

EM01/2019

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

PURPOSE

To submit to the Executive Management Committee the Monthly Finance Report for December 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 December 2018 is attached on A1 AND A2.*

FINANCIAL IMPLICATIONS

TABLE 1	Actual For the Month (December 2018)	For Year to date (2018/2019)
All Grants Received	145 222 000	428 383 000
Actual Revenue Received	71 137 615	496 201 805
Actual Expenditure	181 141 589	721 620 699
Salaries	55 757 148	349 763 440
Water	1 500 000	6 698 696
Electricity	55 683 706	161 229 467
Other Expenditure	68 200 735	203 929 096
Sub-Total	35 218 026	202 964 106
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital payments	35 218 026	202 964 106
MIG Payments	6 611 018	53 289 587
INEG Payments	-	-
WSIG Payments	-	5 296 345
Capital Assets procured - Equitable Share	-	-
Fleet & Equipment	-	-
Office convention/ Furniture	-	-
Net Surplus/(Deficit) after Capital payments	28 607 008	

Table 1: The municipality had a surplus of R28 607 008 for the month of December after capital payments, This surplus indicates that the expenditure incurred is less than the revenue received for month.

TABLE 2	Actual For the Month (December 2018)	For Year to date (2018/2019)
Total Billings	115 274 274	909 502 538
Less: Indigent Billings	3 007 993	12 095 670
Actual Billings	112 266 281	897 406 868
Actual Revenue Received	70 016 958	488 596 413
Consumer Revenue	63 767 652	441 273 329
Other	6 249 307	47 323 085
Grants & Subsidies	145 222 000	428 383 000

Pay rate for December 2018 (Total Billings)	62%
Total income percentage - December 2018	63%
Total income percentage – YTD	55%

The pay rate for December 2018 was 62%

The total income percentage December 2018 was 63%.

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.

RECOMMENDATION

1. That the Finance Report for December 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE NOTED.
2. That the Finance Report for December 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY.

EM02/2019

MID-YEAR BUDGET AND PERFORMANCE REPORT - 1 JULY 2018 - 31 DECEMBER 2018 (ED: SSS) (CFO) (6/1/1/1) (2018/19)

PURPOSE

To present to Council a report on the Mid- year Budget and Performance Report of the Municipality for the period 1 July to 31 December 2018 as required by Section 72 of the Municipal Finance Management Act No 56 of 2003 .

BACKGROUND

In accordance with Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), hereafter referred to as the “MFMA”, the Accounting Officer of a municipality must by 25 January of each year-

1. Assess the performance of a Municipality during the first half of the financial year, taking into account-
 - a) The monthly statements submitted for the first half of the financial year in accordance with Section 71 of the MFMA;
 - b) The Municipality’s service delivery targets and performance indicators set in the service delivery and budget implementation plan (SDBIP);
 - c) The past year's annual report, and progress in resolving problems identified in the annual report; and
 - d) The performance of every Municipal entity under the sole or shared control of the Municipality, taking into account reports in terms of section 88 of the MFMA from any such entities.

Section 72 further 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 the six month period from July – December:

- Actual revenue per revenue source
- Actual borrowings
- Actual expenditure per vote
- Actual capital expenditure per vote
- The amount of any allocations received
- Actual expenditure on allocations received

The compilation of Section 72 report is as follows:

- After the billing cycle the Income Department compile the income reports debtors' age analysis and the top 20 outstanding debtors.
- After month end the Information Communication Technology Department runs all the month end reports.
- 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.
- The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- The Costing Section provides the Budget Department with the employee related reports and the overtime per department
- The Section 72 report is then compiled with all the information received from other sections and extracted from the Solar System

*** *See attached under A3 AND A4 is the Mid-Year Budget and Performance Report- 1 July - 31 December 2018.*

DISCUSSIONS

The finance reports for July - December 2018

FINANCIAL IMPLICATIONS

TABLE 1	Budget for Six months	Actual for Six months (2018/2019)
Revenue	1 014 523 075	496 201 805
Grants & Subsidies	312 329 000	428 383 000
Total Income	1 326 852 075	924 584 805
Total Expenditure	2 413 458 369	721 620 699
Salaries	381 732 091	349 763 441
Water	239 486 739	6 698 696
Electricity	220 126 664	161 229 467
Other/Stationery, Telephone	1 572 112 876	203 929 095
Sub-Total	(1 086 606 294)	202 964 106
Loan Redemptions		
Net Surplus/(Deficit) before Capital Payments	(1 086 606 294)	202 964 106

MIG Payments	53 289 587
INEG Payments	-
WSIG Payments	5 296 345

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

Net Surplus/(Deficit) after Capital Payments	144 378 174
---	--------------------

Table 1: The Municipality had a surplus of R144 378 174 for the period after Capital Payments, this means that the amount received is above the amount paid.

TABLE 2	Actual for Six months (2018/2019)
Total Billings	909 502 538
Less: Indigent Billing	12 095 670
Actual Billings	897 406 868
Actual Revenue Received	488 596 413
Consumer Revenue	441 273 329
Other	47 323 084
Grants & Subsidies	428 383 000

Pay rate – (July - December 2018) Billing	54%
Total income percentage – (July - December 2018)	55%

The pay rate on consumer services for January – December 2018 was 54% and the total income percentage for January – December 2018 was 55%. In order for the Municipality to be financially sustainable the pay rate will have to be increased to 80% on the consumer services.

LEGAL IMPLICATIONS

Both the financial and non-financial reports are submitted in terms of Section 72. (1), Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (Chapter 6 and Sections 16 and 26 of Chapters 4 and 5, respectively), as read with the Local Government: Municipal Systems Amendment Act, 2003 (Act 44 of 2003).

FINANCIAL IMPLICATIONS

The municipality has currently a pay rate of **62%** and a total income percentage of **63%** as at 31 December 2018 which in line with budgeted percentage of **60%**.

RECOMMENDATIONS

1. That the financial and non-financial Reports for period of Six Months (July - December 2018) in terms of Section 72 of the Municipal Finance Management Act, number 56 of 2003, be noted.
2. That both the Financial and non-financial Reports for period of Six Months (July - December 2018) in terms of Section 72 of the Municipal Finance Management Act, number 56 of 2003, be submitted to provincial and national treasury.

