

**EM104/2017**

**MONTHLY FINANCE REPORT – SEPTEMBER 2017 (ACFO) (6/12/2/1) (5/3/2/12)**

**PURPOSE**

To submit to the Executive Management Committee the Monthly Finance Report for September 2017 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 September 2017 is attached on page 1 of the Annexure.*

## FINANCIAL IMPLICATIONS

<b>TABLE 1</b>	<b>Actual For the Month (September 2017)</b>	<b>For Year to date (2017/2018)</b>
All Grants Received	-	230 725 000
Actual Revenue Received	88 960 658	262 169 292
Actual Expenditure	122 766 560	465 026 622
Salaries	54 259 656	169 171 531
Water	10 000 000	73 859 649
Electricity	1 862 258	35 809 333
Other Expenditure	56 644 646	186 186 109
<b>Sub-Total</b>	<b>-33 805 902</b>	<b>27 867 670</b>
Loan Redemptions	-	-
<b>Net Surplus/(Deficit) before Capital payments</b>	<b>-33 805 902</b>	<b>27 867 670</b>
MIG Payments	11 441 662	33 850 011
INEG Payments	882 659	882 659
WSIG Payments	348 821	2 198 641
<b>Capital Assets procured - Equitable Share</b>	<b>263 881</b>	<b>880 128</b>
Fleet & Equipment	-	-
Office convention/ Furniture	263 881	880 128
<b>Net Surplus/(Deficit) after Capital payments</b>	<b>-46 742 925</b>	

Table 1: The municipality had a deficit of R46 742 925 for the month of September after capital payments. This deficit indicates that the expenditure incurred is more than the revenue received for month.

<b>TABLE 2</b>	<b>Actual For the Month (September 2017)</b>	<b>For Year to date (2017/2018)</b>
Total Billings	157 341 820	474 333 832
Less: Indigent Billings	3 022 736	10 962 722
Actual Billings	154 319 084	463 371 110
Actual Revenue Received	87 401 369	244 614 683
Consumer Revenue	80 008 684	217 675 591
Other	7 392 685	26 939 092
Grants & Subsidies	-	230 725 000

<b>Pay rate for September 2017 (Total Billings)</b>	<b>57%</b>
<b>Total income percentage - September 2017</b>	<b>58%</b>
<b>Total income percentage – YTD</b>	<b>57%</b>

The pay rate for September 2017 was 57%

The total income percentage September 2017 was 58%.

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

## **LEGAL IMPLICATIONS**

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

## **RECOMMENDATION**

1. That the Finance Report for September 2017 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE NOTED.
2. That the Finance Report for September 2017 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY.

**EM105/2017**

**THREE MONTHS FINANCE REPORT – JULY - SEPTEMBER 2017 (ACFO) (5/6/2/2)**

**PURPOSE**

To submit to the Executive Management Committee three Months Finance Report for July - September 2017 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 July - September 2017 are attached on page 2 of the Annexures.*

## FINANCIAL IMPLICATIONS

<b>TABLE 1</b>	<b>Budget for three months</b>	<b>Actual for three months (2017/2018)</b>
Actual Revenue Received	479 349 340	262 169 292
All Grants Received	140 748 000	230 725 000
<b>Total Income</b>	<b>620 097 340</b>	<b>492 894 292</b>
<b>Actual Expenditure</b>	<b>580 705 415</b>	<b>465 026 622</b>
Salaries	176 727 823	169 171 531
Water	109 856 301	73 859 649
Electricity	103 016 971	35 809 333
Other Expenditure	191 104 320	186 186 109
<b>Net Surplus/(Deficit) before Capital payments</b>	<b>39 391 925</b>	<b>27 867 670</b>

MIG Payments	<b>33 850 011</b>
INEG Payments	<b>882 659</b>
WSIG Payments	<b>2 198 641</b>

<b>Capital Assets procured - Equitable Share</b>	<b>880 128</b>
Fleet & Equipment	-
Office convention/ Furniture	880 128

<b>Net Surplus/(Deficit) after Capital payments</b>	<b>- 9 943 769</b>
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Table 1: The municipality had a deficit of R9 943 769 for the quarter after capital payments, this indicates that the expenditure incurred is more than the revenue received for quarter.

<b>TABLE 2</b>	<b>Actual for three months (2017/2018)</b>
Total Billings	474 333 832
Less: Indigent Billings	10 962 722
<b>Actual Billings</b>	<b>463 371 110</b>
<b>Actual Revenue Received</b>	<b>244 614 683</b>
Consumer Revenue	217 675 591
Other	26 939 092

<b>Grants &amp; Subsidies</b>	<b>230 725 000</b>
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<b>Pay rate for First quarter (Total Billings)</b>	<b>53%</b>
<b>Total income percentage - First quarter</b>	<b>58%</b>
<b>Total income percentage – YTD</b>	<b>57%</b>

The pay rate for the first quarter 2015 was 53%

The total income percentage for the first 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 (July - September 2017) 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 (July - September 2017) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, BE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY.

EM106/2017

**PROGRESS REPORT OF THE MUNICIPAL PLANNING TRIBUNAL (AED: LED P and H/S) (1/1/38)**

**PURPOSE**

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

**BACKGROUND**

On the 13 December 2016, the Speaker submitted an item to Council on the appointment of the members 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: (30 JUNE 2015)**

1. That Council **APPOINTS** the following members to constitute the Municipal Planning Tribunal:
  - 1.1 Mr T.J.A. Mongake : Chairperson
  - 1.2 Ms N.M. Mbhele : Deputy Chairperson
  - 1.3 Ms M.R. Nkhasi : Member
  - 1.4 Mr M. Radiopane : Member
  - 1.5 Mr K.P. van der Walt : Member
  - 1.6 Ms V.A. Mashiyane : Member
2. That the Office of the Speaker **MUST DEVELOP** Terms of Reference including their seating allowance and present it at the next Council meeting.”

**COUNCIL RESOLVED: (01 SEPTEMBER 2015)**

1. That Council **APPOINTS** the Director for LED, Mr. X Msweli, the Director for Infrastructure, Mrs. HB Tlhabani and Mr. Koos Duvenage as members of the Municipal Planning Tribunal in their capacity as officials in the full-time service of the Municipality in terms of Regulation 36(1)(a) of the Spatial Planning and Land Use Management Act.
2. That the seating allowance for members of the Municipal Planning Tribunal **BE IN LINE** with National Treasury Regulations which is applicable to members of the Audit Committee.
3. That the seating allowance **BE PAID** to only those members that are not in full-time employment of the Council.

4. That the travelling allowance for members of the Municipal Planning Tribunal **BE IN LINE** with the tariffs for the use of transport issued by the Department of Transport.
5. That Council **RESERVES THE RIGHT** to change individuals that are appointed in the said Tribunal.
6. That Budget Adjustment **BE MADE** for their remuneration.

