint an official in the Spatial Planning Division to approve Category 2 applications in order to expedite development.

*** Minutes of the Municipal Planning Tribunal meetings held on 13th March 2018 and 20th March 2018 are **attached on page 82 page 115 of the Annexures.**

*** A list of land use applications received, approved, declined and referred back is **attached on page 116 to page 117 of the Annexures.**

FINANCIAL IMPLICATIONS

- As stipulated in the regulations under Gazette No. 38594 dated 23 March 2015 provides for norms and standards for the terms and conditions of service of the members of the Municipal Planning Tribunal under Schedule 1.
- Adjustment of remuneration packages for employees working in the Spatial Planning Division.

LEGAL AND POLICY REQUIREMENTS

Spatial Planning and Land Use Management Act, no 16 of 2013 provides a framework for Spatial Planning and Land Use Management. For the purposes of the Municipal Planning Tribunal, it provides for policies, principles, norms and standards for spatial development planning and land use management. It is intended to address past spatial regulatory imbalances; to promote greater consistency and uniformity in the application procedures and decision making by authorities responsible for land use decisions and development application; to provide for the establishment, functions and operations of the Municipal Training Tribunal; to provide for the facilitation and enforcement of land use and development measures.

Chapter 6 of the aforementioned Act provides under Part B, the process that must be followed in the establishment of Municipal Planning Tribunal. Part C provides for processes of Municipal Planning Tribunal and Part D regulates related land development matters such as internal appeals.

Section 54 of the Spatial Planning and Land Use Management enjoins the Minister of the Department Rural Development and Reform to promulgate in terms of the Spatial Planning and Land Use Management Act 16 of 2013. The regulations have been promulgated.

With regards to the Planning Professions Act, Act No. 36 of 2002, it is important that this professional legislation is recognized and implemented within the municipality.

RECOMMENDATIONS

1. That the Mayoral Committee takes note of the Minutes of the Municipal Planning Tribunal meetings held between 13 March 2018 and 20 March 2018.
2. That the Mayoral Committee urgently capacitates the Spatial Planning Division with more competent staff, absorbs the volunteer interns on a permanent or contract positions as they are currently not getting paid.
3. That the Mayoral Committee aligns the remuneration packages of all the Spatial Planning Division employees as per the planning Professions Act, Act No. 36 of 2002 and the Spatial Planning and Land Use Management Act, Act No. 16 of 2013 legislation.
4. That the Mayoral Committee speeds up the process of a Work Study and job descriptions of the Spatial Planning Division employees be done as a matter of urgency.
5. That the Mayoral Committee facilitates the promotion policy and placement of internal employees on available positions and advertises other critical positions.
6. That Mayoral Committee appoints an authorized official, who has planning qualifications, background and expertise as required in the Spatial Planning and Land Use Management Act, 16 of 2013 to approve Category 2 Applications.

MC20 of 2018

**ACQUISITION OF EDUCATIONAL ERVEN IN WARD 23 THABONG AND
FORMALISATION FOR RESIDENTIAL PURPOSES (AED: LED, P & HS) (11/3)**

PURPOSE

The purpose of this item is to submit to the Mayoral Committee for consideration, an application by Ward 23 Councillor, Cllr. Reuben Tlake for acquisition of Erven 32704, 35429 and 29839 Thabong for formalization for residential purposes.

BACKGROUND

APPLICATION

The Ward Councillor of Ward 23 Thabong, Councillor Reuben Tlake visited the Office of the Acting Executive Director: LED, Planning and Human Settlements and made a verbal request that erven 32704, 35429 and 29839 Thabong be acquired from the Department of Education and be developed for residential erven.

It is important to give brief background as to the process of Township Establishment. In the past, when Township Establishment applications were processed, the requirement was that a township application could only be approved following prescribed guidelines, standards and norms. Educational sites formed part of this guideline and it was agreed that erven earmarked for educational sites became the departments' sites. It is however, impossible to develop educational sites for whatever reason, without prior consultation and agreement with the Department of Education.