EM03/2019

THREE MONTHS FINANCE REPORT – OCTOBER - DECEMBER 2018 (CFO)
(6/1/2/2)

PURPOSE

To submit to the Executive Management Committee three Months Finance Report for October - December 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:

- 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 52 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 Information Communication Technology 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 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 October - December 2018 are attached as A5 AND A6 of the Annexures.*

FINANCIAL IMPLICATIONS

TABLE 1	Budget for three months	Actual for three months (2018/2019)
Actual Revenue Received	507 261 538	233 932 051
All Grants Received	156 164 500	159 222 000
Total Income	663 426 038	393 154 051
Actual Expenditure	603 859 074	370 925 706
Salaries	190 866 046	170 786 135
Water	119 743 369	4 456 522
Electricity	110 063 332	72 332 331
Other Expenditure	183 186 327	123 350 718
Net Surplus/(Deficit) before Capital payments	59 566 964	22 228 346

MIG Payments	30 201 083
INEG Payments	-
WSIG Payments	5 296 345

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

Net Surplus/(Deficit) after Capital payments	-13 269 082
---	--------------------

Table 1: The municipality had a deficit of R13 269 082 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 (2018/2019)
Total Billings	420 436 617
Less: Indigent Billings	8 822 404
Actual Billings	411 614 213
Actual Revenue Received	230 063 547
Consumer Revenue	208 395 260

Other	21 668 288
Grants & Subsidies	159 222 000

Pay rate for Second quarter (Total Billings)	56%
Total income percentage - Second quarter	57%
Total income percentage – YTD	55%

The pay rate for the Second quarter was 56%

The total income percentage for the Second quarter was 57%.

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.

RECOMMENDATION

1. That the Finance Report for the Quarter (October - December 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 (October - December 2018) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, BE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY.

EM04/2019

MULTI PURPOSE PRECINCT DEVELOPMENT: EXTENT OF THE DEVELOPMENT, REZONING, BULK SERVICES AGREEMENT AND IMPLEMENTATION PLAN: (LED) (18/2/2)

1. PURPOSE OF REPORT

The purpose of the report is to provide a background, current information and motivation for Council's approval in relation to:

- a) All resolutions and agreements already concluded in relation to the development, and compliance thereto, the extent of Phase 1 of the proposed development as well as the ownership and business model.
- b) The Subdivision of the Municipal Property viz. Subdivision 1 of the farm Vooruitgang 52 and the rezoning thereof to "Special" in terms of the Welkom Town Planning Scheme 1/1980 as well as the associated development conditions applicable.
- c) The extent of the required municipal bulk services for the project and the bulk services agreement pertaining to the financial responsibilities of the parties.

2. BACKGROUND

2.1 PROJECT INITIATIVE AND CONCEPT

During 2003 the NFS LEJWELEPUTSWA COMMUNITY PARTNERSHIP TRUST (IT 418/04) was established to manage the project actions in relation to the establishment of a multi-purpose sport facility in Matjhabeng. The project will be located on Subdivision 2 of the farm Vooruitgang 52 which is indicated *as A7 of the Annexures*.

The project concept was captured in a Scope of Design report as basis for the technical development of the project. (The initial development vision of the project *is attached as A8 of the Annexures*). The project was initially valued R300-R500 million, but is now estimated at R2.5 billion.

Reference is also made to verbal presentations made by the developer to the Mayoral Committees, past and present, also, to the various municipal subcommittees Section 60 committee.

2.2 COUNCIL RESOLUTION IN SUPPORT OF THE PROJECT AND APPLICABLE CONDITIONS

The development methodology of the project relates directly to the resolutions of the Mayoral Committee in the meeting held on 8 December 2004 when the project proposal was considered. The following resolutions are significant (Item MC271/2004 and A12/2005):

- 1. *"That a portion of Subdivision 2 of the Farm Vooruitgang 52 be made available to develop*

a multi-purpose Sport Stadium.

2. *That the planning of all services, road, parking areas, stadiums etc. be done **in** consultation with and to the satisfaction of the Council.*
3. *That Council, in co-operation with Sports Marketing Dynamics, establishes a Public Private Partnership and will use a company as a vehicle to execute the project.*
4. *That Council set out the roles and responsibilities of the different Stakeholders within the company as envisaged.*
5. *That the company will have a separate account within the Municipal Financial System.*
6. *That Council put an advert in Local Newspapers about its intention of the projects (Multi Purpose Stadium Beyond 2010)*
7. *That the financial implications for a start-up capital be submitted so that proper provision could be made if need be.*
8. *That a feasibility study, as required by the MFMA and the Systems Act as amended, be conducted as a matter of urgency.”*

In terms of the progress report under Item A62/2017 Council resolved as follows:

1. *“That it **BE NOTED** that the project is in a very advanced stage and that the majority of the conditions as stipulated in terms of Resolution MC 271/2004 have now **BEEN COMPLIED WITH**.*
2. *That as soon as all reports in relation to the rezoning application have been received and internally evaluated, a comprehensive report will **BE SUBMITTED** to Council in relation to the project’s compliance to Resolution MC271/2004 as well as the aspects pertaining to the rezoning of the land and the consequent development conditions of Council regarding the development.*
3. *That in support of the project, the request for a further and final extension of the land availability agreement **IS GRANTED** with immediate effect for one year from the date of granting extension, to enable the completion of the rezoning and land transfer processes.*
4. *That a progress report must **BE SUBMITTED** every quarter to Council.”*

2.3 PROJECT FEASIBILITY

In compliance to Par. 8 of Resolution A12/2005 a pre-feasibility study was submitted by the developer. In terms of the recommendations of the report a detailed feasibility should be commissioned.

2.4 CONTRACTUAL AGREEMENTS BETWEEN THE NFS LEJWELEPUTSWA COMMUNITY PARTNERSHIP TRUST AND THE MATJHABENG MUNICIPALITY

2.4.1 INTRODUCTION

Planning of the project is now finalized. Construction can commence as soon as:

- a) Council resolved on and recommended positively to Townships Board on the rezoning of the land. (Application was submitted in terms of the Ordinance prior to and not in terms of the Spatial Planning and Land Use Management Act).
- b) The Bulk services agreement has been approved by Council and signed
- c) Transfer of the land to the NFS LEJWELEPUTSWA COMMUNITY PARTNERSHIP TRUST has been finalized.