**COUNCIL RESOLVED: (13 DECEMBER 2016)**

- 1 That Council **AUTHORISES** the Municipal Manager to advertise for the filling of vacancies on the Matjhabeng Municipal Planning Tribunal created by the resignation and withdrawal of certain members.
- 2 That Council **APPOINTS** Mr B. Molelekoa and Mr F Nieuwoudt as alternate member to serve on the Municipal Planning Tribunal as an official representing the Matjhabeng Municipality in the Tribunal.
3. That the total membership of the Tribunal **BE CHANGED** from nine (9) to seven (7) consisting of four (4) outside members and three (3) officials.
4. That Council **APPOINTS** Ms. M.R. Nkhasi as the Deputy Chairperson of the Matjhabeng Municipal Planning Tribunal.
1. That Council **AUTHORISES** the Speaker to constitute the panel for appointment of additional members of the Matjhabeng Municipal Planning Tribunal.

That the appointments of the Municipal Planning Tribunal should **BE FINALIZED** by the end of January 2017.

**DISCUSSION**

The Municipality has already adopted the Spatial Planning and Land Use Management by-law. The Municipal Planning Tribunal conducted six (6) meetings so far. It is important to mention that Mr. X. Msweli is no longer Executive Director: LED, Planning and Human Settlements nor part of the Matjhabeng Municipal Planning Tribunal as his employment contract ended on the 31<sup>st</sup> January 2017, Mr. Koos Duvenage who was the Manager Spatial Planning: Development Control has retired from the municipality and from the MPT as well. Ms. N.M Mbhele who was appointed a deputy chairperson of the MPT has resigned from the MPT as well.

Therefore, the current situation is that an advert was placed in the Matjhabeng local newspaper inviting interested persons to apply for the vacant position in the Municipal Planning Tribunal. The advert closed on the 10<sup>th</sup> of March 2017 and no applications were received as a result of the fact that this advert could not be placed in the Provincial Gazette. This means that a re-advertisement was made through the Provincial Gazette and only two applications were received. A report was prepared and served the Section 80 Committee on the 14<sup>th</sup> September 2017 and will serve MAYCO and COUNCIL in order to appoint an additional member on the Municipal



Planning Tribunal. 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.

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 or finalized. For the division to function effectively there is a dire need to employ more competent staff, adjust the 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 land use applications approvals. 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.

\*\*\* Minutes of the Municipal Planning Tribunal meetings held on 19 May 2016, 27 June 2016, 17 August 2016, 8 March 2017 and 8 August 2017 is *attached on page 3 to page 65 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.

## **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.

**RECOMMENDATIONS**

1. That Executive Management takes note of the Minutes of the Municipal Planning Tribunal meetings held on 19 May 2016, 27 June 2016, 17 August 2016, 8 March 2017 and 8 August 2017.
2. That Executive Management 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 Executive Management aligns the remuneration packages of all the Spatial Planning Division employees as per the SPLUMA legislation.

**EM107/2017**

**COUNTER-FUNDING FOR UPGRADING OF THE WELKOM LANDFILL SITE (EDI)**  
**(10/14/1)**

**PURPOSE**

To request the approval of counter-funding for the Upgrading of the Welkom Landfill Site project.

**BACKGROUND AND DISCUSSION**

The Welkom Landfill Site is the main solid waste disposal site serving the Municipality. This landfill site while still functional does not have adequate support infrastructure.

A MIG business plan was submitted to Department of Cooperative Governance and Traditional Affairs (CoGTA), requesting funding of R18 021 120.00 Incl. VAT for the project for which partial MIG funding of R11 713 728.00 (incl VAT) was recommended by Department of Water and Sanitation as the Sector Department due to the fact that only 65% of the population of Matjhabeng is considered poor and hence qualify for MIG funding.. The funding is to cover for the following:

- Upgrade access road and paving
- Upgrade access control
- Provision of 2 weigh bridges
- Refurbishment of cloak rooms and control office
- Repair perimeter fencing
- Construct a covered material recovery centre
- Upgrade wash bay facility
- Provide carports, outside (street) lighting and security features
- Small office at weighbridge with electricity connection

\*\*\* *Attached on page 66 to page 69 of the Annexures* is the letter from Department of Water and Sanitation.

The approval of the R11 713 728.00 (incl VAT), constitute a shortfall of R6 307 392.00 (incl VAT) that must be funded by the Municipality.

**LEGAL AND POLICY POSITION**

As per Section 19 of the Municipal Finance Management Act 56 of 2003, as follows;

**Capital projects**

- (1) A municipality may spend money on a capital project only if-
- (a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2);
  - (b) the project, including the total cost, has been approved by the council;
  - (c) section 33 has been complied with, to the extent that that section may be applicable to the project; and
  - (d) the sources of funding have been considered, are available and have not been committed for other purposes.
- (2) Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider-
- (a) the projected cost covering all financial years until the project is operational;  
And
  - (b) the future operational costs and revenue on the project, including municipal tax and tariff implications.
- (3) A municipal council may in terms of subsection (1)(b) approve capital projects below a prescribed value either individually or as part of a consolidated capital programme

**FINANCIAL IMPLICATIONS**

DESCRIPTION	AMOUNT(R) (Incl)
<b>TOTAL TO BE FUNDED – MIG</b>	<b>R11 713 728.00</b>
<b>Shortfall</b>	<b>R6 307 392.00</b>
<b>TOTAL PROJECT COST</b>	<b>R18 021 120.00</b>

The amount of **R6 307 392.00** must be funded by the municipality from own funding.

**OTHER IMPLICATIONS**

It is very important that the counter funding is approved as the funding recommended by MIG will not be enough to complete the project and thus the project will not serve its purpose and might result to Community unrest.

**RECOMMENDATION**

It is recommended as follows:

1. That the report be noted
2. That the Counter-Funding of **R6 307 392.00** to implement the project be approved.

EM108/2017

**COUNTER-FUNDING FOR UPGRADING OF VIRGINIA WASTE WATER TREATMENT PLANT PHASE 2 (EDI) (11/2) (2017)**

**PURPOSE**

To request the Executive Committee to recommend to the Mayoral Committee and subsequently to Council to approve counter-funding for the Upgrading of Virginia Waste Water Treatment Plant project for which partial MIG funding was recommended by Department of Water and Sanitation as the Sector Department due to the fact that only 85.6% of the population of Virginia and Meloding is considered poor and hence qualify for MIG funding.

**BACKGROUND**

The Municipality (MLM) has embarked on a bucket eradication programme. As a result, there is now a need to increase the treatment capacity at the Virginia Sewage Treatment Works (STW). An updated Technical Report, dated 14 November 2014 was submitted to the Department of Water and Sanitation (DWS). The submitted report covered the scope of work of services required to increase the STW capacity. Due to limited MIG funding, there was a proposal for the work to be carried in two phases. The first upgrade (Phase 1) work on the existing STW is currently under way- however, it only covers certain portions of the initial scope of work.

