



**Bitou Local Municipality
Bitou Plaaslike Munisipaliteit
Umasipala WeBitou**

Agenda

SPECIAL MUNICIPAL COUNCIL MEETING

**Venue: Council Chambers, Municipal Offices,
Sewell Street, Plettenberg Bay**

DATE: 27 MAY 2015

Time: 14H00

BITOU LOCAL MUNICIPALITY

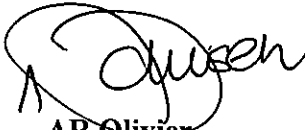
22 May 2015

**The Executive Mayor
Councillors
Municipal Manager and Heads of Department**

SPECIAL COUNCIL MEETING: WEDNESDAY, 27 MAY 2015

NOTICE is hereby given that a Special Municipal Council Meeting will be held in the Council Chamber, Municipal Offices, Plettenberg Bay on **WEDNESDAY, 27 MAY 2015 AT 14H00** to discuss the business set forth in the Agenda.

Yours faithfully



AR Olivier
Speaker

Constitution of the Council

The Speaker, Councillor AR Olivier
The Executive Mayor, Councillor M Booysen
The Deputy Executive Mayor, Councillor RS Koeberg
Member of the Mayoral Committee, Councillor N M de Waal
Member of the Mayoral Committee, Councillor E E Paulse

Councillor S Besana
Councillor W R Craig
Councillor S E Gcabayi
Councillor SB Farrow
Councillor M M Mbali
Councillor H Plaatjies
Councillor N Ndayi
Councillor L M Seyisi

IMPORTANT NOTICE

**PLEASE REFER TO THE MAYORAL COMMITTEE AGENDA OF
EVEN DATE FOR THE ANNEXURES TO THE REPORTS ON THE
ITEMS AS LISTED**

Bitou Local Municipality

Special Council Agenda: 27 May 2015

Time: 14h00

Order of Business

1. OPENING

2. ATTENDANCE

The Attendance Registers of members of the Municipal Council, Officials and Public will be circulated for signature.

3. APPLICATION FOR LEAVE OF ABSENCE

Application for leave of absence, if necessary, will be considered.

4. STATEMENTS AND COMMUNICATIONS BY:

4.1 The Executive Mayor

4.2 The Speaker

5. PRESENTATION:

Mr Johan Van der Merwe from Excell Energy Limited will be doing a presentation to the Municipal Council on alternative electricity infrastructure.

6. CONSIDERATION OF REPORTS

Schedule of Items attached

7. URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER

None received

8. CONSIDERATION OF NOTICES OF MOTION

None received

Order of business: Special Council Meeting: 27 May 2015

9. CONSIDERATION OF MOTIONS OF QUESTION

None received

10. CONSIDERATION OF MOTIONS OF EXIGENCY

None received

11. IN-COMMITTEE MATTERS

Please refer to the In-Committee Agenda of even date.

12. RECORDING OF COUNCILLORS PRESENT

13. CLOSURE

PORTFOLIO INDEX**6: CONSIDERATION OF REPORTS: (OPEN)****SPECIAL COUNCIL MEETING AGENDA****27 MAY 2015**

(The dates & page numbers of the MayCo Agendas are listed for ease of reference)

SECTION 1: OFFICE OF THE MUNICIPAL MANAGER

ITEM NO	SUBJECT	FILE REF	MAYCO AGENDA PAGE NO	COUNCIL AGENDA PAGE NO	DATE OF MEETING
C/1/102/05/15	EXPANDED PUBLIC WORKS PROGRAMME (EPWP) BITOU MUNICIPAL PERFORMANCE REPORT	17/14/1/2	1 - 13	1 - 2	27-May-15
C/1/103/05/15	REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 30 JUNE 2014	5/11/1/1	14 - 17	3 - 4	27-May-15
C/1/104/05/15	ESTABLISHMENT OF DISCIPLINARY BOARD AND ETHICS COMMITTEE	4/7/4/2/1	18 - 36	5 - 7	27-May-15
C/1/105/05/15	AUDIT AND PERFORMANCE AUDIT COMMITTEE ASSESSMENT	3/2/2/2/4	37 - 51	8 - 9	27-May-15