This section of the report will refer to the origin, purpose and compliance of the now planned project in relation to all agreements already entered between the Municipality and the NFS LEJWELEPUTSWA COMMUNITY PARTNERSHIP TRUST:

2.4.2 SERVICE LEVEL AGREEMENT FRAMEWORK (2014):

In accordance with Resolution A12 the Service Level Agreement Framework Agreement *as attached as A9 of the Annexures* addresses all aspects of the project as well as the associated responsibilities of the parties in relation to the development of and the organizational structuring of the project. It was signed during 2014.

This agreement gives explanation to the following main aspects of the development:

2.4.2.1 TRUST AS PUBLIC BENEFIT DEVELOPMENT OWNER:

The project was initiated by the **NFS LEJWELEPUTSWA COMMUNITY PARTNERSHIP TRUST** that was registered as non-profitable and a PBO (Public Benefit Organisation) with the intention to establish a multi-use precinct that will provide self-sustainability of a sporting facility in Matjhabeng as an investment project. *The registration details of the Trust is enclosed as A10 of the Annexures.*

2.4.2.2 THE DEVELOPMENT AND MANAGEMENT COMPANY

In order to ensure economic viability and sustainability of the project, a development company was established to act as both development and management company viz., EUROMID Africa Development (PTY) LTD. The development company will be formed jointly between the Trust and the investor/ funder and will be bound by all the agreement conditions already signed between the Trust and Municipality. The developer will manage the project with a profit motive

in order to ensure a profitable sustainable business venture. *The company registration details are enclosed on All of the Annexures.*

Operational functions of the developer:

- (i) The developer will be responsible for CSI (Cooperative Social Investment) related benefit towards the sports structures and the identified beneficiaries.
- (ii) The developer will without exclusion consider national and international service providers, but, will opt preferentially towards the locals, regional and provincial residents that are South African citizens.
- (iii) The developer will enter into a mutual business agreement in the provision of jobs prior, during and beyond construction of the intended development.

2.4.2.3 PRIVATE INVESTORS

The project in total will be funded by means of private investment and donations through CSI (Cooperative Social Investment) funding. The JV/partnership will provide finance to the project in a form of investment, capital towards installation of all the internal services and structural construction of the entire development, through EUROMID Africa Development (PTY) LTD: not unless if conditions prescribe otherwise.

Financial income for investors will be secured by means of long term lease agreements for the variety of income generating developments in line with the act of law, between the Trust (land owner) and the identified investor. The lease agreements with the Trust will financially support the viability of the project.

2.4.2.4 PROJECT FUNDING:

The total project cost is estimated at R2.5 billion. Via the support of the project by the Department of Economic, Tourism and Environmental Affairs, the partial funding of the project was also approved by the Department of Trade and Industry (DTI), also with the participation of the Municipality.

Private sector investment and partnerships were also negotiated and established by the Trust. The value of land and or any other contribution from the municipality will be considered as a once off contribution in support of the other financial contributions from government institutions in pursuant of total implementation of the project.

2.4.2.5 BENEFICIARIES OF THE PROJECT:

The developer has undertaken the development primarily to benefit the Matjhabeng local economy and community, such beneficiaries whom will make use of the development on a social level once the project is self-sustained. Social beneficiaries identified will derive benefits from the Trust, by distributing their annual dividends to the identified existing sporting codes at their own discretion. The sporting codes will form part of the advisory board to the Trust and thus actively involved. As an investment project also, the project will financially benefit the Trust and its development company/or investors.

The draft Social Compact agreement as *enclosed as A12 of the Annexures* between the NFS LEJWELEPUTSWA COMMUNITY PARTNERSHIP TRUST and social stakeholders must be noted.

2.4.2 PUBLIC NGO PARTNERSHIP (PNGOP) AGREEMENT:

Since the DTI (Department of Trade and Industry), without the exclusion of any other funders is targeted as one of the government institutions to provide funding under CIP (Critical Infrastructure Program), a form of PNGOP Agreement *as enclosed as A13 of the Annexures* was entered between Municipality and the Trust partnership as a vehicle to allow the flow of cash that could be derived from any one of government department/s. Although the Trust has acquired company status which will enable it to apply for funding on its own behalf, it was resolved that the Municipality should be involved in the application for funds from the Department of Trade and Industry. In this regard the agreement will facilitate the flow of funding between Government institutions and the Trust towards the project.

2.4.3 LAND AVAILABILITY AGREEMENT:

A Land Availability Agreement together with addendums and Municipal Council Resolution of 26 April 2017 (*Enclosed as A14 of the Annexure*) was entered into between the Matjhabeng Municipality N F S Lejweleputswa Community Partnership Trust on 25 January 2008.

The resolution of Council in this regard must also be noted:

“COUNCIL RESOLVED: (31 MAY 2017)

5. That it **BE NOTED** that the project is in a very advanced stage and that the majority of the conditions as stipulated in terms of Resolution MC 271/2004 have now **BEEN COMPLIED WITH**.
6. That as soon as all reports in relation to the rezoning application have been received and internally evaluated, a comprehensive report will **BE SUBMITTED** to Council in relation to the project's compliance to Resolution MC271/2004 as well as the aspects pertaining to

the rezoning of the land and the consequent development conditions of Council regarding the development.

7. That in support of the project, the request for a further and final extension of the land availability agreement **IS GRANTED** with immediate effect for one year from the date of granting extension, to enable the completion of the rezoning and land transfer processes.
8. That a progress report must **BE SUBMITTED** every quarter to Council.”

The land identified in collaboration with Spatial Planning is a portion of the Farm Vooruitgang 52. The proposed development is in line with the Matjhabeng Spatial Development Framework for Matjhabeng (2013).