A MIG business plan was submitted to Department of Cooperative Governance and Traditional Affairs (CoGTA), requesting funding of R41 790 175.33 Incl. VAT for the project. The funding is to cover for the following:

- Replace flow measurement equipment
- Refurbish second Bioreactor, including:
  - Replace A-recycle pumps
  - Construct conduit to improve BNR performance
  - Replace vertical shaft mixers (2) and aerators (6)
  - Refurbish baffles and replace overflow weir, hand railings, concrete and joints
  - Replace 50% RAS and WAS pipework
- Refurbish the remaining two existing SST's
- Refurbish the remaining half of the existing RAS pump station including existing MCC replacement with new MCC
- Install disinfection unit for final effluent
- Refurbish sludge treatment – gravity thickener and drying beds
- Refurbish the works return pump station
- Site wide: improvement of security fence, site roads and main administration building
- Install stand-by generator

Department of Water and Sanitation (DWS) recommends to CoGTA partial funding of R35 772 390.00 (incl VAT) for the project.

\*\*\* *Attached on page 70 to page 74 of the Annexures* is the letter from Department of Water and Sanitation.

The approval of the R35 772 390.00 (incl VAT), constitute a shortfall of R6 017 785.33 (incl VAT) that must be funded by the Municipality.

## LEGAL AND POLICY POSITION

The Constitution of the Republic of South Africa of 1996 as amended  
Municipal Financial Management Act  
Municipal Systems Act  
Water services Act  
Division of Revenue Act

## FINANCIAL IMPLICATIONS

DESCRIPTION	AMOUNT(R) (Incl)
<b>TOTAL TO BE FUNDED – MIG</b>	<b>R35 772 390.00</b>
<b>Shortfall</b>	<b>R6 017 785.33</b>
<b>TOTAL PROJECT COST</b>	<b>R41 790 175.33</b>

The amount of **R6 017 785.33** must be funded by the municipality from own funding.

## OTHER IMPLICATIONS

It is very important that the Executive Committee recommends this counter funding to the Mayoral Committee for approval by Council as the funding recommended by MIG will not be enough to complete the project and thus the project will not serve its purpose and might result to Community unrest.

## RECOMMENDATION

It is recommended as follows:

1. That the Executive Committee notes the report
2. That Executive Committee recommends to the Mayoral Committee to approve the Counter-Funding of **R6 017 785.33** to implement the project.

EM109/2017

**MIG BUDGET MAINTENANCE FOR MMAMAHABANE WASTE WATER TREATMENT WORKS (EDI) (3/3/27)**

**PURPOSE**

The purpose of this item is table to the committee the application for budget maintenance that is required in the Mmamahabane Waste Water Treatment Work project that is being implemented by the Municipality and funded through the MIG grant.

**BACKGROUND**

**Mmamahabane Waste Water Treatment Works**

This project entails the upgrading of the wastewater treatment works to increase the capacity to accommodate extensions and new proposed developments, upgrading of the existing pump station. Adding a pre-treatment inlet works at the pump station to deal with grid and sand and pollution materials in the sewer system. Replacing the old Asbestos pipe outfall sewer line with an acceptable quality and standard of pipe. Adding an additional polishing pond with “VETIVER HYDROPONIC-PHYTOREMEDIATION” grass, this is a pilot project for Matjhabeng. Fence the works with concrete palisade fencing to protect the environment and community. (Also see attached annexure)

**FINANCIAL IMPLICATION**

**Mmamahabane Waste Water Treatment Works**

The MIG registered project value is **R 12,953,760.00**. After a public open tender process a contractor was appointed for **R 14 785 504.19** (all inclusive) with professional fees amounting to **R 2 116 491.70** (all inclusive) resulting in a total project cost of **R 16 901 995.89** which is an increase of **R 3 948 235.89** (all inclusive) that is a 30% increase.

The values are based on the second preferred bidder as the previous appointed contractor was terminated. Kindly see the attached letter where the contractor confirms that their rates are still valid. The Municipal Manager is in the process of appointing the second preferred contractor.

MIG registered funds for these projects will not cover the appointed amounts scope of work hence there is a need for budget maintenance.

**LEGAL IMPLICATIONS**

The Municipal Financial Management no 53 of 2003 section 19;

(1) A municipality may spend money on a capital project only if-

(a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2);

(b) the project, including the total cost, has been approved by the council;

(c) section 33 has been complied with, to the extent that that section may be applicable to the project; and

(d) the sources of funding have been considered, are available and have not been committed for other purposes.

(2) Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider-

(a) the projected cost covering all financial years until the project is operational;  
And

(b) the future operational costs and revenue on the project, including municipal tax and tariff implications.

(3) A municipal council may in terms of subsection (1)(b) approve capital projects below a prescribed value either individually or as part of a consolidated capital programme.

Water Service Act no 108 of 1997 section 2 (a);

The main objects of this Act are to provide for

(a) the right of access to basic water supply and the right to basic sanitation necessary to secure sufficient water and an environment not harmful to human health or well-being;

## **RECOMMENDATION**

It is recommended that the Budget Maintenance be approved for the successful completion of the project.



EM110/2017

**LOCAL ECONOMIC DEVELOPMENT: FORGING OF PARTNERSHIP WITH SAMTI FOR THE INCUBATION PROJECT AT HARMONY DEVELOPMENT CENTER (ED: LED) (14/3/2/1) (6/4/1)**

**PURPOSE OF THE REPORT**

This report serves to suggest the crafting and conclusion of a formal contract to be entered between the Matjhabeng Local Municipality and The SEDA Agricultural + Mining Tooling Incubator (SAMTI) in a form of a **memorandum of understanding (MOU)**.

**BACKGROUND**

**SAMTI** stands for SEDA Agricultural + Mining Tooling Incubator. SAMTI is a business incubator for Small, Medium and Micro Enterprises (SMME) in South Africa's tooling sector for the mining and agricultural environments. Seda Agricultural Mining Tooling Incubation (SAMTI) was established in 2008 and is a government programme initiated by the DTI through a partnership between Seda and the Central University of Technology in the Free State. SAMTI promotes the development of SMMEs in the manufacturing tools and mining through technology incubation programs. In order to assist tenants in becoming successful tooling design enterprises, the SEDA Agricultural + Mining Tooling Incubator (SAMTI) provides a host of support services. Their objective is to achieve a sustainable businesses at the end of the incubation process that are able to perform independently and profitably. The comprehensive list of services that are included in the SAMTI programme includes:

- Design and development of tools
- Training in tool making
- Management
- Coaching
- Assistance with licensing
- Facilitation and assistance with the management of Intellectual Property
- Innovative and entrepreneurial opportunities

SAMTI is a section 21 company that is governed by a board of directors, experts from CUT and Seda Technology Programme (STP). It is based in Bloemfontein on the premises of CUTs faculty of Engineering and Information Technology. SAMTI aspires to be a world class virtual tooling and design center, focusing on front end engineering for agricultural and mining tooling needs in the SMME sector.

The SAMTI business incubator is a will help new and startup companies to develop by providing services such as management training or office space. Their goal is to help create and grow young businesses by providing them with necessary support and facilitate the financial and technical services

## **PROBLEM STATEMENT**

The downscaling of mining sector in Matjhabeng Local Municipality is very prominent and unavoidable. Similar to the development and mine growth which is associated with local economic growth, the downscaling and total closure of mines has a detrimental impact on local, regional and national economy of which we cannot ignore.

The mine downscaling and its associated impacts on local and regional economies cannot be ignored which result into a massive effect of socio-economic factors on poverty in Matjhabeng Local Municipality. The Matjhabeng Local Municipality should be very mindful but also be radical at the same time in support to initiatives like this one which will result in community employment, skills development and economic growth of the region.