SECTION 2: FINANCE

ITEM NO	SUBJECT	FILE REF	MAYCO AGENDA PAGE NO	COUNCIL AGENDA PAGE NO	DATE OF MEETING
C/2/225/05/15	REQUEST TO GRANT PERMISSION TO GRANT RELIEF IN RESPECT OF THE RETROSPECTIVE PROPERTY RATES FOR THE FINANCIAL YEARS 2009/10, 2010/11, 2011/12 & 2012/13	5/5/2/4	52 - 59	10 - 12	27-May-15
C/2/226/05/15	REQUEST TO DELEGATE POWER TO THE MUNICIPAL MANAGER TO WRITE OFF DEBT ASSOCIATED WITH CASES OF MERIT	5/2/1/8 & 5/14/1/1	60 - 61	13 - 14	27-May-15
C/2/227/05/15	LIST OF WITHDRAWALS FROM MUNICIPAL BANK ACCOUNT FOR THE QUARTER ENDED 31 MARCH 2015	5/15/5	62 - 66	15 - 17	27-May-15
C/2/228/05/15	VIREMENT REPORT FOR THE QUARTER ENDING 31 MARCH 2015	9/1/3/4	67 - 71	18 - 19	27-May-15
C/2/229/05/15	REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR THE QUARTER 01 JANUARY TO 31 MARCH 2015	9/1/3/4	72 - 85	20 - 22	27-May-15
C/2/230/05/15	TENDER SCM/FIN 68/2010B: DEVELOPMENT OF AND IMPLEMENTATION OF A REVENUE ENHANCEMENT PROGRAM FOR A PERIOD OF THREE YEARS, EXTENSION OF CONTRACT FOR A FURTHER 12 MONTHS	Sec/A/345	86 - 91	23 - 27	27-May-15
C/2/231/05/15	EXTENSION OF CONTRACT: SCM/45/2015 FIN/B PROVISION OF PREPAID ELECTRICITY VENDOR SERVICES AND SOFTWARE	5/18/1	92 - 97	28 - 32	27-May-15

SECTION 2: FINANCE (conti.)

ITEM NO	SUBJECT	FILE REF	MAYCO AGENDA PAGE NO	COUNCIL AGENDA PAGE NO	DATE OF MEETING
C/2/232/05/15	FINANCIAL REPORT FOR THE MONTH/QUARTER ENDING 31 MARCH 2015	9/1/3/4	98- 139	33 - 37	27-May-15
C/2/234/05/15	ADJUSTMENTS BUDGET FOR THE 2014/2015 MTREF	9/1/3/4	181 - 182	38 - 39	27-May-15
C/2/235/05/15	REVISED IDP & FINAL DRAFT BUDGET: 2015/16 TO 2017/18 MEDIUM TERM REVENUE AND EXPENDITURE FORECAST (MTREF)	5/1/1/4	183 - 190	40 - 45	27-May-15
C/2/236/05/15	TABLING OF LONG TERM FINANCIAL PLAN	9/1/38		46 - 48	27-May-15

SECTION 3: CORPORATE SERVICES

ITEM NO	SUBJECT	FILE REF	MAYCO AGENDA PAGE NO	COUNCIL AGENDA PAGE NO	DATE OF MEETING
C/3/121/05/15	MONTHLY REPORT: CORPORATE SERVICES - HUMAN RESOURCES SECTION FOR THE PERIOD OF 01 MARCH 2015 TO 30 APRIL 2015	9/1/33	191 - 203	49	27-May-15
C/3/122/05/15	EMPLOYMENT EQUITY STATUS FOR THE PERIOD 1 MARCH 2015 TO 31 MARCH 2015	4/10/3	204 - 210	50 - 54	27-May-15

SECTION 4: COMMUNITY SERVICES

ITEM NO	SUBJECT	FILE REF	MAYCO AGENDA PAGE NO	COUNCIL AGENDA PAGE NO	DATE OF MEETING
	No items for consideration				

SECTION 5: ENGINEERING SERVICES

ITEM NO	SUBJECT	FILE REF	MAYCO AGENDA PAGE NO	COUNCIL AGENDA PAGE NO	DATE OF MEETING
	No items for consideration				

SECTION 6: STRATEGIC SERVICES

ITEM NO	SUBJECT	FILE REF	MAYCO AGENDA PAGE NO	COUNCIL AGENDA PAGE NO	DATE OF MEETING
C/6/275/05/15	BUILDING CONTROL SECTION: QUARTERLY REPORT: JANUARY – MARCH 2015	9/1/3/7	262 - 332	55 - 56	27-May-15
C/6/276/05/15	DISPOSAL OF PORTION OF PORTION 40 OF THE FARM 437 HILLVIEW (SOUTH CAPE COLLEGE)	18/40/437	333 - 374	57 - 62	27-May-15