The practice has been that if the Municipality needs to develop sites which were earmarked for educational purposes, the Department of Education must be engaged and thereafter alternative sites be identified for educational sites. One of the challenges facing local Municipalities and the Department of Education is that there are undeveloped educational sites that are being occupied illegally. In the case of Ward 23, these sites have been occupied for more than ten (10) years and to date no development has been made.

There are processes and procedures that need to be followed in order for the Municipality to formalize the current situation and these processes normally take more than 2 years to be finalized.

PROPERTY LOCATION

*** The location of the target properties is depicted on the locality plan **attached on page 118 to page 120 of the Annexures.**

2.3 OWNERSHIP AND PROPERTY INFORMATION

The property information is as follows:

ERF	OWNERSHIP	AREA IN M ²	ZONING	NO. HOUSEHOLDS
1. 32704	Municipality		“Educational”	+/- 112
2. 35429	Municipality		“Educational”	+/- 96
3. 29839	Municipality		“Educational”	+/- 124

LEGAL IMPLICATIONS

Sections 14 read with Section 90 of the Local Government: Municipal Finance Management Act No. 56 of 2003 (“the MFMA”) prescribes that:

14 Disposal of capital assets:

- (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 subsection (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 services; 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) A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection (2) (a) and (b) in respect of movable capital assets below a value determined by the council.
- (5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of section 111.

FINANCIAL IMPLICATIONS

The development of residential erven on the proposed educational sites by the municipality will contribute towards the expansion of the economic base, social upliftment of the area and job creation. Direct financial benefit for Council will be from the selling of the land, normal rates as well as the income derived from the selling of services.

The cost for amendment, re-layout and rezoning of the General Plan will be incurred by the municipality through the bidding process.

POLICY/LEGISLATIVE POSITION

- Extension of Security of Tenure Act (Act No. 62 of 1997);
- Spatial Planning and Land Use Management Act (Act No.16 of 2013);
- Matjhabeng Integrated Development Plan (IDP) 2015-2016
- Matjhabeng Spatial Development Framework (SDF) 2013
- Matjhabeng Municipal Land Use Planning By Law, 2015
- Annexure “F” of the Township Establishment and Land Use Regulations, 1986.

RECOMMENDATIONS

1. That the Mayoral Committee takes note of the request made by Councillor Reuben Tlake of Ward 23 Thabong.
2. That the relevant Stakeholders be consulted before the acquisition and formalization of educational erven.

MC21 of 2018

THE ENTERPRISE INCUBATION PROGRAMME (EIP) PROGRAMME AS OFFERED BY THE SMALL ENTERPRISE DEVELOPMENT AGENCY (SEDA) (AED: LED, P & HS) (15/2/3/55)

PURPOSE

Purpose of the item is to seek the Mayoral Committee's recommendation and support of Enterprise Incubation Programme (EIP), the programme will ensure real growth and contribute to the economic development of Matjhabeng and Free State at large.

BACKGROUND

Market access is undeniably a critical impediment confronting small businesses and co-operatives in the various sectors. The challenge is not limited market opportunities, but the inability of emerging suppliers to fulfil the requirements of wholesalers and retailers, resulting in prioritisation of procurement from more established businesses. Universally incubators are considered strategic tools supporting the survival and competitiveness of early stage enterprises designed at strengthening business systems and strategic direction, providing physical space and funding required for growth. It is for this end that the Department of Small Business Development (DSBD) has created the Enterprise Incubation Programme (EIP).

*** See Program Guidelines on **page 121 to page 169 of the Annexures.**

The objective of the programme is to support the establishment of new incubators and for the growth and expansion of existing incubators. The programme is located within the Small Enterprise Development Agency (SEDA). EIP is targeted at South African registered and tax compliant entities - Small, Medium and Micro Enterprises (SMMEs) and Cooperatives with vast experience in the development and mentoring of early stage enterprises and cooperatives with potential to supply goods and services to firms in the local economy on a sustainable basis. The registered entities will support incubates SMMEs who are early stage enterprises and cooperatives with a focus on township and rural areas with potential to create livelihoods, but need extensive targeted guidance in business improvement. Support for women, youth and people with disabilities will be prioritised in the incubator plans.