The economic benefits associated with the proposed partnership are expected to be somewhat positive. From the point of view, the advantages include totally three: one is to boost region economic growth; the other one is that it can offer people more job opportunities and raise their living standard; finally, as well as serve as technology facilitator to form partnerships within the SME community supports collaborations between industry partners and solution providers, to address common industry-specific and business challenges.

Currently the Matjhabeng Local Municipality has adopted in partnership with Harmony, Harmony development Centre as an incubation strategic place to harbor SMMEs and other projects. The center has been designed to accommodate all different SMME projects and thus to enable all of them to be monitored.

## **FINANCIAL IMPLICATION**

No financial implication from the Matjhabeng Local Municipality

## **LEGAL REQUIREMENTS**

### **Entering into a memorandum of understanding (MOU)**

It is suggested that the Matjhabeng Local Municipality enter into a partnership agreement in a form of memorandum of understanding (MOU) with SAMTI. This memorandum of understanding (MOU) will serve as a formal agreement between Matjhabeng Local Municipality and SAMTI as the first step to establish official partnerships. The choice of signing of MOU than any other contractual agreements is because MOU is not legally binding to a certain degree and at the same time it carries a degree of seriousness and mutual respect of all parties involved. MOU is important because it outlines specific roles and responsibilities so that all parties have a

clear understanding of their purpose in the partnership. Thus the crafting of MOU will give effect to both parties to outline the terms and details of an understanding, including each parties' requirements and responsibilities.

## **CURRENT POLICY**

### **IDP and SDBIP**

The Welkom Business Industrial Hub project forms part of broader Matjhabeng Local Municipality plan and it is also encapsulated in the current IDP on Chapter 10. It very important that the planning and implementation of this project is adhered to in line with Service Delivery & Budget Implementation Plan (SDBIP) for the financial year 2017 – 2018 which its objective is to support the establishment of SMME incubation HUB.

## **NATONAL DEVELOPMENT PLAN 2020, CHAPTER 3: ECONOMY AND EMPLOYMENT**

**Aims to decrease** the unemployment rate from 24.9 percent as in June 2012 to 14 percent by 2020 and to 6 percent by 2030. This requires an additional 11 million jobs. Total employment should rise from 13 million to 24 million.

## **RECOMMENDATIONS**

It is recommended that a working relationship be concluded between Matjhabeng Local Municipality SAMTI by eentering into a memorandum of understanding (MOU).

EM111/2017

**PROGRESS REPORT: ALIENATION OF HIGH POTENTIAL COMMERCIAL AND INDUSTRIAL LAND IN TERMS OF RESOLUTION A107/2016 (SP) (8/B)**

**PURPOSE OF REPORT**

The purpose of the report is to depict the progress to date with the alienation of high potential commercial and industrial land that was advertised in the press in accordance with Resolution A107/2016.

**BACKGROUND**

**COUNCIL RESOLUTION**

**In terms of Resolution A107/2016 Council resolved as follows:**

1. *That Council **APPROVES** that the erven listed in Table 1 of the report are not required to provide minimum level of services to the community, and can therefore be alienated for development of commercial and industrial functions.*
2. *That Council **NOTES AND ENDORSES** the values of the properties as depicted in Table 1 as the fair market values of the properties.*
3. *That the Municipal Manager be mandated **TO DISPOSE** of the listed properties by inviting development proposals in the press in which case developers be requested to submit development proposals and financial offers for the purchase or the long term lease of the land in accordance with Council's development guidelines for each property.*
4. *That the general conditions of alienation and development as contemplated in Par. 2.4 of the report **BE APPROVED**.*
5. *That the Municipal Manager, in compliance with Section 6.20 of the SCM Policy and Policy on the Alienation of Immovable Assets, **SHALL SUBMIT** a report to Council concerning the outcome of the bidding process.*
6. *That should ownership of any of these properties be disputed, such disputes **SHOULD BE LODGED** with the Office of the Municipal Manager before the closing date of the advert and such disputes should be resolved before the finalization of the disposal process.*
7. *That should the bidders who are awarded the land fail **TO DEVELOP** within a period of three years, the land must be reverted to Council.*
8. *That the concern regarding development in Matjhabeng as a whole should **BE TAKEN INTO** consideration.*

**TABLE 1:****WELKOM**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	OWNERSHIP	MUNICIPAL VALUE	MARKET VALUE
10640/4	Urania Industrial area	5553	Industrial General	Industrial	Matjhabeng	150000	230000
10640/5	Urania Industrial area / X8	5310	Industrial General	Industrial	Matjhabeng	79000	230000
6347	VOORSPOED X8	19985	Industrial General	Industrial	Matjhabeng	445000	550000
9099	Voorspoed East / X24	5115	Industrial General	General Industrial	Matjhabeng	220000	230000
5072	Riebeeckstad X1	2602	Industry General	Industry	Matjhabeng	70000	150000
5061	Riebeeckstad industrial area	3098	industry general	Industry	Matjhabeng	80000	150000
5062	Riebeeckstad industrial area	3508	Industrial General	Industry	Matjhabeng	90000	150000
5063	Riebeeckstad industrial area	2881	Industry General	Industrial	Matjhabeng	70000	150000
4989	Riebeeckstad industrial area	1650	Industry General	Industrial	Matjhabeng	40000	90000
4990	Riebeeckstad industrial area	1303	Industry General	Industrial	Matjhabeng	30000	70000
4991	Riebeeckstad industrial area	1299	Industry General	Industrial	Matjhabeng	30000	70000
9138	Voorspoed East	8236	Industrial Service	Industrial	Matjhabeng	360000	400000
9139	Voorspoed East	4182	Road and Streets	Industrial (subject to rezoning)	Matjhabeng	180000	200000

**BRONVILLE**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	Ownership	MUNICIPAL VALUE	MARKET VALUE
1993 Rem/Sub 1	Bronville	3014 1482	Garage Business	Garage Business			135000 74000
1918	Bronville	4071	Municipal	Business			122000

**THABONG**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	OWNERSHIP	MUNICIPAL VALUE	MARKET VALUE
1/8312	Thabong	6401	Business	Business	Matjhabeng	165000	175000
30669	Thabong	2939	Business	Business	Matjhabeng	30600	70000
8077	Thabong	3654	Industry General	Industry	Matjhabeng	110300	155000
8078	Thabong	5661	Industry General	Industry	Matjhabeng	33000	155000
8079	Thabong	5818	Industry General	Industry	Matjhabeng	34000	155000
8080	Thabong	3699	Industry General	Industry	Matjhabeng	29000	100000

**KUTLWANONG**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	OWNERSHIP	MUNICIPAL VALUE	MARKET VALUE
10284	Kutlwanong	17953	Business	Business	Matjhabeng	360000	360000
10283 Stadium Area	Kutlwanong	14462	Business	Business	Matjhabeng	290000	290000
10285	Kutlwanong	6138	Business	Business	Matjhabeng	120000	120000