SECTION 6: STRATEGIC SERVICES (conti)

ITEM NO	SUBJECT	FILE REF	MAYCO AGENDA PAGE NO	COUNCIL AGENDA PAGE NO	DATE OF MEETING
C/6/277/05/15	REPORT ON THE DEVELOPMENT OF COMMUNITY RECYCLING INITIATIVES WITHIN THE CRAGS COMMUNITY AND BITOU	17/15/1/23	375 - 410	63 - 69	27-May-15
C/6/278/05/15	KEY ACTIONS FOR THE IMPLEMENTATION OF SPLUMA & LUPA – APPROVAL OF LAND USE MANAGEMENT BY-LAWS AND INTRODUCTION OF MUNICIPAL PLANNING TRIBUNAL	1/2/1/1 & 15/1/P	411 - 537	70 - 81	27-May-15
C/6/279/05/15	CALL FOR PROPOSALS FOR THE LEASE AND MANAGEMENT OF THE VON PLETTENBERG BEACON MONUMENT, SIGNAL HILL AND A PORTION OF PARKS AND RECREATION VIEWING POINTS	18/246/PB, 18/255/PB, 18/2096/PB & 18/2864/PB	538 - 571	82 - 87	27-May-15
C/6/280/05/15	AMENDMENT OF THE OUTDOOR ADVERTISING AND SIGNAGE BY-LAW AND MANAGEMENT PLAN	16/3/7	572 - 607	88 - 90	27-May-15
C/6/281/05/15	BITOU MUNICIPALITY THIRD QUARTER (JANUARY – MARCH 2015) SDBIP REPORT ON PERFORMANCE FOR THE CURRENT FINANCIAL YEAR	5/1/1/4	608 - 618	91 - 92	27-May-15
C/6/282/05/15	BITOU: TABLING OF THE 2015/2016 TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)	5/1/1/4	619 - 628	93	27-May-15

Section 1

Office of the Municipal Manager

Section 1: Office of the Executive Mayor

ITEM C/1/102/05/15

Council Meeting

EXPANDED PUBLIC WORKS PROGRAMME (EPWP) BITOU MUNICIPAL PERFORMANCE REPORT

Department: Office of the Mayor **Demarcation:** All Wards
File Ref: 17/14/1/2
Attachment: Bitou Municipal EPWP Performance Letter and Business Plans
Report from: Manager: Office of the Executive Mayor
Date: 21 April 2015

Purpose of the Report

That the Municipal Council takes cognisance of the letter received from the Provincial Department of Transport and Public Works on Bitou Municipal EPWP quarterly performance for the period of 1 April 2014 – 31 December 2015.

Background

Bitou Municipality signs three different agreements with the National Department of Public Works which are Incentive Grant Agreement (signed by the Municipal Manager and Director General of National Department of Public Works), Protocol Agreement (signed by the Executive Mayor and Director General of National Department of Public Works) and Appointment of Core Member and Secundus to the Eden Municipal District EPWP Forum (signed by the Municipal Manager and Provincial Director of Expanded Public Works Programme of Department of Transport and Public Works). The three mentioned signed documents are legislatively binding the Municipality to prioritise EPWP and its implementation.

Bitou Municipality has undertaken to implement fifteen EPWP projects during 2014/2015 financial year through a signed business plan that is annually submitted to National Department of Public Works. The planned projects are implemented in three different sectors, Infrastructure (6 projects), Environmental (5 projects) and Social (4 projects). The grant funding received for the 2014/2015 financial year is R 1 371 000.00 and it has been allocated to various projects as a top up funding specifically for job-creation. During the period stated above, Bitou Municipality has implemented eleven (11) projects and has since over performed on both Work Opportunities

Section 1: Office of the Executive Mayor

(WO) and Full Time Equivalents (FTEs) that were allocated to the Municipality. The targets that were set for the Municipality are as follows: WO = 312 and FTEs = 47 and the Municipality achieved as follows: WO = 345 and FTEs = 129. It should also be noted that reporting of all the existing projects is still prioritised and therefore a movement in the final figures should be expected and the expenditure of the grant funding is at 79.21% currently.