The following aspects in relation to the LAA are of importance regarding the proposed development:

2.4.3.1 PROPERTY DESCRIPTION

The land that forms the subject to this agreement consists of Portions of Subdivision 2 of the Farm Vooruitgang 52 as depicted:

- a) The figure A to S in extent $\pm 54,6\text{ha}$ (Phase 1)
- b) The figure marked Phase 3 Development $\pm 36\text{ha}$
- c) The figure marked Future Development $\pm 34\text{ha}$

2.4.3.2 OWNERSHIP AND DISPOSAL

The following contractual stipulations are of importance (Land Availability Agreement; Service Level Agreement Framework):

- a) That the Trust will at its own expense create an alienable erf by means of subdivision, rezoning and to transfer the land (Phase 1).
- b) The Trust is obliged to keep the land in Trust for use and benefit for the Community of Matjhabeng.
- c) In case if the Trust cannot make use of the land and the improvements thereon, the Trust is barred from selling it to third parties the Trust will transfer the property back to Council.
- d) A restriction will be registered in the Title Deed that the Municipal will have a first purchase option.
- e) The land cost will be calculated at a donation cost of R1 payable upon transfer of the property

2.5 SITE DEVELOPMENT PLAN AND PHASED DEVELOPMENT

The physical planned layout (Phase 1) of the development is depicted on *the site development plan as A15 of the Annexures*. This is the result of the planning process in terms of which the comments and inputs of all stakeholders as well as the stipulations of the Welkom Town Planning Scheme have been address in order to provide for a functional layout.

The first phase of the project will be developed in four phases of which will comprise of the following land uses:

NO.	BUILDING NAME	STOREYS	FOOTPRINT AREA PER UNIT	TOTAL HALLS / MEETING ROOMS/ SPACES	TOTAL CAPACITY/ SEATS/ AREA
PHASE 01					
1.	Student accommodation	3	40 627.57m ²		2500 beds
2.	Light Industrial Warehouse	1	5 136.33m ²		1 Unit
3.	High Performance Centre	3	4 049m ²	Offices	1 148.78m ²
				Meeting Rooms	952.51m ²
				Auditorium	255 seats
				Restaurant/ Coffee Shop	32 seats
4.	Green Source		836.21m ²	.	
5.	Astro Turf Sports Field		17 299.55m ²		
	Phase 01Total		<u>67 948.66m²</u>		
PHASE 02					
1.	Community Hall	1	3 078m ²	Offices	90.06m ²
				Boardroom	26 Seats
				Lecture Rooms	274 Seats
				Dining Hall	156 seats
				Conference Hall	772 seats

2.	Office Park	3	5 263m ²		2 Units
				Boardroom	16 seats
3.	Sports Training Academy	3	9 780m ²	Pavilion	165 seats
				External Gym	135 seats
				Studios	92 seats
4.	Boutique Hotel	6	2 998 m ²		32 Beds: max 2 people per room
				Offices	92.66m ²
				Multi - purpose Hall	206 seats
				Restaurant	92 seats
				Bar	51 seats
5.	Light Industrial Warehouse	1	7 681m ²		2 Units
	Phase 02 Total		<u>28 800m²</u>		

PHASE 03

1.	Retail Mall	2	39 456.98m ²		
2.	Filling Station	1	268.41m ²		
3.	Indoor sports Centre	2	4 192.47m ²		1 800 seats
4.	Bus Parking				21 Bus Parking
	Phase 03 Total		<u>43 917.86m²</u>		

PHASE 04

1.	Sports Stadium		52 721.08m ²		36 000 seats
				Restaurant	360 seats
2.	Theme Park				1000 people
3.	Parking on SANRAL property				
	Phase 04 Total		<u>52 721.08m²</u>		

2.6 TOWN PLANNING ACTIONS: CREATION OF AN ALIENABLE SITE

2.6.1 REQUIRED TOWN PLANNING APPLICATIONS

The Trust has the contractual obligation to create an alienable site. Before the land can be transferred the following two processes must be concluded:

- a) To amend the scheme boundaries of the Town-Planning Scheme of Welkom, by the inclusion of Subdivision 2 of the Consolidated farm Vooruitgang No. 52, Administrative District Welkom, into the scheme area of Welkom with the zoning “Agriculture. This approval has already been achieved as *indicated as A16 of the Annexures*.
- b) To lodge an application to the Department of Cooperative Governance and Tradition Affairs Free State for the subdivision (Phase 1) and the rezoning in terms of Section 31 of the Development Facilitation Act No. 67 of 1995 on behalf of the Matjhabeng Municipality of the Remainder of Portion 2 of the Farm Vooruitgang No. 52 from “Agricultural” to “Special” in terms of which an applicable land use and development conditions can be approved for the development. In terms of the applicable rezoning legislation the Townships Board can only resolve on the matter if a complete application has been submitted and the Matjhabeng Council has resolved on the rezoning of the land and has therefore taken all constraints and implications into consideration.

2.6.2 NOTES ON SUPPORTIVE COMPULSORY APPLICATION REPORTS

A land use amendment application in terms of legislation is supported by the following compulsory technical reports in order to evaluate and address and facilitate the physical impact regarding the proposed development. The application is supported by the following reports:

REPORT	NOTES
Site development plan	Finalised – see attached. Existing servitudes in favour of ESKOM etc.
Floodline report	Finalised
Geotechnical report	Finalised
Geohydrological report	Finalised
Traffic Impact Study	Finalised. All access and egress roads will be on Provincial or SANRAL roads.
Bulk Services report	See Par 7.
Environmental impact assessment	Record of Decision from DESTEA outstanding

2.6.4 COMMENTS FROM EXTERNAL STAKEHOLDERS, PROVINCIAL SECTOR DEPARTMENTS AND THE MUNICIPALITY

It must be noted that as part of the legal rezoning process the comments from all stakeholders, Provincial sector Departments as well as that of the Municipality regarding the proposed rezoning was requested, also by means of publication in the Provincial Gazette. All comments

will be taken into consideration by the Townships Board. In this regard all conditions pertaining to the development will have to be adhered to by the developer.

