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DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCIL (SPEAKER)
(6/6/2)

PURPOSE

To submit to Council the upper limits of salaries, allowances and benefits of different members of Municipal Council as per **Government Gazette No 42134** dated **21 December 2018**.

INTRODUCTION AND BACKGROUND

The Minister of Cooperative Governance and Traditional Affairs published a notice of the determination of upper limits of salaries, allowances and benefits of the different members of Municipal Councils.

*** A copy of the notice: Government Gazette No 42134, dated 21 December 2018 **is attached as SEPARATE COVER 1.**

It should be noted that the determination is with effect from July 2018.

The **new** upper limits determined in the Gazette and the current salaries, allowances and benefits per annum are as follows:

TYPE	EXECUTIVE MAYOR	SPEAKER	CHIEF WHIP	FULL TIME COUNCILLORS	CHAIR- PERSON SECT 79	P/T CHAIR- PERSON SECT 79	PART TIME COUNCILLORS
Package	1 006 728.00	805 382.00	755 045.00	755 045.00	732 898.00	408 860.00	318 591.00
Cellphone	40 800.00	40 800.00	40 800.00	40 800.00	40 800.00	40 800.00	40 800.00
Total Package	R1 047 528.00	R846 182.00	R795 845.00	R795 845.00	R773 698.00	R449 660.00	R359 391.00

Current Packages:

TYPE	EXECUTIVE MAYOR	SPEAKER	CHIEF WHIP	FULL TIME COUNCILLORS	CHAIRPERSON SECT 79	P/T CHAIR- PERSON SECT 79	PART TIME COUNCILLORS
Package	968 008.00	774 405.00	726 005.00	726 005.00	704 710.00	393 135.00	306 338.00
Cellphone	40 800.00	40 800.00	40 800.00	40 800.00	40 800.00	40 800.00	40 800.00
Total Package	R1 008 808.00	R815 205.00	R766 805.00	R766 805.00	R745 510.00	R433 935.00	R347 138.00
No of Cllrs	1	1	1	10	1	3	55
Difference							
Total p/a	R38 720.00	R30 977.00	R29 040.00	R290 400.00	R28 188.00	R47 175.00	R673 915.00
Backpay	R19 360.00	R15 488.50	R14 520.00	R145 200.00	R14 094.00	R23 587.50	R336 957.50

Total Financial Implication (12 months)	R1 138 415.00
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It should be noted that a Councillor designated by organised local government to serve in its governance structure must, in addition to the total remuneration package applicable to that Councillor, be paid an allowance not exceeding R1 060, 80, irrespective of the number of meetings attended by such Councillor on a specific date.

PROBLEM STATEMENT

None

LEGAL AND POLICY FRAMEWORK

- Remuneration of Public Office Bearers Act 20 of 1998
- Government Gazette 42134 on the determination of Upper limits of salaries and benefits of different members of Municipal Council, dated 21 December 2018.

FINANCIAL IMPLICATION

1. The budget for 2018/2019 makes provision for an increase of 8%.
2. The financial implication for backpay for the 6 months will be = **R569 205.56**

COMMENTS OF ALL HEADS OF DEPARTMENTS

None

RECOMMENDATIONS

It is **recommended** that:

1. The increase of 4% for full-time Councillors and 4% for part-time Councillors, backdated from 1 July 2018, be approved.
2. That the concurrence of the MEC for local government be obtained prior to the implementation of the provisions of this notice.

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THOKOZA CONCERNED COMMUNITY (WARD 29) (SPEAKER) (20/2/1/3/1)

PURPOSE

To bring to Council the awareness of the Memorandum of the Ward 29, Thokoza Unit.

BACKGROUND

On the 23rd January 2019, the community of Ward 29, Thokoza Unit requested to have a meeting with the Speaker. The Agenda that was brought to the meeting was a Memorandum of Service delivery complaints. This Memorandum was dated 27 September 2018. The explanation is that this memorandum was received by Cllr Matinte Radebe who was together with a number of Councillors. From the Memorandum, this Municipality was given fourteen (14) days to respond to the demands.

The reason for the meeting was to raise the anger of the residents of Ward 29, Thokoza Unit as there was no response to their Memorandum.

*** The Memorandum is attached on page 1 of the Annexures.

FINANCIAL IMPLICATIONS

None

LEGAL IMPLICATIONS

Public Participation

RECOMMENDATION

1. That Council takes consideration of the item.

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MID-YEAR BUDGET AND PERFORMANCE REPORT - 1 JULY 2018 - 31 DECEMBER 2018 (EXECUTIVE MAYOR) (12/1/1)

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

*** **Attached as SEPARATE COVERS 2 & 3** is the Mid-Year Budget and Performance Report- 1 July - 31 December 2018.

DISCUSSIONS

*** The finance reports for July - December 2018 **is attached on page 2 to page 13 of the Annexures.**

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
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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
<u>Less: Indigent Billing</u>	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%.