Comments: Chief Financial Officer

The recommendation by the Municipal Manager is supported.

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head: Community Services

The recommendation by the Municipal Manager is supported.

Comments: Head: Engineering Services

The recommendation by the Municipal Manager is supported.

Recommended by the Municipal Manager

1. That the Municipal Council takes cognisance of the report on the Expanded Public Works Programme (EPWP) performance for the period of 1 April 2014 – 31 December 2015 and the contents of the letter received from the Provincial Department of Transport and Public Works.
2. That the Municipal Council commits to the implementation of the EPWP.
3. That the Municipal Council set EPWP targets on a yearly basis and report all EPWP implemented projects to the National Department of Public Works as per the reporting requirements.

Section 2: Finance

ITEM C/1/103/05/15

Council Meeting

REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 30 JUNE 2014

Department: Office of the Municipal Manager **Demarcation:** All Wards
File Ref: 5/11/1/1
Attachment: Report of the Auditor-General for the year ended 30 June 2014
Report from: Head: Corporate Services
Date: 6 May 2015

Purpose of the report

To submit the report of the Auditor General for the year 2013 – 2014 to Council for information.

Background/Discussion

The overall audit outcome of the municipality was financially unqualified with no material findings on the annual performance report and compliance with legislation. Bitou Local Municipality obtained a clean audit. The report from the Auditor General for the year ended 30 June 2014 is circulated herewith.

Financial Implication

None

Relevant Legislation

Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported.

Section 2: Finance

Comments: Chief Financial Officer

The recommendation by the Municipal Manager is supported.

Comments: Head Community Services

The recommendation by the Municipal Manager is supported.

Comments: Head Engineering Services

The recommendation by the Municipal Manager is supported.

Comments: Head Strategic Services

The recommendation by the Municipal Manager is supported.

Recommended by the Municipal Manager

That it be noted that the Auditor-General reported that Bitou Local Municipality received a clean audit for the year ended 30 June 2014.

Section 1: Office of the Municipal Manager

ITEM C/1/104/05/15

Council Meeting

ESTABLISHMENT OF DISCIPLINARY BOARD AND ETHICS COMMITTEE

Department: Office of the Municipal Manager **Demarcation:** All Wards
File Ref: 4/7/4/2/1
Report From: Chief Internal Auditor
Attachments: Municipal Regulations on Financial Misconduct and Criminal Proceedings
Date of Report: 11 May 2015

Purpose of the report

The purpose of this report is to establish an independent Disciplinary Board in terms of Regulation 4 of the Municipal Regulations on Financial Misconduct and Criminal Proceedings as well as an Ethics Committee in terms of the approved Bitou Municipality's Anti-Fraud and Corruption Framework.

Background

The Municipal Regulations on Financial Misconduct and Criminal Proceedings were promulgated on the 30th of May 2014 by the Minister of Finance and came into effect on 1 July 2014.

The aforesaid was issued by the Minister of Finance in terms of sections 168 and 175 of the Municipal Finance Management Act, 2003 (Act 56 of 2003) hereafter called "the Act".

In terms of the Regulations, any allegations of financial misconduct (as per section 171 of the Act) or financial offence (as per section 175 of the Act), must be investigated by a municipality. Council must within seven days refer the matter to the Disciplinary Board to conduct a preliminary investigation into the allegation as envisaged in terms of section 171(4)(a) or 172(3)(a) of the Act.

To give effect to the above, Regulation 4 requires a municipality to establish an independent disciplinary board to investigate allegations of financial misconduct and financial offences committed within the municipality; and monitor the institution of disciplinary proceedings against an alleged transgressor.

Section 1: Office of the Municipal Manager

Bitou Municipality's Anti-Fraud and Corruption Strategy also makes provisions for the appointment of an Ethics Committee. Some of the Responsibilities of the Ethics Committee includes the investigation of reported cases of financial misconduct. It is recommended that the same persons who will serve on the Disciplinary Board will serve on the Ethics Committee.

Immediate action to be taken to ensure compliance.

An independent disciplinary board must be established in terms of Regulation 4. This board must consist of a maximum of five members, appointed by Council for a period not exceeding three years.

In terms of regulation 4(4) of the Municipal Regulations on Financial Misconduct and Criminal Proceedings, a member of the board must:

1. Be a natural person;
2. Be a RSA citizen or be permanently resident in the RSA and be resident within the province where the municipality is situated.