**VIRGINIA**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	OWNERSHIP	MUNICIPAL VALUE	MARKET VALUE
1288	Virginia CBD	595	Business	Business - shops, offices, institutions	Matjhabeng	30000	45000
1289	Virginia CBD	600	Business	Business - shops, offices, institutions	Matjhabeng	30000	35000
1335	Virginia CBD	767	Business	Business	Matjhabeng	38000	45000
3079	Glen Harmony	2050	Business	Business - shops, offices, institutions	Matjhabeng	30000	45000

**MELODING**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	OWNERSHIP	MUNICIPAL VALUE	MARKET VALUE
2170	Meloding	1162	BUSINESS	BUSINESS	Matjhabeng	35000	55000
1/83	Meloding	1626	BUSINESS	BUSINESS	Matjhabeng	12000	30000

**NYAKALLONG**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	OWNERSHIP	MUNICIPAL VALUE	MARKET VALUE
3828	Nyakallong	1814 m <sup>2</sup>	Business	Business	Matjhabeng	54000	60000
3827	Nyakallong	1964 m <sup>2</sup>	Public Garage	Garage	Matjhabeng	62000	100000
R/383	Nyakallong	1805	Business	Business	Matjhabeng	110000	250000
1/383	Nyakallong	1806	Business	Business	Matjhabeng		

**ALLANRIDGE**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	OWNERSHIP	MUNICIPAL VALUE	MARKET VALUE
1815	Allanridge	7705	Business		Matjhabeng	42000	200000

**MAMMAHABANE**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	OWNERSHIP	MUNICIPAL VALUE	MARKET VALUE
2184	Mammahabane	3395	Municipal	Business (Subject to rezoning)	Matjhabeng	785400	785400

**PHOMOLONG**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	OWNERSHIP	MUNICIPAL VALUE	MARKET VALUE
2069	Phomolong	2008	Business	Business	Matjhabeng	130000	150000

8. That the concern regarding development in Matjhabeng as a whole should **BE TAKEN INTO** consideration.

## BACKGROUND: PUBLIC BIDDING PROCESS

### ADVERTISEMENT IN THE PRESS

\*\*\* Invitations for development proposals were advertised in both local and the national press. *A copy of the advertisement is enclosed on Page 75 to page 79 of the Annexures.*

## DEVELOPMENT PROSPECTUS AND GUIDELINES FOR SUBMISSION OF PROPOSALS

**PROSPECTUS:** Interested developers were provided with a prospectus for each property which provides information of all aspects of the property (zoning, permissible development rights, municipal services etc.)

**GUIDELINES FOR THE SUBMISSION OF PROPOSALS:** Potential developers were provided with a set of guidelines pertaining to the closure date for development applications as well as specific information that had to be provided about the proposed development which formed the basis of the evaluation.

\*\*\* *An example is enclosed on Page 80 to Page 90 of the Annexures.*

## CLOSURE DATE, PUBLIC OPENING OF PROPOSALS AND THE REGISTRATION OF APPLICANTS BY SUPPLY CHAIN

The closure date for the applications was 24 March 2017. The applications were opened in a public meeting on 24 March.

### APPLICATIONS RECEIVED:

The number of applications received for each property is depicted on the following Table 2:

**TABLE 2:**

### WELKOM

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
8	CBD		Public Open Space	Business	0
10640/4	Urania Industrial area	5553	Industrial General	Industrial	1
10640/5	Urania Industrial area / X8	5310	Industrial General	Industrial	1
6347	VOORSPOED X8	19985	Industrial General	Industrial	1
9099	Voorspoed East / X24	5115	Industrial General	General Industrial	0
5072	Riebeeckstad X1	2602	Industry	Industry	2



SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
8	CBD		Public Open Space	Business	0
			General		
5061	Riebeeckstad industrial area	3098	industry general	Industry	2
5062	Riebeeckstad industrial area	3508	Industrial General	Industry	2
5063	Riebeeckstad industrial area	2881	Industry General	Industrial	0
4985/4986	Riebeeckstad industrial area	4985 = 1554m 4986 = 1549m	Industry General	Industrial	1
4989	Riebeeckstad industrial area	1650	Industry General	Industrial	0
4990	Riebeeckstad industrial area	1303	Industry General	Industrial	0
4991	Riebeeckstad industrial area	1299	Industry General	Industrial	1
9138	Voorspoed East	8236	Industrial Service	Industrial	0
9139	Voorspoed East	4182	Road and Streets	Industrial (subject to rezoning)	1
4122	Bedelia	4071	Park	Business/Industrial	1
<b>Total</b>					<b>13</b>

## THABONG

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
1/8312	Thabong	6401	Business	Business	2
30669	Thabong	2939	Business	Business	2
8077	Thabong	3654	Industry General	Industry	1
8078	Thabong	5661	Industry General	Industry	2
8079	Thabong	5818	Industry General	Industry	2
8080	Thabong	3699	Industry General	Industry	0

61	Thabong				6
19144	Thabong				0
<b>Total</b>					<b>15</b>

**KUTLWANONG**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
10284	Kutlwanong	17953	Business	Business	3
10283 Stadium Area	Kutlwanong	14462	Business	Business	
10285	Kutlwanong	6138	Business	Business	0
8943					0
8944					0
8945					0
<b>TOTAL</b>					<b>3</b>

**VIRGINIA**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
1288	Virginia CBD	595	Business	Business - shops,offices, institutions	1
1289	Virginia CBD	600	Business	Business - shops,offices, institutions	
1335	Virginia CBD	767	Business	Business	0
3079	Glen Harmony	2050	Business	Business - shops,offices, institutions	
Total					1

**MELODING**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
2170	Meloding	1162	BUSINESS	BUSINESS	2
1/83	Meloding	1626	BUSINESS	BUSINESS	
<b>Total</b>					<b>2</b>

**NYAKALLONG**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
3828	Nyakallong	1814 m <sup>2</sup>	Business	Business	4
3827	Nyakallong	1964 m <sup>2</sup>	Public Garage	Garage	5
383 and 1/383	Nyakallong	1805	Business	Business	1
383	Nyakallong	1806	Business	Business	1
<b>Total</b>					<b>11</b>

**ALLANRIDGE**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
1815	Allanridge	7705	Business	Business	1
<b>Total</b>					<b>1</b>

**MAMMAHABANE**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
2498	Mammahabane	3395	Municipal	Business (Subject to rezoning)	0
2177	Mammahabane	2343	Municipal	Limited retail	0
2484	Mammahabane		Municipal	Business	0
<b>Total</b>					<b>0</b>

**PHOMOLONG**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
2069	Phomolong	2008	Business	Business	1
2066	Phomolong	274300	Community facility	Shopping complex	1
<b>Total</b>					<b>2</b>

**BRONVILLE**

SITE NO	SUBURB/EXTENSION	SIZE IN M	ZONING	PERMITTED USE ITO ZONING	NUMBER OF APPLICANTS
1993 Rem/S					7

ub 1					
1918					2
<b>Total</b>					<b>9</b>

## **EVALUATION OF PROPOSALS**

### **EVALUATION TEAM**

The technical evaluation of the proposals was done by a technical team consisting of Spatial Planning and Human Settlement.

### **PROGRESS**

The technical evaluation of all proposals is now finalised and a complete evaluation report was prepared for submission to the Bid Evaluation Committee.