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 and further be submitted to Provincial and National Treasury.
2. That the Adjustment Budget for 2018/19 be tabled in Council on or before 28 February 2019.

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**DRAFT AUDITED ANNUAL REPORT 2017/2018: MATJHABENG MUNICIPALITY
(EXECUTIVE MAYOR) (5/2/1)**

PURPOSE

The purpose of the item is to table the draft Annual Report of the financial year 2017/2018 to Council for consideration.

BACKGROUND

After the end of each financial year, the law requires Municipalities to develop draft annual reports for submission to Office of the Auditor General by the end of August which is the first two months of the succeeding financial year. We have been submitting the final draft annual reports as a Municipality for consideration by council for the years and we have not failed as a Municipality.

The purpose of drafting an annual report is to provide evidence of planned tasks and the actual achievements for work that was planned and achievements realized during the financial year that has gone past. In other words, the Municipality makes public a record of performance for the past financial year and in the report we indicate areas that were challenges and how we anticipate solving such challenges going forward.

According to the MFMA, the Annual Report should include:

- The Annual Financial Statements of the Municipality, and consolidated Annual Financial statements as submitted to the Auditor-General for auditing in terms of section 126(1) of the MFMA
- The Auditor General's Audit Report in terms of Section 126(3) of the MFMA on the financial statements in (a) above;
- The Annual performance report of the Municipality as prepared by the Matjhabeng Local Municipality in terms of Section 46 of the Local Government: Municipal Systems Act 32 of 2000 (MSA)
- An assessment of the Municipality's performance against the measurable objectives referred to in Section 17 (3)(b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year 2013/2014.

The Municipality submitted the draft annual report to the Office of the Auditor General which was audited during the months of August until November 2018. The draft unaudited annual performance report was also submitted to council of the 30th August 2018 and the following were the resolutions taken from the council meeting on the basis of the annual unaudited report submitted for 2017/2018:

COUNCIL RESOLVED: (30 AUGUST 2018)

1. That Council **NOTES** the draft unaudited annual report for the financial year 2017/18.

2. That the draft unaudited annual performance report 2017/2018 **BE SUBMITTED** to Office of the Auditor General for audit purpose.
3. That the draft unaudited report **BE SUBMITTED** to the Provincial and National Departments of Cooperative Governance and Traditional Affairs as well as the Provincial and National Treasuries.

There were Audit Steering Committee meetings scheduled for Thursdays throughout the four months from September until mid- December 2018. In the last audit steering committee meeting, office of the Auditor General presented the draft audit report which indicated that the municipality received a qualified audit opinion.

*** The Draft Annual Report is **attached as SEPARATE COVER 4.**

LEGAL IMPLICATIONS

Local Government: Municipal Finance Management Act 2003(Act No. 56 of 2003)

Section 121(1) states as follows: ... “The council of a Municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control in accordance with section 129”.

Local Government: Municipal Systems Act 2000 (Act No 32 of 2000):

Section 46 (1) “A municipality must prepare for each financial year a performance report reflecting-

- (a) *The performance of the municipality and of each external service providers during the financial year;*
- (2) An annual performance report must form part of the municipality’s annual report in terms of Chapter 12 of the Municipal Finance Management Act.”

FINANCIAL IMPLICATIONS

There were no financial implications for the drafting of draft annual report as it was compiled internally.

RECOMMENDATIONS

It is recommended:

1. The Council considers the Draft Audited Annual Report for the Financial Year 2017/18.
2. That the Draft Annual Report for the 2017/18 financial year be subjected to the public participation process before final adoption.

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**SPECIAL ADJUSTMENT BUDGET FOR 2017/2018 FINANCIAL YEAR
(EXECUTIVE MAYOR) (6/1/1/1)**

PURPOSE

The purpose of the item is to request council to approve the special adjustment budget for 2017/2018 financial year.

BACKGROUND

During the 2017/2018 financial year, the Municipality incurred unauthorised expenditure as per special adjustment budget attached hereto. In terms of regulation 23(6)(b) of the MBRR, council may authorise unauthorised expenditure in a special adjustments budget tabled in council when the mayor tables the annual report in terms of section 127(2) of the MFMA. This special adjustment budget “may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the Act.”.