2.6.5 PROPOSED ZONING SCHEDULES

The proposed zoning schedules applied for are as follows, the detail of which must be read with this section as *attached as A17 of the Annexures*:

ZONING SCHEDULE:

Zone	Map indication	Allowable land Utilisation Practices	Reconcilable Practices subject to Application to and approval from the Council
Integrated Sport Complex		Multipurpose Sport Complex	Supporting Land Uses

2.6.6 BULK MUNICIPAL SERVICES

2.6.6.1 BULK SERVICES REPORT: TECHNICAL ASPECTS

The demands of the project in terms of the provision of all municipal services, is captured in a Bulk Services report that was developed by the Developer for Phase 1 in consultation with the Municipality. This is in compliance to Resolution A12/2005. **The Director Infrastructure approved the Bulk Services Report in terms of the technical demands of the project, the proposed upgrading/routing, technical construction requirements and estimated cost of each service.**

2.6.6.2 BULK SERVICES REPORT: EXTENT RESPONSIBILITY ASPECTS AND RELATED COSTS

The extent, responsibilities and estimated total cost of each municipal service is depicted in the following table:

BULK SERVICE	EXTENT OF BULK NEW/UPGRADING REQUIRED	RESPONSIBILITIES	OWNERSHIP AND MAINTENANCE	ESTIMATED TOTAL COST
WATER	The project will have to connect directly to the SEDIBENG main line because on non-availability of sufficient Municipal infrastructure.	Municipality will apply to SEDIBENG for a connection. Sedibeng will provide a quote for connection. Developer will be responsible to construct the	Connection line will be owned by Matjhabeng Municipality. Metering on the project boundary.	

		connection line. Developer will apply to Provincial Roads Department and Sanral for a construction wayleave.		
SEWER		Developer – From project connection to Mun. pumpstation – Mun - upgrading of pumpstation - Mun. upgrading of Mun. rise line - Mun upgrading of purification works.	Municipality	±R21,3m
ROADS	Project connects only to Provincial Roads and SANRAL roads	Developer proposes that the link road will be the responsibility of the Municipality – to be negotiated.		±R33,9m
STORM WATER	Internal measures by developer to retain storm water	Developer not to release more effluent than Municipal system can accommodate. – if so developer to upgrade system	±R33,9m (link road) Total cost of road connections R62,3m	(link road) Total cost of road connections R62,3m
Electrical				
Total				

2.6.6.3 LEGAL AND CONTRACTUAL RESPONSIBILITIES: SPATIAL PLANNING AND LAND USE MANAGEMENT ACT 16/2013

The principles regarding the provision of Municipal Bulk services to any development is determined in Section 49 of the Spatial Planning and Land Use Management Act 16/2013, viz.:

Provision of engineering services

49. (1) An applicant is responsible for the provision and installation of internal engineering services.

(2) A municipality is responsible for the provision of external engineering services.

(3) Where a municipality is not the provider of an engineering service, the applicant must satisfy the municipality that adequate arrangements have been made with the relevant service provider for the provision of that service. 25

(4) An applicant may, in agreement with the municipality or service provider, install any external engineering service instead of payment of the applicable development charges, and the fair and reasonable cost of such external services may be set off against development charges payable. 30

(5) If external engineering services are installed by an applicant instead of payment of development charges, the provision of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), pertaining to procurement and the appointment of contractors on behalf of the municipality does not apply. 35

2.6.6.4 LEGAL AND CONTRACTUAL RESPONSIBILITIES: LAND AVAILABILITY AGREEMENT

In terms of Par. 4 of the Land Availability Agreement it is stated that:

- 4.1 On finalization of the extent of development the Trust will be obliged to enter into a Co-operation and Services Agreement with the Matjhabeng Municipality whereby the services to be provided to the area are outlined
- 4.2 The internal services to the property will be provided by the Trust and the Bulk services by the Municipality if resources so permit.

2.6.6.5 LEGAL AND CONTRACTUAL RESPONSIBILITIES: SERVICE LEVEL AGREEMENT FRAMEWORK (2014)

In terms of the signed Service Level Agreement Framework Agreement (2014) the responsibilities of the Municipality and the Developer are stipulated in terms of the following extract:

5.1 THE MUNICIPALITY:

5.1.1 The Municipality will forthwith make available existing bulk infrastructure at its immediate disposal and will ensure efficient provision of such infrastructure to the land at the Municipality's cost. This will include the provision of sewerage networks, clean water supply and electricity/power supply points up to the border of the land. The parties will draft a refuse collection program and the Municipality will provide such services to the development.

5.1.2 Subject to the above the Municipality will obtain from the Developer a business plan for all required bulk services and upon which the

Municipality will apply to the Department of Trade and Industry for the funding thereto.

5.1.3 The Municipality undertakes to contribute an amount equal to a minimum of 10% of the total cost required to provide bulk infrastructure to the land in order to enable the development to proceed. The project will accordingly be included in the Municipality's Integrated Development Plan and the 2015/2016 Capital Budget.

5.1.4 The Municipality will authorize the Developer to commence with the construction of such bulk infrastructure provided that the design and construction process is done in consultation with and to the satisfaction of the Municipality, and that after completion of such bulk Infrastructure the Municipality will take over such infrastructure and will be responsible for the maintenance thereof.

5.1.5 The Municipality acknowledges the partnership of the Trust and **EUROMID S A (PTY) LTD** to continue with the development and further approves any such partnership as should be entered into by the Trust in completion of the development.

5.2. THE TRUST/ EUROMID:

- 5.2.1. The Developer will duly apply to finalize all the necessary procedures in order to create an alienable portion of land inclusive of township establishment etc. and to create the necessary land uses for the development.
- 5.2.2 The Developer will duly apply for an investment incentive from the Municipality in terms of the prescribed incentive scheme, inclusive of the land donation.
- 5.2.4 The Developer will prepare a business plan in relation to the provision of all Bulk Infrastructure required for the project in consultation with the Municipality.
- 5.2.5 The Developer, in consultation with the Municipality, will prepare an application for the funding of the Bulk Infrastructure to the DTI.
- 5.2.6 The Developer will, prior to obtaining the funding from the DTI, for the bulk infrastructure, design and construct the Bulk Services at its own costs in terms of the standards and requirements of the Municipality.
- 5.2.7. Upon completion of the development the Developer will coordinate sporting events and programs with those of the Municipality.
- 5.2.8 The Trust will own the land in accordance with clause 2.2. of the LAA but the Municipality will reserve a first re-purchase option to the land should it remain undeveloped for a period exceeding 5 years from date of transfer of the land to the Trust/Developer and subject to monitoring and negotiation between the parties hereto in terms of Annexure "A".