The EIP pilot programme will implement a market-driven approach in identifying incubation opportunities and linked to supplier development. Securing a market through an offtake agreement will be the incubator's responsibility. The programme will incentivise incubators that will nurture small enterprises and cooperatives to gain competitive technical and business development skills and mentorship to facilitate the fulfilment of supply chain quality requirements. The incubator will also be utilised to transfer skills to small businesses and cooperatives, with an effort of attaining the expectant quality standards and specifications of firms.

The programme offers cost sharing at a ratio of 90:10 between DSBD and eligible applicants with a maximum of **five million rand** (R5 000 000) per annum to eligible applicants up to 3 years. The applicant's contribution towards the ten percent (10%) will be accepted either in monetary value and/or assets/services linked to the incubator and its activities.

QUALIFYING INTERVENTIONS

- Business Development Support;
- Market development (research, pricing techniques and packaging);
- Machinery and equipment, tools and specialised tools;
- Infrastructure linked to incubator activities;
- Product and service development;
- Information and Communication Technology (ICT) linked to incubator activities;
- Operational costs
- Feasibility studies will be capped at one and a half million rand (R1, 5 million).
- The EIP Adjudication Committee may consider for support, any other costs related to the activities of the incubator.

QUALIFYING / ELIGIBLE ENTERPRISES

To qualify for funding under the EIP an applicant must be:

- A registered legal entity in South Africa in terms of the Companies Act, 1973 (as amended),
- the Companies Act, 2008 (as amended);
- the Close Corporations Act, 1984 (as amended)
- the Co-operatives Act, 2005 (as amended), or
- Non-Profit Organisation (NPO) and Trust.

The programme is available to applicants that want to establish new incubators or wish to grow and expand existing ones. The applicant must have a guaranteed Market access /offtake agreement as well as an incubation plan/model. Agreements with selected small enterprises and/or cooperatives must also be in place. The supported incubator must offer physical incubation support services.

GRANT SUPPORT

- The grant approval for the pilot will be based on projections for the first year at application stage whereas the approval for subsequent year(s) be accepted in principle and be reviewed annually subject to actual performance in the preceding year(s) against agreed milestones.
- All payments will be made directly to the incubator's primary bank account.
- The EIP offers a hundred percent (100%) grant support to beneficiaries

REQUIRED WHEN SUBMITTING AN APPLICATION

A registered legal entity with support from the Municipality to submit application. Council endorsed by a resolution.

LEGAL IMPLICATIONS

- Matjhabeng Informal Trading Policy
- Department of Small Business Development – National Informal Business Upliftment Strategy
- Department of Trade and Industry – Small Business Support Strategies
- SALGA Municipal Guidelines for Informal Economy Policy: March 2012
- The Businesses Act 71 of 1991 which **RISK IMPLICATION**
- Risk lie with the applicant and monitoring is done by DSBD,
- DSBD only realises ends on quarterly basis through submission of reports by the applicant

FINANCIAL IMPLICATIONS

- EIP will support the programme with 5 million Rands per annum for three consecutive years.

RECOMMENDATIONS

1. That the Mayoral Committee supports the item and recommend to Council to support the recommendations.
2. That the municipality endorses the submission of application through Mayoral Committee /Council resolution.

MC22 of 2018

PROGRESS REPORT ON MATJHABENG YOUTH URBAN FLEA MARKET AND POWER BREAKFAST (AED: LED, P & HS) (15/2/3/53)

PURPOSE

The purpose of this report is to give feedback on progress of the youth urban flea market and Power Breakfast.

BACKGROUND

Objective of the programme was to address challenges relating to marketing concept, afford youth to view customer orientation as a means of achieving the goals of their businesses. Exhibition therefore was also a key factor as it leaves an impression with a prospective customer for months.

The rewards of a youth empowerment approach are critical as they are our tomorrow's leaders, making opportunities available for them to put their natural endowment for creative and productive channels, they are indeed capable of.