The following persons are disqualified from membership:

1. A person convicted of an offence in terms of these regulations or other legislation.
2. A person who, in the RSA or elsewhere has been convicted of theft, fraud forgery, the uttering of a forged document or any offence of which dishonesty is an element.
3. A person who has at any time been removed from office of trust on account of misconduct or dishonesty.
4. An Accounting Officer of a municipality.
5. A political Office Bearer or a member of a Board of Directors.
6. A person who is an Office Bearer in a political party.

A Disciplinary Committee may consist of:

1. The head of Internal Audit within the municipality or representative of an organization performing internal audit functions for the municipality, if it is outsourced.
2. One member of the Audit Committee of the municipality.
3. A senior manager from the legal division of the municipality.
4. A representative of the National Treasury or the Provincial Treasury.

If the committee member from the Internal Audit or Legal Service unit is implicated in the financial misconduct, the municipality may co-opt a Head of Department in another Department who does not have a conflict of interest.

Section 1: Office of the Municipal Manager

Legal Implications

Compliance with the Municipal Regulations on Financial Misconduct and Criminal Proceedings.

Financial Implications

If Council approve that non- permanent members form part of the Disciplinary Board and on the Ethics Committee, it must be noted that they will have to be remunerated for time spent and travelling.

Recommended by the Municipal Manager

1. That the Municipal Council establishes a Disciplinary Board in terms of Regulation 4 of the Municipal Regulations on Financial Misconduct and Criminal Proceedings as well as an Ethics Committee in terms of the Council's Anti-Fraud and Corruption Strategy.
2. That the Bitou Municipality's Anti-Fraud and Corruption Strategy be updated to take into consideration the provisions of Municipal Regulations on Financial Misconduct and Criminal Proceedings.
3. That the following officials and committee member be appointed to the Disciplinary Board as well as the Ethics Committee:
 - 4.1 The Chief Audit Executive
 - 4.2 Member of the Audit Committee
 - 4.3 Manager: Legal Services
 - 4.4 Head of Department: Corporate Services
5. That a Provincial Treasury Representative be appointment as non- permanent member of the Disciplinary Board.
6. That the Member of the Audit Committee be remunerated in terms of approved tariffs set by the Minister of Finance applicable to committees and commissions.
7. That a Chairperson be appointed by the Disciplinary Board and Ethics Committee respectively.
8. That the Chairpersons of the Disciplinary Board and of the Ethics Committee draft a Terms of Reference, in consultation with the members for approval by the Municipal Council.

Section 1: Office of the Municipal Manager

ITEM C/1/105/05/15

Council Meeting

AUDIT AND PERFORMANCE AUDIT COMMITTEE ASSESSMENT

Department: Office of the Municipal Manager **Demarcation:** All Wards

File Ref: 3/2/2/2/4

Attachments: Audit Committee Self -Assessment

Report from: Chief Internal Auditor

Date: 12 May 2015

Purpose of the Report

The purpose of this report is to present the Audit Committee's self-evaluation for consideration by council.

Background

Bitou Municipality appointed its Audit Committee in terms of Section 166 of the Municipal Finance Management Act.

Section 166 of the MFMA requires that each municipality and municipal entity must have an audit committee. The audit committee must advise the municipal council, the political office bearers, the accounting officer and the management of the municipality or municipal entity on matters relating to:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with the Act, the annual Division of Revenue Act and any other applicable legislation;
- Performance evaluation; and
- Any other issues referred to it by the municipality or municipal entity.

Section 1: Office of the Municipal Manager

The Bitou Municipality's Audit Committee Performs its responsibilities in line with its Terms of Reference approved by the Municipal Council in May 2014. The minutes and the full agenda of each Audit Committee Meeting is always distributed to the Executive Mayor and the Speaker of council. The Speaker/Executive Mayor may escalate any issue that they feel should be brought in front of the full council. Further to that the committee reports on its activities to full council at lease annually.

In terms of the MFMA Circular 65 and as requirement by the Office of the Auditor General, the Audit Committee should assess its performance and achievements against its charter on an annual basis.

In the quest towards continuous improvement, and to assist the Audit Committee (AC) to add more value to the Municipality, each member of the committee completed the standard evaluation questionnaire. Based on the individual assessments, the committee compiled a consolidated assessment for the committee (attached).