2.7 SUMMARY OF PROPOSALS

In order to ensure the implementation of the project it is proposed:

- 2.7.1 That the following contractual agreements between EUROMID Africa Development (PTY) LTD on behalf of NFS LEJWELEPUTSWA COMMUNITY PARTNERSHIP TRUST, and the Municipality in terms of Resolutions MC271/2004 and A12/2005, be supported and condoned:
 - a) Land Availability Agreement (2008)
 - b) Public NGO Partnership Agreement (2012)
 - c) Service Level Agreement Framework (2014)
- 2.7.2 That the site development plan and planned phased development of the project as contemplated in Par. 2.5 of the report be noted and supported.
- 2.7.3 That in terms of the contractual obligation (in line with LAA clause 2 subparagraph 2.1) to create an alienable site, the applications of the developer to the Department of Cooperative Governance and Tradition Affairs Free State for following administrative processes be supported:
 - a) The amendment of the boundaries of the Town-Planning Scheme of Welkom, by the inclusion of Subdivision 2 of the Consolidated farm Vooruitgang No. 52, Administrative District Welkom, into the scheme area of Welkom with the zoning “Agriculture.
 - b) The subdivision (Phase 1) of, incorporation into the Welkom Town Planning Scheme 1/1980 and the rezoning in terms of Section 31 of the Development Facilitation Act No. 67 of 1995 on behalf of the Matjhabeng Municipality of the Remainder of Portion 2 of the Farm Vooruitgang No. 52 from “Agricultural” to “Special”.
 - c) That the supporting land uses associated with the Multi-Purpose Sport Complex as contained in the Zoning Schedule be approved.
- 2.7.4 That the development be bound by the Record of Decision in terms of the Environmental Assessment Report in which case the Municipal Manager be authorized to negotiate with the developer all constraints that may affect the implementation of the project, and that such agreements be included in the final bulk services agreement with the developer.
- 2.7.5 That Council acknowledges it’s legislative responsibility in relation to the provision of bulk services for the project, but due to the extent of the total cost of the bulk services and Council’s financial constraints, the developer in principle be financially responsible for the provision and construction of all infrastructure related to the project in terms of the bulk services report as approved by the Municipality.
- 2.7.6 That the developer submits a funding plan in relation to the construction of the bulk services and that the Municipal Manager be authorized to negotiate a final bulk services agreement between the developer and the Municipality.

2.7.7 That on completion of the Bulk Services agreement the Municipal Manager be finalized finalize a land sales agreement to affect the transfer of the land to the NFS LEJWELEPUTSWA COMMUNITY PARTNERSHIP TRUST.

3. LEGAL IMPLICATIONS:

It must be noted that the project relies on signed agreements which will have legal liabilities implications for the Municipality.

4. FINANCIAL IMPLICATIONS:

The financial responsibility for the Municipality vests in two aspects viz:

4.1 LAND DONATION:

As per the LAA agreement the land (Phase 1) is to be donated at an incentive value of R1. In terms of the valuation report obtained by the Municipality, the value of the entire land portion as described in the LAA agreement amount.

4.2 BULK SERVICES CONTRIBUTION:

As explained in Par 2.6.6 the Municipality is responsible for the provision of bulk services to any new development area. In this regard the legislation is also clear that such bulk services will only be provided if the Municipality provided for the funding in the capital budget, otherwise the provision of the funding can be negotiated with the developer.

In terms of the Service Level Agreement Framework (2014), The Municipality is expected to contribute a minimum of 10% to the total cost of the bulk infrastructure. In terms of the Bulk services report the total estimated cost of the bulk infrastructure amounts to R62,3 million. In this regard it must be noted that the bulk services contribution was taken up in the Matjhabeng IDP and Budget.

In order to commence with the project the developer is willing to financially bridge the cost for the provision of the bulk services provided that a financial agreement can be negotiated and concluded with the Municipality.

5. POLICY/LEGISLATIVE POSITION

National:

- South African Constitution, 1996
- Spatial Planning and Land Use Management Act, (2013)
- Municipal Financial Management Act

Provincial Policies:

- Free State Growth and Development Strategy (2005-2014)

- Free State Spatial Development Framework (2005/6)

District Level:

- Lejweleputswa DM IDP (2011/12)
- Lejweleputswa DM SDF (2008)

Local Level:

- Matjhabeng LM IDP

6. RECOMMENDATIONS

It is recommended:

1. That the following contractual agreements between EUROMID Africa Development (PTY) LTD on behalf of NFS LEJWELEPUTSWA COMMUNITY PARTNERSHIP TRUST, and the Municipality in terms of Resolutions MC271/2004 and A12/2005, be supported and condoned:
 - a) Land Availability Agreement (2008)
 - b) Public NGO Partnership Agreement (2012)
 - c) Service Level Agreement Framework (2014)
2. That the site development plan and planned phased development of the project as contemplated in Par. 2.5 of the report be noted and supported.
3. That in terms of the contractual obligation (in line with LAA clause 2 subparagraph 2.1) to create an alienable site, the applications of the developer to the Department of Cooperative Governance and Tradition Affairs Free State for following administrative processes be supported:
 - a) The amendment of the boundaries of the Town-Planning Scheme of Welkom, by the inclusion of Subdivision 2 of the Consolidated farm Vooruitgang No. 52, Administrative District Welkom, into the scheme area of Welkom with the zoning "Agriculture.
 - b) The subdivision (Phase 1) of, incorporation into the Welkom Town Planning Scheme 1/1980 and the rezoning in terms of Section 31 of the Development Facilitation Act No. 67 of 1995 on behalf of the Matjhabeng Municipality of the Remainder of Portion 2 of the Farm Vooruitgang No. 52 from "Agricultural" to "Special".
 - c) That the supporting land uses associated with the Multi-Purpose Sport Complex as contained in the Zoning Schedule be approved.
4. That the development be bound by the Record of Decision in terms of the Environmental Assessment Report in which case the Municipal Manager be authorized to negotiate with

the developer all constraints that may affect the implementation of the project, and that such agreements be included in the final bulk services agreement with the developer.