Research conducted by the Centre for Development Studies (University of the Free State) indicates that most of the jobs depend, directly or indirectly, on mining. This situation has not changed over the past 20 years during which period more than 25 000 mining jobs disappeared. It is these remaining jobs that sustain the Matjhabeng community. Should they not be compensated for by other sustainable employment opportunities the following factors will characterize the ensuing economic decline:

- Demand for goods and services from Matjhabeng's retail sector will decrease by 80%, resulting in further lay-offs in that sector,
- Vital medical and professional skills for which there will no longer be any economical demand will move away,
- Demand for welfare support and social services will triple, while the funds to support social services will be cut by at least two-thirds,
- Funds from civil society to support less fortunate members of the community
- Unemployment will spiral among those not able to move away to other work,

About 80% of the municipal income from rates and taxes will disappear, and with it the resources to maintain Matjhabeng's social services, transport and residential infrastructure.

Economic development initiatives in the region have only just begun to focus on the need to develop business ventures commercially independent of mining. In order to secure access to funds and business skills along the way. (Page 21 of CDS Research Report 2004, No 1 of LED & SMME Development)

The above – mentioned factors have galvanized the Local Economic Development to initiate the programme which are aimed at encouraging the community to start their own businesses, with special focus on **Youth**.

Matjhabeng Power Breakfast and Urban Flea market was a one-day programme held on the **29th June 2018**, it was conducted in partnership with Youth Chamber of Commerce and Industry South Africa (Free State), Matjhabeng Municipality as well as Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA) and other key stakeholders.

Matjhabeng Power Breakfast and Urban Flea market was first of its own kind, and it was extraordinarily given the challenges impended during preparations. There were more than 186 attendees at the breakfast and 50 stalls at the flea market.

***** Attached on page 170 to page 191 of the Annexures please find the Attendance Register.**

FINANCIAL IMPLICATIONS

Experienced serious challenge during implementation because of state of the municipality, financial support received from SEDA, Department of Arts and Culture, Youth Chamber of Commerce and Industry South Africa (Free State, Flight Special and Metropolitan).

LEGAL IMPLICATIONS

Free State Growth Strategy
National Act of Radical Economic Transformation

RISK IMPLICATIONS

Failure of the municipality to align itself with “Radical Economic Transformation” due to no financial support to implement Economic programmes.

SUBMITTED FOR NOTING

MC23 of 2018

CURRENT STATUS OF THE MUNICIPAL INFRASTRUCTURE GRANT (MIG) CAPITAL PROJECTS IN MATJHABENG LOCAL MUNICIPALITY FOR THE MONTH OF JUNE 2018 (EDI) (3/3/27)

PURPOSE

To provide information on the Current Status of Capital Projects and related MIG expenditure progress for the month of **June 2018**.

BACKGROUND

The PMU Department is currently in the Infrastructure Directorate, while working closely with the office of the Chief Financial Officer for the purpose of expediting the Municipal Infrastructure Grant (MIG) funding expenditure.

The operational costs is funded from the MIG allocation and has been approved for **R 6 060 800.00** for the current financial year.

The Municipality was allocated with an additional **R15 000 000.00** in March 2018, thus increasing the 2017/18 financial allocation to **R136 216 000.00**.

DISCUSSION

There are various projects currently being implemented and are on various stages summarized as follows:

STAGE	NUMBER OF PROJECTS
Planning Stage	0
Design Stage	7
Tender Stage	3
Evaluation/ Adjudication Stage	0
Construction Stage	10
Retention Stage	8
Complete beyond DLP/ Retention	8
TOTAL NUMBER OF PROJECTS	32

*** Please refer to the attached implementation plan **on Separate Cover 5** for the status / progress of projects.

LEGAL IMPLICATIONS

Municipal Finance Management Act (MFMA) 56 of 2003
Division of Revenue Act (DORA) 3 of 2016

FINANCIAL IMPLICATION**Initial Allocation:**

Summary of Expenditure To Date	
Initial allocation	R 121 216 000.00 (100%)
Planned/ Target Cumulative Expenditure (Initial allocation)	R 121 216 000.00 (100%)
Current Cumulative Expenditure (Reported)	R 121 216 000.00 (100%)
Invoices @ hand	R 0.00 (0%)
Balance to be spent (<i>incl Invoices @ hand</i>)	<u>R0.00</u> (0%)