The questionnaire is based on best practice guides and it appropriately considers the requirements and expectations of the Audit Committee as per the Municipal Finance Management Act (MFMA), 2003, Best Practice Guides, and the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

For each of the statements, a select between 1 and 5 was made, with 1 indicating strongly disagree, and 5 indicating strongly agree.

The committee has done its overall self-assessment and would like to present it to the Municipal Council for adoption.

Recommended by the Municipal Manager

That the Municipal Council review and adopt the Audit Committee self-assessment.

Section 2

Department: Finance

Section 2: Finance

ITEM C/2/225/05/15

Council Meeting

REQUEST TO GRANT PERMISSION TO GRANT RELIEF IN RESPECT OF THE RETROSPECTIVE PROPERTY RATES FOR THE FINANCIAL YEARS 2009/10, 2010/11, 2011/12 & 2012/13

Department: Finance **Demarcation:** All Wards

File Ref: 5/5/2/4

Attachments:

1. Notification letter from Revenue Enhancement Office dated 21 May 2012.
2. E-mail to the Revenue Enhancement Office dated 28 August 2013.
3. Summary of interest charges

Report from: Chief Financial Officer

Date: 09 February 2014

Purpose of the report

To request the Municipal Council to grant a rebate of 50% for the retrospective rates levied on Portion 24 of 444 in respect of the change in category from Agricultural to Residential for the financial years 2009/10, 2010/11, 2011/12 and 2012/13.

Background/Discussion

Council has embarked on a revenue enhancement program to rectify past account errors, originating from clause 3 (2) of Council's Tariff Policy which states that all users of municipal services will be treated equitably, and that various categories of customers will pay the same charges based on the same cost structure.

Upon reviewing whether the tariffs for rates and services charges are being applied correctly to Portion 24 of 444, we discovered that this property was incorrectly levied for rates. Portion 24 of 444 was categorised in the General Valuation Roll of 2009 as Residential Vacant, however this property was incorrectly levied against the Agricultural Rates Tariff.

Notices of the General Valuation Roll of 2009 were posted to all property owners, notices inviting the public to inspect the Valuation Roll at the municipal offices were duly

Section 2: Finance

advertised for two consecutive weeks as required by the Act, and the General Notice calling for inspection of the General Valuation Roll of 2009 together with the General Valuation Roll were advertised on the Municipality's official website. No objection was received against the category of Residential or the valuation assigned to this property.

Property Rates for the Financial Years 2009/10, 2010/11, 2011/12 and 2012/13 was corrected in accordance with the General Valuation Roll 2009/12, and Council's Approved Tariff and Charges Schedule for the respective financial years.

The owner of the property, Mr. Erasmus, have indicated that he have been a resident on the same property for the last 30 years and have never received notice of the change in category and requests that his personal circumstances be taken into consideration in granting him relief. Mr. Erasmus is a 65 year old disabled pensioner and has been declared 86.4% unfit for employment by the Workman's Compensation Commissioner due to an aircraft accident in SAAF in 1968.

The Municipal Valuer have inspected Portion 24 of 444 and changed the category from Residential to that of Rural Lifestyle. The Rural Lifestyle category was introduced in the 2012/13 Financial Year, and grants a 50% rebate on the residential tariff. Although the tariff was first introduced in 2012/13, given the circumstances of the owner it is requested that the 50% rebate be implemented from the 2009/10 -2012/13 Financial Year, including the interest levied since the retrospective amounts was first levied.

Financial Implication

The implication is that revenue will be lesser by R24, 189.25.

(Retrospective rates levied for 2009/10- 2012/13 amounts to R41, 774.50
R41, 774.50 less 50% rebate = R20, 887.25, less interest levied on retrospective rates;
R3,302.70 = R24, 189.25)

Relevant Legislation

Municipal Property Rates Act, Act 6 of 2004

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head Community Services

The recommendation by the Municipal Manager is supported.

Section 2: Finance

Comments: Head Engineering Services

The recommendation by the Municipal Manager is supported.

Comments: Head Strategic Services

The recommendation by the Municipal Manager is supported.

Recommended by the Municipal Manager

That permission be granted to write off an amount of R24,189.25 in respect of arrear rates and interest due to humanitarian reasons.