5. That Council acknowledges it's legislative responsibility in relation to the provision of bulk services for the project, but due to the extent of the total cost of the bulk services and Council's financial constraints, the developer in principle be financially responsible for the provision and construction of all infrastructure related to the project in terms of the bulk services report as approved by the Municipality.
6. That the developer submits a funding plan in relation to the construction of the bulk services and that the Municipal Manager be authorized to negotiate a final bulk services agreement between the developer and the Municipality.
7. That on completion of the Bulk Services agreement the Municipal Manager be authorized to finalize a land sales agreement to affect the transfer of the land to the NFS LEJWELEPUTSWA COMMUNITY PARTNERSHIP TRUST.

EM05/2019

**PROGRESS REPORT ON THE KHAEDU IMPLEMENTATION PLAN REGARDING
TITLE DEEDS REGISTRATION AND DISTRIBUTION (ED: HS/LED) (8/1/1)**

PURPOSE

To present to the Executive Management Committee (EXCO) a progress report on the KHAEDU Action Plan pertaining title deeds registration and distribution.

BACKGROUND

During September 2018 the Provincial Human Settlement Department as well as the Municipality met and identified challenges with regard to the registration and the distribution of title deeds within the municipality as part of the Province's Khaedu Project. Following the said interaction, an Implementation Plan (*See A18 of the Annexure*) was drafted to address the identified challenges.

DISCUSSION

With regard to the registration of title deeds (security of tenure) in terms of Act 81 of 1998 (Conversion of certain rights into leasehold or ownership) and the Enhanced Extended Discount Benefit Scheme (Programme to transfer Government's housing rental stock to qualifying occupants), the biggest challenge identified was that the municipality was depended on walk-ins from qualifying occupants for the application process hence the low numbers and slow progress in applications made. The solution as per the Implementation Plan was that there should be community outreach programmes to encourage qualifying to come and apply for title deeds.

Community outreach programmes were embarked on in Nyakallong, Mmamahabane, Phomolong and Thabong, where call-in letters were distributed to qualifying occupants as per the updated list of sites not yet registered from the Provincial Department.

Summary of the reports pertaining to call-in letters issued is *attached as A19 of the Annexures*.

The verification and distribution of title deeds was done in Thandanani (2010) during the week of the 22nd to the 26th of October 2018. A list of 150 title deeds was received from the Provincial HS department and the summary report of the work carried out during that week *is attached as A20 of the Annexures*. There was also a verification and distribution programme of 150 title deeds in Meloding that was earmarked for the week of the 19th to the 23rd of November 2018. The programme was however not embarked on due to the strike action that was undertaken by municipal workers during November 2018.

PROBLEM STATEMENT

Most of the beneficiaries have passed on and the next of kin do not have letters of authority from the court. The beneficiaries are not honoring call-in letters issued to them.

Some of the people occupying the properties are not the rightful owners and the whereabouts of the rightful owners are not known.

RECOMMENDATION

It is recommended that the Executive Management Committee note the report.

EM06/2019

REQUEST FOR APPROVAL FOR IN-SITU UPGRADINGS MELODING (ED: LED PLANNING & HS) (19/4/6)**PURPOSE**

To obtain an approval from the Executive Management Committee for in-situ upgrading of the following Meloding Informal Settlements:

1. Tiptop Bazaar informal settlement
2. Unit 3 Informal settlements
3. Unit 7 Informal Settlements.

BACKGROUND

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

This process led to the enumeration of informal settlement within Matjhabeng, about 21 informal settlement where enumerated, about 7 informal settlement in Meloding were recorded, namely;

No.	Settlement Name	Township / farm	Enumerated no. of structures	Updated no of Household as of April 2018.
1.	Bareng Informal Settlement	Meloding	6	6
2.	MK Square Informal Settlement	Meloding	10	73
3.	Matlharantlheng Informal Settlement	Meloding	139	135
4.	Unit 7 Informal Settlement	Meloding	45	45
5.	Unit 3 Informal Settlement	Meloding	88	55
6.	Phelindaba Informal Settlement	Meloding	9	9
7.	Tiptop & Bazaar Informal settlement	Meloding	8	8

The Criteria for electing the 3 informal settlement selected for in-situ upgrading are;

1. The land must belong to the Municipality;
2. The number of households must be less than 150, or area requi
3. ring only an amendment of a General Plan and rezoning in terms of municipal planning bylaws;
4. The settlement must be integrated and adjoining to an established township for ease of basic services connection by the Municipality.

5. LAND MUST NOT BE DISASTER PRONE

Profile information on the informal settlement selected and land situated at attached hereto *as A21 and A22 of the Annexures*.

DISCUSSION

All this settlement age are of over 15 years, though the land situated at has been zoned for different purpose other than residential, attached hereto the comments of Town Planning division on proposed in-situ upgrading.

The challenge with Meloding has been identifying and acquiring alternative land as there's land scarcity.

FINANCIAL IMPLICATIONS

None

LEGAL IMPLICATIONS

Municipal policy on allocation of Sites

RECOMMENDATIONS

1. That EXCO notes the report.
2. That EXCO approves proposed in-situ upgrading in 3 informal settlements in Meloding.
3. Council avail Erf 1553, 1554 (Tiptop bazaar), 12142, 12143, 12144 (Unit 7) and 12434 (Unit 3) for in-situ upgrading of the 3 informal settlement in Meloding.

EM07/2019

**PROGRESS REPORT - ALLOCATION OF SITES AT THABONG WARD 16
FREEDOM SQUARE (ED: LED/P&HS) (20/14/4/3)**

PURPOSE OF REPORT

To report to the Executive Management Committee on the progress of allocation / formalisation of sites in Thabong ward 12 (Freedom Square).

BACKGROUND AND DISCUSSION

During 2007, relocation process took place to Thubelisha from Freedom Square. Approximately 90% of shacks were relocated but some could not due to lack of more pegged sites. Illegal occupation on the cleared blocks of Freedom Square then took place thus creating another informal settlement. During 2014, the latter was enumerated and recorded as one of the 21 informal settlements in Matjhabeng and it was subsequently registered as an IDP Project.

After enumeration was conducted by HDA (Housing Development Agency) the process of verifying the registered **334** occupants of shacks in Freedom Square through HSS(Housing Subsidy System) took place and the list was submitted to ward Councilor to also verify.