### **EVALUATION CRITERIA**

The applications were evaluated in terms of the criteria provided to the developers as contemplated in Par. 2.3.2, both in terms of general compliance as well as in terms of the specific guidelines regarding the provision of information regarding the proposed development. In this regard the emphasis was on the contribution of the proposed development on the growth and diversification of the local economy, the creation of jobs and in particular the value thereof to enhance the living conditions of the community.

In case where two or more applicants applied for the same property the following evaluation criteria were used in order to allocate the property to a developer:

- The property is critically required to expand an existing business.
- Creation of employment and diversification of the economy.
- Service delivery to communities in need of such business/services.
- The highest and best use of the land.
- Total development cost.
- Purchase offer

### **BID EVALUATION COMMITTEE**

A comprehensive evaluation report is now completed and submitted to the Bid Evaluation Committee who will be responsible to evaluate and make recommendations regarding the allocation of the properties to the prospective developers.

### **LEGAL IMPLICATIONS:**

The marketing of Municipal owned land is subject to the Municipal Financial Management Act No 56/2003 and the procedures stipulated in the Matjhabeng Supply Chain Policy and relevant legislation including.

## **FINANCIAL IMPLICATIONS:**

The cost of advertising in the press as well as the guidelines for development for each of the portions must be taken into consideration. The direct income from the alienation of the land, municipal rates, the selling of municipal services and the economic spin-offs in terms of the creation of employment must be taken into consideration.

## **POLICY/LEGISLATIVE POSITION**

### **APPLICABLE LEGISLATION**

Regarding the marketing of Municipal owned land the following legislation must be taken into consideration:

- The Constitution of the Republic of South Africa (Act. No. 108 of 1996);
- of Land Act (Act No. 68 of 1981)
- Broad Based Black Economic Empowerment Act (Act No. 53 of 2003);
- Extension of Security of Tenure Act ( Act No. 62 of 1997)
- Local Government: Municipal Finance Management Act (Act No. 56 of 2003);
- Municipal Supply Chain Management Policy Regulations (Act No. No. 27636);
- Property Rates Act (Act No. 6 of 2004);
- Matjhabeng: Policy on the Disposal of Immovable Assets
- Spatial Planning and Land Use Management Act 16/2013

## **RECOMMENDATIONS**

1. The progress with the alienation of Commercial and Industrial properties in terms of Resolution A107/2016 be noted.
2. That the Bid Evaluation Committee finalize the evaluation process.

EM112/2017

**THABONG T11: DEEPER LIFE MINISTRIES: TEMPORARY LEASE OF A PORTION OF LAND: PREVIOUS ERVEN 21752, 21751, 21750 (8/3/2/10) (LED)**

**PURPOSE OF REPORT**

The purpose of the report is to provide information to the current lease of a portion of Municipal owned land in Thabong T11.

**BACKGROUND**

**LOCALITY PLAN**

The locality plan of the area of discussion is enclosed *on Page 92 of the Annexures*.

**FACTUAL SITUATION**

The chronological events in relation to the lease agreement by Deeper Life Ministries are as follows:

- a) Deeper Life Ministries applied to the Municipality to pitch a tent for a crusade during the Easter weekend in 2016. The letter is enclosed *on Page 93 of the Annexures*.
- b) At the same time Deeper Life indicated that they wish to purchase the land to establish a comprehensive development including church buildings training facilities etc. on the land.
- c) In the letter enclosed *on Page 94 to Page 96 of the Annexures* approved the temporary occupation of the land by Deeper Life Ministries.
- d) A rental agreement for the lease of the land on a month to month basis was signed on 28 October 2016.
- e) In December 2016 Council approved that development proposals be invited on various land portions including the portion in Thabong T11 where Deeper Life Ministries was established.
- f) During 2016 the Municipality appointed the firm LSB to survey the Dichocolateng area and to amend the general plan in relation to Erven 21752, 21751 and 21750 because of the ineffective layout plan. *This plan is enclosed on Page 97 of the Annexures*. In this regard Erven 21752, 21751 and 21750 was now converted into a new property with the zoning of “Community Facility” as depicted *on Page 98 of the Annexures*. The registration of these erven is still in progress.

- g) Following the invitation of development proposals in the press, Deeper Life Ministries submitted a comprehensive proposal for the development of the new site. In terms of the proposal the entire new site will be required and developed. The land alienation process must be finalised by the Bid Evaluation Committee.
- h) During the course of 2016 the LDA announced the development of an IT Hub in Matjhabeng for community development and training.
- i) Various portions of land was considered for such purpose, including Welkom Extension 17 and also the Dichocolateng area of Erven 21752, 21751 and 21750, but to date a final area was not approved by Council.
- j) In June 2017 the consultants of the project indicated that it would be feasible to establish the project in the Welkom central business area. After further discussions it was agreed that Development Planning will identify a number of alternative available land portions where the project could be established. This investigation is now in progress. As soon as the consultants selected a suitable location a report will be submitted for Council's approval of such land allocation.

## **LEGAL IMPLICATIONS:**

The registration of the amendment of the General Plan in the Deeds office is the responsibility of the Municipality, failing of which the Municipality can be held liable.

## **FINANCIAL IMPLICATIONS:**

The financial cost for the registration will be for the account of the Municipality

## **POLICY/LEGISLATIVE POSITION**

The following legislation must be taken into consideration:

- The Constitution of the Republic of South Africa (Act. No. 108 of 1996);
- Tenure of Land Act (Act No. 68 of 1981)
- Broad Based Black Economic Empowerment Act (Act No. 53 of 2003);
- Extension of Security of Tenure Act ( Act No. 62 of 1997)
- Local Government: Municipal Finance Management Act (Act No. 56 of 2003):
- Municipal Supply Chain Management Policy Regulations (Act No. No. 27636);
- Property Rates Act (Act No. 6 of 2004);
- Matjhabeng: Policy on the Disposal of Immovable Assets
- Spatial Planning and Land Use Management Act 16/2013

**RECOMMENDATIONS**

1. That the information pertaining to the lease of the vacant land in Thabong T11 to Deeper Life Ministries be noted.
2. That it be noted that in response to the invitation of development proposals, Deeper Life Ministries submitted a comprehensive development proposal for the development of the entire new erf as depicted on the plan *on page 94 of the Annexures*.
3. That it be noted that the lease of the land to Deeper Life Ministries is on a month to month basis. The alienation of the land to Deeper Life Ministries for the new development will be subject to the completion of the land alienation process by the Bid Evaluation Committee including the allocation of the land and the final appointment letter by the Municipal Manager.
4. That as soon as the consultants of the IT Hub project selected a suitable site for the project, a report be submitted to Council for approval of the land allocation for this project.



EM113/2017

**PROGRESS REPORT: ALIENATION OF RESIDENTIAL ERVEN IN TERMS OF RESOLUTION A106/2016 (AED: LED, PLANNING AND HS) (8/B)**

**PURPOSE OF REPORT**

The purpose of the report is to depict the progress to date with the alienation of residential erven that were advertised in the press in accordance with Resolution A106/2016.