Section 2: Finance

ITEM C/2/226/05/15

Council Meeting

REQUEST TO DELEGATE POWER TO THE MUNICIPAL MANAGER TO WRITE OFF DEBT ASSOCIATED WITH CASES OF MERIT

Department: Finance **Demarcation:** All Wards
File Ref: 3/2/1/8 & 5/14/1/1
Report from: Chief Financial Officer
Date: 18 March 2015

Purpose of the report

To delegate power to the Municipal Manager to write off debt, associated with cases of merit, on individual accounts on the recommendation of the Chief Financial Officer provided that the debt does not exceed R100 000.

Background/Discussion

Currently requests to write off debt associated with cases of merits are referred to the Municipal Council for approval. The request to delegate authority to the Municipal Manager to write off debt, associated with cases of merit, on the recommendation from the Chief Financial Officer, will result in the requests being dealt with more timeously and effectively and still ensuring a high level of authority and accountability.

Financial Implication

The Revenue amounts written off will vary between the different cases of merit. Write-offs will be limited to and handled only within the provision made for the writing off of debt.

Relevant Legislation

Municipal Finance Management Act, (Act 56 of 2003,) Municipal Systems Act, (Act 32 of 2000), Municipal Property Rates and Credit Control Policy and By-laws.

Section 2: Finance

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head Engineering Services

The recommendation by the Municipal Manager is supported.

Comments: Acting Head Strategic Services

The recommendation by the Municipal Manager is supported.

Recommended by th Municipal Manager

That the Municipal Council delegates power to the Municipal Manager to write off debt, associated with cases of merit, on individual accounts on the recommendation of the Chief Financial Officer, provided that the debt does not exceed R100,000.00 (One Hundred Thousand Rand) per case.

Section 2: Finance

ITEM C/2/227/05/15

Council Meeting

LIST OF WITHDRAWALS FROM MUNICIPAL BANK ACCOUNT FOR THE QUARTER ENDED 31 MARCH 2015

Department: Finance **Demarcation:** All Wards
File Ref: 5/15/6
Attachment: 1. Annexure "A" - Section 11(1)(e) Withdrawals
2. Annexure "B" – Provincial Treasury Withdrawals Report
Report from: CFO- Budget Office
Date: 22 April 2015

Purpose of the report

To report on specific withdrawal from the municipal bank account in terms of the Local Government: Municipal Finance Management Act, 2003.

Background/Discussion

It should be noted that withdrawals in terms of Section 11(1)(b) to (j) of the Local Government: Municipal Financial Management Act, 2003, were made during the quarter January to March 2015.

The following information should be noted:

Section 11(1) (b): Expenditures that were authorised in terms of Section 26(4)

No withdrawals

Section 11(1) (c): Unforeseeable and unavoidable expenditures

No withdrawals

Section 2: Finance

Section 11(1) (d): Withdrawals in respect of Trust, and so forth

No withdrawals

Section 11(1) (e): Overpayment of monies received on behalf of a person or state body

As per attached schedule

Section 11: Withdrawals 11(1)(f): Monies erroneously deposited into bank account

No withdrawals

Section 11(1)(g): Guarantees, sureties and security deposits refunded

No withdrawals

Section 11(1)(h) Cash management and investments

Additional investments made (net amount) during the quarter under review amounts to R 60 000 000

Section 11(1)(i): Increased expenditure in terms of Section 31

No withdrawals

Section 11(1)(j): Other purposes as prescribed

R 1 247 509.75 VAT

Financial Implication

No financial implication.

Relevant Legislation

Section 11(4) of the Local Government: Municipal Financial Management Act, 2003 reads as follows:

“The Accounting Officer must within thirty (30) days after the end of each

Section 2: Finance

quarter-

(a) Table in the municipal council a consolidated report of all withdrawals made in terms of sub-section (1)(b) to (j) during the quarter, and

(b) Submit a copy of the report to the relevant provincial treasury and the Auditor-General”.

Recommended by the Municipal Manager

1. That the Municipal Council confirms the withdrawals that were made in terms of Section 1(1)(b) to (j) of the Local Government: Municipal Financial Management Act, 2003 for the quarter ended 31 March 2015.
2. That the report accordingly be presented to the Provincial Treasury: Western Cape and Auditor – General, as determined by Section 11(4)(b) of the Local Government: Municipal Finance Management Act, 2003.