LEGAL IMPLICATIONS

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

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

- (a) ***Adjustments budget for unforeseen and unavoidable expenditure:*** An adjustments budget to allow council to provide *ex post* authorisation for unforeseen and unavoidable expenditure that was authorised by the mayor in terms of section 29 of the MFMA must be tabled in council at the “first available opportunity” or within the 60 days after the expenditure was incurred (see section 29(3) of the MFMA). Should either of these timeframes be missed, the unforeseen and unavoidable expenditure must be treated in the same manner as any other type of unauthorised expenditure, and may still be authorised in one of the other adjustments budgets process described below.
- (b) ***Main adjustments budget:*** In terms of regulation 23(6)(a) of the MBRR, council may authorise unauthorised expenditure in the adjustments budget which may be tabled in council “at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year”. Therefore unauthorised expenditure that occurred in the first half of the current financial year may be authorised by council in this adjustments budget. Where unauthorised expenditure from this period is not identified or investigated in time to include in this adjustments budget, it must be held over to the following adjustments budget process noted below.
- (c) ***Special adjustments budget to authorise unauthorised expenditure:*** In terms of regulation 23(6)(b) of the MBRR, council may authorise unauthorised expenditure in a special adjustments budget tabled in council when the mayor tables the annual report

in terms of section 127(2) of the MFMA. This special adjustments budget “may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the Act.” This special adjustments budget therefore deals with:

- unauthorised expenditure that occurred in the first half of the previous financial year that was not included in the main adjustments budget or that was included but referred back for further investigation or further information;
- unauthorised expenditure that occurred in the second half of the previous financial year, and
- any unauthorised expenditure identified by the Auditor-General during the annual audit process.

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

*** The Special Adjustment Budget documents **are attached as SEPARATE COVERS 5 & 6.**

FINANCIAL IMPLICATIONS

The Municipality has disclosed unauthorized expenditure in Note 51 of the 2017/18 Annual Financial Statements. The amount represented the net difference between the Adjustment Budget for 2017/18 and the actual expenditure as included on the audited financial statements. Management therefore request approval of Special Adjustment Budget to increase the expenditure budget by **R 873 124 569.28** from **R 2 322 821 658.13** to **R 3 059 211 239.94**. This will effectively allow for virement of budget were the budget was not fully utilised and authorisation of overspending in expenditure categories listed below as well as the respective votes.

		<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER SPENDING</u>	<u>OVER / UNDER R</u>
Vote 1	COUNCIL GENERAL	R 85 815 755,55	R 156 039 058,85	R 70 223 303,30	R -70 223 303,30
Vote 2	OFFICE OF THE EXECUTIVE MAYOR	R 15 666 612,81	R 33 857 272,41	R 18 190 659,60	R -18 190 659,60
Vote 3	OFFICE OF THE SPEAKER	R 2 488 969,96	R 35 892 835,91	R 33 403 865,95	R -33 403 865,95
Vote 4	OFFICE OF THE MUNICIPAL MANAGER	R 81 847 081,32	R 140 992 401,43	R 59 145 320,11	R -59 145 320,11
Vote 5	CORPORATE SERVICES	R 58 915 652,69	R 56 296 331,38	R -	R 2 619 321,31
Vote 6	FINANCE	R 312 471 225,05	R 305 628 717,63	R -	R 6 842 507,42
Vote 7	HUMAN RESOURCES	R 15 926 092,94	R 13 776 580,46	R -	R 2 149 512,48
Vote 8	COMMUNITY SERVICES	R 194 353 673,09	R 534 418 588,49	R 340 064 915,40	R -340 064 915,40
Vote 9	PUBLIC SAFETY AND SECURITY	R 162 687 724,72	R 143 587 332,57	R -	R 19 100 392,15
Vote 10	ECONOMIC DEVELOPMENT	R 19 123 632,82	R 45 601 848,43	R 26 478 215,61	R -26 478 215,61
Vote 11	ENGINEERING SERVICES	R 250 271 467,25	R 155 346 557,24	R -	R 94 924 910,01
Vote 12	WATER/SEWERAGE	R 589 273 880,55	R 914 892 169,88	R 325 618 289,33	R -325 618 289,33
Vote 13	ELECTRICITY	R 510 470 108,19	R 507 429 134,38	R -	R 3 040 973,81
Vote 14	HOUSING	R 23 509 781,17	R 15 452 410,88	R -	R 8 057 370,29
		R 2 322 821 658,13	R 3 059 211 239,94	R 873 124 569,28	R 736 389 581,81

RECOMMENDATION

1. That Council approves the Special Adjustment Budget to authorize the 2017/18 unauthorized expenditure.

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**RE-ADVERTISEMENT FOR THE POSITION OF THE EXECUTIVE DIRECTOR:
LED, PLANNING & HUMAN SETTLEMENTS AND EXECUTIVE DIRECTOR:
INFRASTRUCTURE (EXECUTIVE MAYOR) (5/3/2/1)**

PURPOSE

The purpose of this item is to report to Council pertaining to the appointment and filling of the vacant positions of Executive Director: LED, Planning & Human Settlements and Executive Director: Infrastructure, in line with the Local Government: Regulations on the appointments and conditions of employment of Senior Managers of 17 January 2014.