The list was resubmitted to the Department with an indication that some of the people on the list have vacated Freedom Square and their shacks were either leased or removed from site. The list also included people from backyards in Freedom Square and not only people to be formalized in Freedom Square. On the basis of that, the number on the list increased from **334** to **456**.

In 2013 the Provincial Department of Human Settlements approved funding of **7000** sites to be planned and pegged in Matjhabeng and Freedom Square was one of the areas that benefitted from this project.

The Consultant, Pula, who was appointed by Provincial Human Settlements planned and pegged 390 residential sites in Freedom Square,

When formalization was physically conducted it was discovered that only **366** shacks were on site and allocated permanent site numbers. The other people appearing on the list were reported to be from the backyards.

To date a total of 382 sites have been allocated, about 8 sites remained, however these sites are already occupied by individuals, the finalization of allocation and Installation of Electricity has resulted in number of disputes arising as people who have been allocated sites, namely backyard dweller are only coming forth to occupy their sites now due to electricity being installed and these sites are already occupied by other individuals.

PROBLEM STATEMENT

- The Department has received complaints from people who were reported to have vacated Freedom Square a long time ago but because permanent site numbers were being allocated they wanted to come back and also benefit.
- The installation of Electricity has given rise to demand, as people whom have been allocate sites but never occupied found their sites occupied by other individual who refuse to vacate sites.
- sites that where not allocated due to being situated at wet land have been invaded, allocation was halted there so as to allow the Municipality to backfill the area, however the site has been invaded illegal.
- A total number of 150 people in the Freedom Square list cannot be allocate site, an alternative land is required to move this individuals temporarily there.

POLICY POSITION

The approved Allocation policy stipulates as follows in terms of clause 5.3

5.3 ALLOCATION OF SITES

Allocation will be done per Proportional representation:

*The municipality allocates sites either for in situ developments or on greenfield. With regard to **in situ** developments, a thorough verification process must have been done by administration in order to ascertain the property ownership.*

With regard to greenfield, allocation is informed by the waiting list once the process of township establishment has been finalized.

The plight of backyard dwellers must be considered as first priority as opposed to informal settlers.

Serviced sites shall be made available to all applicants of housing subsidies, informal settlements recognized for upgrading backyard dwellers and applicants who only need to purchase serviced sites and will be able to build their own houses.

STEPS

1. *Land Affairs Section will inform the ward councilors every time there is serviced land available for allocation to the residents who cannot afford to buy, with special emphasis to the previously disadvantaged communities.*
2. *Ward Councilors will also be invited to come forward and verify the waiting list that has been kept by the Department.*
3. *After verification, and acceptance of conditions, residents will be given allocation letters as well as permission to occupy document to sign*

4. *The list of all people who have been allocated sites will be sent to Finance Department for opening of accounts.
It then becomes the responsibility of the resident to open an account with finance and register for indigence where applicable.*

RECOMMENDATION

- That the Executive Management takes note of the report.

EM08/2019

TO PRESENT EXCO THE STATUS QUO WITH REGARDS TO UTILISATION OF THE OLD HENNEMAN HOSTEL

PURPOSE

To present before EXCO for deliberation the utilization of Old Phomolong Hostel by various NPO and SMME's.

BACKGROUND

On the 4th November 2004 Human Settlement Portfolio resolved as follows;

IT WAS RESOLVED BY THE EXECUTIVE MAYOR (3 NOVEMBER 2004)

1. That four classrooms plus two offices – Administration block, **BE RENTED** out to People with Disabilities Association **FOR FREE** provided that they **WILL MAINTAIN** the building for a period of 3 years, where after the matter will be reconsidered by Council.
2. That the Lessee **ACCEPTS** the Conditions and **SIGN** the Lease Agreement within 30 days of notification.
3. That the Lessee **BE PERMITTED TO FENCE** and **ELECTRIFY** at his cost, the space so rented.
4. That the Lessee **BE RESPONSIBLE** for its own water connection.
5. That any other costs incidental to this Lease **BE** for the account of the Lessee.

The portfolio committee on Housing made the aforementioned resolution after an item served before it requesting the approval of the utilization of the Administration block of Reiketseditse Primary school.

No formal lease agreement was signed with respective NPO, on our investigation we found the BLOCK to be occupied by the following NPO and SMME's.

NO.	ORGANISATION	NO UNITS OCCUPIED	DATE OF OCCUPATION	CONTACT PERSON
1.	Tshwarahanang Disabled Centre	6	2004	Martha Moletsane 0764459773
2.	Reiketseditse Disabled Day centre	3	2004	Mantola Lelala 0834615629
3.	Thamahano Blind	3	2007	Rev. Mogoloa

	Association			063603130
4.	Rehlotse Pre-Primary School	4	2007	
5.	Thusanong Old Age Centre	1	2007	Tselane Sebatana 0781262719
6.	Bulang Mahlo Old Age	1	2012	Cloring Mphore 0786431807
7.	St Veli Electronic Repair	1	June 2018	Velile Mjezu 0723156519
8.	Lesedi Creche	5		Mpho Mosala 0843789525

according to the information received from Finance the service accounts on this block is 00 as there is no billing happening as the property is Municipal Owned.
thus all NPO and Smme's have continued to utilize the Municipal bulding and service with paying.

DISCUSSION

During June 2018 a representative from Rehlotse Pre-primary school approached the Housing department requesting for occupation of the school to be formalized with lease agreement so as to enable the school to apply for funding.

The department felt it's better to bring the request of the school to the management so as to addressed occupation of the administration block by various NPO and Smme's in toto, and to have way forward to address this matter.

The department is of the view that lease agreement should be signed with all NPO and Smme's and lease amount be charged per Municipal rates, and each units should be installed individual meter so as to allow them to pay for the Municipal Services.

FINANCIAL IMPLICATIONS

cost implication of municipal service being utilized without payment.

POLICY POSITION

Land Disposal Policy
MFMA

RECOMMENDATION

- That EXCO Committee notes the report and resolved as follows.
- That lease agreement be entered with 6 institutions occupying the Municipal Building and rental amount of R 110 be charged per month.

- That all individual meters s be installed so as to enable the institutions to pay be Municipal Services.
- That Infrastructure Department be responsible for the maintenance of the Building.