Adjusted Allocation:

Summary of Expenditure To Date	
Initial allocation	R 121 216 000, 00 (100%)
Additional allocation	R15 000 000,00
Total new allocation	R136 216 000, 00
Planned/ Target Cumulative Expenditure	R 136 216 000, 00 (100%)
Current Cumulative Expenditure (Reported)	R 136 216 000, 00 (100%)
Invoices @ hand	R 0.00 (0%)
Balance to be spent	<u>R0.00</u> (0%)

CHALLENGES AND PROPOSED REMEDY FOR UNDER EXPENDITURE

None at this stage.

RECOMMENDATION

1. That the Mayoral Committee takes note of the report.

MC24 of 2018

POLICY FRAMEWORK: RULES AND PROCEDURES REGARDING WATER DISTRIBUTION AND METERING IN THE MATJHABENG MUNICIPALITY AREA OF SUPPLY (EDI) (19/2/3)

PURPOSE

To submit to the Mayoral Committee for Technical Services, a Policy Framework: Rules and Procedures regarding the distribution and metering of water in the Matjhabeng Municipality area of supply, for consideration.

BACKGROUND

The Municipality currently does not have policy framework for the distribution and metering of water in the Municipality, as mandated by Section 4 of the Water Services Act 108 of 1997, which state as follows:

“Conditions for provision of water services

4. (1) Water services must be provided in terms of conditions set by the water services provider.
- (2) These conditions must -
 - (a) Be accessible to the public;
 - (b) accord with conditions for the provision of water services contained in the bylaws made by the water services authority having jurisdiction in the area in question; and
 - (c) Provide for -
 - (i) the technical conditions of existing or proposed extensions of supply;
 - (ii) the determination and structure of tariffs;
 - (iii) the conditions for payment;
 - (iv) the circumstances under which water services may be limited or discontinued;
 - (v) procedures for limiting or discontinuing water services; and
 - (vi) measures to promote water conservation and demand management.... “

1. DISCUSSION

The Policy Framework aims to:

- Provide guidance with regard to the execution of actions that needs to be undertaken in implementing the Water Services By-law;
- Provide a framework as to the manner in which actions must are to be executed;
- Promote efficiency by ensuring consistency in the performance of activities;
- Ensure compliance with legal and other requirements for the provision of water services;
- Provide a tool for quality improvement and service delivery.

The implementation of the Policy Framework will assist the Municipality to promote water use efficiency through the implementation of revenue protection activities as prescribed in the Municipality’s Water Services By-law.

A copy of the Policy Framework: Rules and Procedures regarding the distribution and metering of water in the Matjhabeng Municipality area of supply **is attached on Separate Cover 6.**

LEGAL AND POLICY POSITION

1.1 The Constitution of the Republic of South Africa of 1996 as amended

The right to have access to sufficient water is provided in section 27(1)(b) of the South African Constitution. Section 27(1)(b) read in conjunction with section 27 (2) provides that the state must take reasonable legislative and other measures to respect, protect, promote and fulfil the progressive realization of the right to access of water within its available resources.

1.2 Municipal Systems Act

Section 11(3) specifically states that a municipality exercises its executive or legislative authority by, inter alia, “developing and adopting policies, strategies and programmes, including setting targets for service delivery...”

1.3 Water Services Act

Section 4(2) states that water services must be provided in terms of conditions set by the water services provider, which such conditions must, inter alia, provide for “the circumstances under which water services may be limited or discontinued and procedures for limiting or discontinuing water services...”

2.4 Matjhabeng Municipality Water Services By-law

FINANCIAL IMPLICATIONS

The financial implication of the provision of water services, is determined annually through the budget process. The implementation of the Policy Framework will have no additional financial implication to the Municipality.

Effective implementation of the Water Services By-law and the Policy Framework is aimed at contributing to a cost-effective delivery of water services.