BACKGROUND

On the 30th of August 2018, a report was submitted to Council on the resignation of the Executive Director: Infrastructure. Pursuant to the report, Council resolved as follows:-

“COUNCIL RESOLVED: (30 AUGUST 2018)

1. That Council **ACCEPTS** the resignation of the Executive Director: Infrastructure effective from the 1st September 2018.
2. That Council **DECLARES** the vacancy of the Executive Director: Infrastructure in line with the regulations on appointment and Conditions of Service of Senior Managers of 2014.
3. That Council **MANDATES** the Municipal Manager **TO ADVERTISE** the vacant post in line with the afore-mentioned regulations.
4. That a request **BE MADE** to COGTA to support the Municipality by deploying a qualified Engineer as per MISA arrangement to assist, until the Municipal Manager finalizes the appointment of the Executive Director: Infrastructure.”

On the 30th of August 2018, Council resolved as follows on the position of LED, Planning and Human Settlements:-

COUNCIL RESOLVED: (30 AUGUST 2018)

1. That Council **APPOINTS** Mr B. Golele as the acting Executive Director: LED, Planning and Human Settlements.
2. That the acting period should **NOT EXCEED** the period of three months.
3. That a report of the Committee who conducted the previous interviews for the said position should **BE SUBMITTED** in the next Council meeting.
4. That the position of the Executive Director **BE RE-ADVERTISED**.

On the 9th September 2018, the Positions of the Executive Director: LED, Planning and Human Settlements and Executive Director: Infrastructure were advertised in the City Press newspaper as well as the Vista Newspaper on the 13th September 2018.

The initial closing date was the 30th of September 2018 and an erratum was done which extended the closing date to be the 29th of October 2018.

On the 4th December 2018, an item on the appointment of the afore-mentioned Executive Directors served before Council and Council resolved as follows:

COUNCIL RESOLVED: (04 DECEMBER 2018)

1. That Council **APPOINTS** a selection panel comprising of five (5) members to do the shortlisting and interviews for the position of Executive Director: LED, Planning & Human Settlements as well as for the position of Executive Director: Infrastructure.
2. That the appointed selection panel **WOULD COMPRISE** of the following members:
 - 2.1 The Municipal Manager;
 - 2.2 The Executive Mayor or his delegate;
 - 2.3 A representative of COGTA;
 - 2.4 A representative of SALGA;
 - 2.5 One member from DA and EFF - one would be part of the panel that would interview the Executive Director: LED and the other be part of the panel that would interview the Executive Director: Infrastructure.

Pursuant to the Council resolution, the Municipality received a communication from the Provincial Department of Cooperative Governance and Traditional Affairs advising as follows:

1. That the post of Executive Directors Infrastructure and LED be re-advertised.

*** The letter dated 15 January 2019 is attached on page 14 to page 15 of the Annexures.

FINANCIAL IMPLICATIONS

The Costs to be incurred when the post is advertised and ultimately filled will be in line with the Local Government: Regulations on the appointments and conditions of employment of Senior Managers of 17 January 2014.

LEGAL REQUIREMENTS

Local Government: Municipal Systems Act (Act 117 of 1998) and the Regulations on the appointment and conditions of Service of Senior Managers of 17 January 2014, makes provision for the appointment of Senior Managers in local government.

RECOMMENDATIONS

1. The vacant posts of Executive Director Infrastructure and LED be re-advertised.
2. That Council appoints the selection panel in line with the Regulations on the appointment and conditions of Service of Senior Managers of 17 January 2014.

3. The selection panel must comply with Regulation 12 (4) which provides that the selection panel for the appointment of a manager directly accountable to a municipal manager must consist of at least three and not more than five members, constituted as follows:
 - (a) The municipal manager who will be the chairperson;
 - (b) A member of the mayoral committee or councilor who is the portfolio head of the relevant portfolio;
 - (c) At least one other person, who is not a councillor or a staff member of the municipality, and who has expertise or experience in the area of the advertised post.