**BACKGROUND AND DISCUSSION**

**COUNCIL RESOLVED: (13 DECEMBER 2016)**

1. That Council **RESOLVES** that Erven mentioned on the item and also depicted in table below are not needed to provide future minimum basic municipal services.
2. That Council **NOTES** the Valuation Report for the each Property.
3. That Council **RESOLVES**, in compliance to Section 14 (5) of the MFMA, that the property be disposed of at the market value in a fair, equitable, transparent, competitive manner and in accordance with Council's Supply Chain Management Policy and Policy on the Alienation of Immovable Assets.
4. That Council **RESOLVES** that the Municipal Manager, in compliance with Section 6.20 of the SCM Policy and Policy on the Alienation of Immovable Assets, shall submit a report concerning the outcome of the bidding process to Council.
5. That the request made by Sylvania Spar for a piece of land to extend their business **BE TAKEN INTO CONSIDERATION**.

The advert was placed on the local and national newspapers for a period from the 1<sup>st</sup> February 2017 and closed on the 24<sup>th</sup> March 2017 and after a lengthy process of recording and screening, technical reports were compiled.

Interested applicants were provided with a prospectus for each property which provides information of all aspects of the property (zoning, permissible development rights, municipal services etc.)

\*\*\* *Attached on pages 99 to page 100 of the Annexure* is a summarised report of sites advertised as well as income received

**Current status**

The technical report was compiled and subsequently submitted to the evaluation committee. Thereafter the report was submitted to the Adjudication Committee that sat on the 8<sup>th</sup> June 2017.

All the application files were requested and submitted to the Municipal Manager's office.

**Evaluation criteria**

A preliminary assessment took place departmentally in accordance with the general principles as well as qualifying criteria that was stipulated on the advertisement.

**POLICY/LEGISLATIVE POSITION**

Regarding the marketing of Municipal owned land the following legislation must be taken into consideration:

- The Constitution of the Republic of South Africa (Act. No. 108 of 1996);
- of Land Act (Act No. 68 of 1981)
- Broad Based Black Economic Empowerment Act (Act No. 53 of 2003);
- Extension of Security of Tenure Act ( Act No. 62 of 1997)
- Local Government: Municipal Finance Management Act (Act No. 56 of 2003);
- Municipal Supply Chain Management Policy Regulations (Act No. 27636);
- Property Rates Act (Act No. 6 of 2004);
- Matjhabeng: Policy on the Disposal of Immovable Assets
- Spatial Planning and Land Use Management Act 16/2013

**FINANCIAL IMPLICATIONS:**

The cost of advertising in the press as well as the guidelines for development for each of the portions must be taken into consideration. The direct income from the alienation of the land, municipal rates, the selling of municipal services and the economic spin-offs in terms of the creation of employment must be taken into consideration.

**RECOMMENDATIONS****It is recommended that:**

The EXCO notes progress with regard to the alienation of residential sites in terms of Resolution A106/2016.

EM114/2014

**SMME DEVELOPMENT – PILOT PROJECT YOUTH BUSINESS CORNERS IN MELODING (ACT ED: LED P AND H/S) (15/2/3/53)**

**PURPOSE**

- The purpose of this report is to give feedback on actual progress in relation to SMME development on youth business corners pilot project in Meloding.
- To request Council to avail 2022 sqm land of Erf 3 in Meloding Township.

**BACKGROUND**

Youth business corners is a pilot project implemented in partnership with Harmony Gold Mine on their Enterprise Development programme. The project seeks to identify young entrepreneurs with potential to flourish their businesses. This will result in maturity levels wherein they are able to create jobs in their own right leading to stimulus of the economy which is so much desired in Matjhabeng Municipality.

The Council on its sitting on the 22<sup>nd</sup> March 2017 resolved that:-

**COUNCIL RESOLVED: (22 MARCH 2017)**

- That Council **TAKES NOTE** of the project.
- That necessary technical support from other departments **BE RENDERED**.
- That the project **BE REFLECTED** in the IDP and Budget.

**LAND DESCRIPTION**

The pilot project is planned to be advanced at erf 3 Meloding Township in Virginia, the site proclaimed and zoned as business site. The area has bulk and internal infrastructure; however, it lacks formal structures before the erven can be allocated to individual entrepreneurs.

**Site dimensions**

Site	Erf, Meloding, Virginia
Site of Land	2022 sqm
Value	R 180 000
Zoning	Business
Building Lines	3.00m from the street and 1.00m from the side and rear broader
Coverage	70%

<b>Parking</b>	Site area of 200sqm and over = 1 space per 100sqm of Floor Area Site area of less than 200sqm=nil
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A copy of the locality plan as well as Title Deed information is *attached on page 101 to page 102 of the annexures.*

## **PROGRESS TO DATE**

The first meeting between Harmony and Matjhabeng was held on the 16<sup>th</sup> August 2017 to discuss project implementation plan. Some of critical issues discusses were that:-

- Municipality should organize and invite a technical person to advice
- and that a technical team should be formed for the duration of the project
- That the draft concept with specifications be presented in next meeting

The follow-up meeting was then held on the 29<sup>th</sup> August 2017 whereby the technical person was invited, draft concept document was discussed and inputs and comments were made. It was resolved that:-

- Harmony procurement processes will be followed since they fund the project
- That the concept will be presented to Harmony management so that a commitment letter can be issued to Matjhabeng.
- That a letter from the Municipal Manager supporting the project is required.

## **LEGAL IMPLICATIONS**

- Matjhabeng Informal Trading Policy
- Department of Small Business Development – National Informal Business Upliftment Strategy
- SALGA Municipal Guidelines for Informal Economy Policy: March 2012

## **FINANCIAL IMPLICATIONS**

Harmony is funding the project to the value of R2m

## **RISK IMPLICATIONS**

There is no risk identified

## **RECOMMENDATIONS**

- That Council resolves that Erf 3 in Meloding, Virginia is not required for Municipal services
- That Erf 3 in Meloding be made available for the development of youth business corners
- That the site/Erf remains the property of the Municipality.

EM115/2017

**ESTABLISHMENT OF A MULTI PURPOSE SPORT STADIUM: QUARTERLY PROJECT PROGRESS REPORT (8/3/2/10) (LED)**

**PURPOSE OF REPORT**

The purpose of the report is to provide Council with an update on the progress with the project since the last progress report served before Council.

**BACKGROUND**

**2.1 PROJECT PROGRESS IN COMPLIENCE WITH RESOLUTION MC271/2004**

**The progress with the project to date must be evaluated in terms of the following development conditions as stipulated by Council in terms of Resolution MC271/2004 :**

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.”*

**The progress in this regard can be summarized as follows:**

- a) The Matjhabeng Municipality entered into LAA (Land Availability Agreement) with NFS Lejweleputswa Community Partnership Trust **IT 418/04.**

- b) A PNGOP (Public Partnership Agreement) was entered into between the Matjhabeng Municipality and NFS Lejweleputswa Community Partnership Trust *IT 418/04*
- c) A SOCIAL COMPACT has been prepared by the developer and signed by several beneficiaries such as, CUT (Central University of Technology), LSRC (Lejweleputswa Sports and Recreation Council), FSSC (Free State Sports Confederation).
- d) The development of a SLA (Services Level Agreement) is in progress.