RECOMMENDATION

1. That the Mayoral Committee for Technical Services recommend the approval of the Policy Framework: Rules and Procedures Regarding Water Distribution and Metering in the Matjhabeng Municipality Area of Supply to the Mayoral Committee.

MC25 of 2018

MELODING INDOOR SPORTS & RECREATIONAL FACILITY: REQUEST FOR BUDGET MAINTENANCE (EDI) (6/1/1-2018/19) (10/1/2)

PURPOSE

The purpose of this item is to present before the Mayoral Committee the current status and progress report on the New Indoor Sport and Recreational Facility at Meloding (Virginia) Phase 1 in compliance with Municipal Systems Act 32 of 2000; Section 73 (1), and to request approval of the budget maintenance.

BACKGROUND

The New Indoor Sport and Recreational Facility at Meloding, Virginia Phase 1 project is currently being implemented by the Municipality through MIG funding. The project was registered in **2017/2018** financial year. **See attached on Separate Cover 7.**

This project entails the following scope of work:

- Multipurpose hall
- Perimeter fence for the entire site
- Parking
- Construction of infrastructure.

DISCUSSIONS

Upon going out on tender the MIG registered value for Phase 1 of the project was **R 45 714 000.00**. The successful bidder's tender price is **R 39 232 555.00** and professional fees is **R 7 454 185,45** which is a total of **R 46 686 740.45**.

The revised total project cost is **R 47 177 415.76** due to price escalations and VAT increase:

In the original project estimate no site was allocated to the project and allowance was made for normal base and strip footings to all the structures and standard substrate to paved areas in natural ground conditions. After further investigation it became evident that the soil conditions are clay and very poor founding conditions.

- The Engineer's designs allowed for the removal of the poor soil, addition of a new gravel soil mattress of 2 meters deep under the buildings and 0.8 meters deep under paved areas. An allowance was made for stronger structural and foundations to accommodate the conditions.
- There was also an increase in the VAT from **1 April 2018**.
- The total additional funding required is **R 1 463 415.76**.

LEGAL IMPLICATIONS

According to the constitution's section 152, MSA MFMA section 19's section 116 "The accounting officer of a municipality or municipal entity must (2) (b) Monitor monthly the performance of the contractor under the contract or agreement. (2)(d) Regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor."

FINANCIAL IMPLICATIONS

ITEM	DESCRIPTION	BUSINESS PLAN	CONTRACT COST	VARIANCE
1	Sport and recreational hall	R 21 950 000.00	R 19 477 425.00	-R 2 472 575.00
2	Site works	R 4 500 000.00	R 5 719 482.50	R 1 219 482.50
3	Electrical and mechanical installation	R 2 700 000.00	R 2 383 403.30	-R 316 596.70
	SUB TOTAL	R 29 150 000.00	R 27 580 310.80	R 1 569 689.20
4	Preliminaries and General	R 2 950 000.00	R 5 334 211.13	R 2 384 211.13
	SUB TOTAL	R 32 100 000.00	R 32 914 521.93	R 814 521.93
5	Contingencies, Escalation, etc.	R 1 600 000.00	R 1 500 000.00	-R 100 000.00
	SUBTOTAL	R 33 700 000.00	R 34 414 521.93	R 714 521.93
6	14% VAT	R 4 718 000.00		-R 4 718 000.00
7	15% VAT		R 5 162 178.29	R 5 162 178.29
	TOTAL	R 38 418 000.00	R 39 576 700.22	R 1 158 700.22
8	Professional fees including VAT	R 7 296 000.00	R 7 600 715.54	R 304 715.54
9	Total Contract Cost			R 47 177 415.76
10	Total Business Plan			R 45 714 000.00
11	Total Variance	R 45 714 000.00	R 47 177 415.76	R 1 463 415.76

OTHER IMPELICATIONS

The project will not be completed successfully without cost adjustments, thus affecting its intended purpose and effective use.

RECOMMENDATION

1. That the budget maintenance of an additional amount of **R 1 463 415.76 BE APPROVED** to increase the project value to **R 47 177 415, 76**.