## 2.2 PROJECT PROGRESS IN RELATION TO THE REZONING OF THE LAND

In terms of the Progress report submitted, Council resolved the following (Resolution A62/2017 of May 2017):

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.*

**In relation to the rezoning process it can be reported that:**

- a) The rezoning application will be considered by the Provincial Townships Board and the administration of the rezoning application is therefore the responsibility of the Provincial Directorate Spatial Planning. (Application was submitted prior to the commencement of SPLUMA).
- b) The application was already submitted to the Directorate Spatial Planning.
- c) The only outstanding aspects are:
  - The Environmental Impact Analysis Report which was already submitted to the relevant Department.
  - The Bulk services agreement with the Municipality in line with MAYCO Resolution of September 2014. In this regard the engineers are currently consulting with the Directorate Infrastructure in order to submit a final Services Agreement towards the installation of bulk infrastructure for the project to be considered by Council.

## **LEGAL IMPLICATIONS:**

The legal implications of the project must be considered against the following:

- a) All applicable Council Resolutions
- b) Memorandum of Understanding
- c) The Land Availability agreement and Addendums
- d) The PNGOP Partnership Agreement with Council.

## **FINANCIAL IMPLICATIONS:**

The following financial implications must be noted:

- a) That in line with Resolution MC241/2004 the land be transferred to the developer subject to the Conditions of Council.
- b) That certain financial aspects pertaining to the provision of bulk services to the project will be for Council's budget. These aspects will be addressed in the final bulk services report, also to serve before Council for consideration together with the rezoning aspects.

## **5. POLICY/LEGISLATIVE POSITION**

- The Constitution of the Republic of South Africa (Act. No. 108 of 1996);
- Land Act (Act No. 68 of 1981)
- Matjhabeng Supply Chain Policy
- Environmental Management Act (Act No. 53 of 2003);
- Municipal Finance Management Act (Act No. 56 of 2003);
- Spatial Planning and Land Use Management Act 16/2013

## **RECOMMENDATIONS**

1. That it be noted that regarding the rezoning application, all reports are now finalized and ready for internal evaluation and that only the EIA report as well as the completion of a bulk services agreement are still outstanding.
2. That in accordance with the above Resolution A62/2017, 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, as soon as all requirements pertaining to the rezoning application has been adhered to by the developer.

EM116/2017

**ITEM TO EXECUTIVE MANAGEMENT COMMITTEE (EXCO) PROGRESS REPORT  
ON THE ORGANISATIONAL STRUCTURE (EDCSS) (2/1)**

**PURPOSE**

To submit to the Executive Management Committee a progress report on a Draft Proposed Organizational Structure for Matjhabeng Local Municipality.

**BACKGROUND**

- 2.1 The proposed Organizational Structure was submitted to Council on 31 May 2017 where Council Resolved as follows:
  - 2.1.1 That Council take note of the Draft Organizational Structure
  - 2.1.2 That the TASK Job Evaluation System must be applied to ensure that salaries are correlating with jobs that are performed.
  - 2.1.3 That only critical posts are filled.
  - 2.1.4 That the organogram must be re-submitted to the next Ordinary Council meeting.

**DISCUSSION**

- 1.1 The TASK Evaluation training for Lejweleputswa District was undertaken at Matjhabeng on 21-25 August 2017. \*\*\* *Find the minutes of the training of page 103 to page 108 of the Annexures.*
- 1.2 A District Job Evaluation Committee (Unit) was established to undertake Job Evaluation for all Municipalities in the District.
- 1.3 A follow-up coaching program on Job Evaluation was also arranged for 25-29 September 2017 which unfortunately has not yet been done due to logistical challenges on the side of SALGA.
- 1.4 A workshop for Councilors on the Organizational structure was held on 28 September 2017.

**PERSONNEL IMPLICATION**

The personnel implication of the Organizational Structure are captured herein under:

TOTALS STAFF COMPLEMENT			
APPROVED	FILLED	VACANCIES	CRITICAL



<b>3 727</b>	<b>2118</b>	<b>1663</b>	<b>412</b>
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**FINANCIAL IMPLICATIONS**

The financial implications are as follows:

<b>TOTAL COSTS</b>			
<b>APPROVED</b>	<b>FILLED</b>	<b>VACANCIES</b>	<b>CRITICAL</b>
<b>872 465 257</b>	<b>449 510 066</b>	<b>384 935 075</b>	<b>173 583 817</b>

**RECOMMENDATIONS**

It is recommended that due to current financial situation of the Municipality and the need to comply with the 35% employee costs threshold; the following be done:

1. Only currently filled and critical positions be considered for the revised Organizational Structure.
2. A process of filling of all vacant funded post be undertaken forthwith to minimize acting and overtime in the municipality.

EM117/2017

**SUBMISSION OF 1<sup>st</sup> QUARTER DRAFT NON-FINANCIAL PERFORMANCE REPORT TO EXCO FOR CONSIDERATION (EDSSS) (6/5/9/1)**

**PURPOSE**

To submit a first quarter draft quarterly non-financial performance report to EXCO for consideration.

**BACKGROUND**

Section 152(2) of the Constitution of South Africa, Act 108 of 1996, clearly spells out objectives of local government as follows:

- (a) To provide a democratic and accountable government for local municipalities
- (b) To ensure provision of services to communities in a sustainable manner
- (e) To encourage the involvement of communities and community organisations in matters of local government.

It is also the requirement of section 38(a) (iii) of the Municipal Systems Act of 2000 to provide a clear linkage between the integrated development plan and the performance management system of the municipality. It is therefore critical that we measure the extent to which the objectives as set out in the integrated development plan are being achieved. It must be noted the first, second and third quarter reports have already served before Section 80 Committee, MAYCO and ultimately Council during the last three quarters of the last financial year.

The institutional framework for the performance management process expects the following to take place:

- That the Executive Mayor provides oversight that ensures that senior management gathers relevant and planned information throughout each reporting period and submit progress report on a quarterly basis; and
- That the internal audit function must audit and assess the accuracy of performance reports, the functionality of the performance management system.

The draft report is based on the first quarter of the first financial year of a five year baseline IDP which was approved by council on the 31<sup>st</sup> May 2017. The Executive Mayor approved a

Municipal SDBIP for 2017/2018 for Directorates to implement. Subsequent process was the signing of performance agreements signed by all Executive Directors with the Municipal Manager. Such agreements have given rise to the draft report as submitted.

## **LEGAL IMPLICATIONS**

- Constitutions of the Republic of South Africa, Act 106 of 1996  
Section 152(2) (b) “To provide a democratic and accountable government for local municipalities”
- Municipal Systems Act, Act 32 of 2000  
Section 38- A municipality must:
  - (a) Establish a performance management system that is-
    - (iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan.

## **FINANCIAL IMPLICATION**

Development of Municipal quarterly non-financial report did not require financial inputs as it was done internally.

## **RECOMMENDATIONS**

1. That EXCO considers the draft first quarterly non-financial performance report.
2. That the draft first quarter non-financial performance report be submitted to section 80 committee for further for consideration.