Section 2: Finance

ITEM C/2/228/05/15

Council Meeting

VIREMENT REPORT FOR THE QUARTER ENDING 31 MARCH 2015

Department: Finance **Demarcation:** All Wards
File Ref: 9/1/3/4
Report from: Chief Financial Officer
Attachments: Annexure A – Virement Details
Date: 22 April 2015

Purpose of the report

To report to the Mayor on those virements / transfer of funds that have taken place during the quarter, in accordance with the Virement Policy of the municipality.

Background/Discussion

A“virement” is the process of transferring an approved budget allocation from one operating line item or capital project to another, with the approval of the relevant Manager. It allows limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure, savings, etc., as they arise, to accelerate service delivery in a financially responsible manner.

Financial Implications

Since virements are done within a specific vote and based on savings identified, there are no financial implications.

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head Community Services

The recommendation by the Municipal Manager is supported.

Section 2: Finance

Comments: Head Engineering Services

The recommendation by the Municipal Manager is supported.

Comments: Head Strategic Services

The recommendation by the Municipal Manager is supported.

Recommended by the Municipal Manager

That cognisance be taken of the Virement Report as at 31 March 2015.

Section 2: Finance

ITEM C/2/229/05/15

Council Meeting

**REPORT ON THE IMPLEMENTATION OF THE SUPPLY CHAIN
MANAGEMENT POLICY FOR THE QUARTER 01 JANUARY TO 31 MARCH
2015**

Department: Finance **Demarcation:** All Wards

File Ref: 9/1/3/4

Attachment:

1. Annexure A - Tenders and Quotations Awarded for the period January to March 2015
2. Annexure B - Comparative Tender Schedule
3. Annexure C - Deviations approved by delegated officials

Report from: Chief Financial Officer

Date: 8 May 2015

Purpose of the report

To report on the Implementation of the Supply Chain Management Policy, for the Quarter, 01 January to 31 March 2015.

Background

Section 6(3) of the Bitou Supply Chain Management Policy (SCM Policy) requires that the Accounting Officer submits a quarterly report on the implementation of the Supply Chain Management Policy to the Executive Mayor.

The report must contain information about operational activities within the Supply Chain Management Section. In order to comply with this requirement we attach as **Annexure A** schedules of Tenders and Quotations Awarded, as well as Deviations from the SCM Policy, considered and approved by the delegated officials, per Annexure C for the 3rd Quarter of the 2014/15 financial year, **01 January to 31 March 2015**.

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1. Tenders Awarded: Competitive Bidding for Contracts valued more than R30,000

1.1. The competitive bidding process and bid committee structures are functioning effectively. Members of the bid committees are required to declare to undertake the following:

- 1.1.1. That all information, documentation and decisions regarding any matter before the committee is confidential and undertakes not to make known anything in this regard;
- 1.1.2. To treat all service providers and potential service providers equitably and will not purposefully favour or prejudice anybody; and
- 1.1.3. To make known details of any private or business interest he or she or any close family member, partner or associate may have in any proposed procurement or disposal of, or in any award or contract that they will immediately withdraw from participating in any matter whatsoever.

1.2. The awards made by bid committees or the delegated officials, attached per Annexure A, are valued in excess of R 27 million for 13 Tenders & Formal Written Price Quotations awarded:

#	Tenders processed	3rd Quarter	2 nd Quarter
1	Tenders Awarded	13	21
2	Contracts resulting from the tenders (Individual suppliers or service providers appointed as a result of the tenders awarded)	33	41
3	Estimated Value of Tenders Awarded	R 27.4 million	R 50,1 million
4	Number of Appeals Received	0 (2 of Q2 still in progress)	3 (Under consideration)
5	Number of successful appeals	0	0

1.3. All tenders are opened in public and the results of the opening is recorded in a Bid Opening Register and placed on the Municipal Website. A schedule attached as Annexure B, details the bids awarded versus the unsuccessful competitive bids as per additional Council oversight request.

2. Deviations from the SCM Policy

2.1. Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes under certain circumstances. Deviations of R 2,068 million (Q1- R3,783 million) represented by 26 applications (Q2- 55) were considered and approved as per Annexure C, in the following categories in terms of Section 36 of the SCM Policy:

Section from SCM Policy	Categories	Applications Q3 (Q2)	Value (R)
36(1)(a)(i)	Emergency	5 (5)	345 968 (107 970)

Section 2: Finance

36(1)(a)(ii)	Sole Supplier	3 (7)	49 126 (217 231)
36(1)(a)(iv)	Exceptional case and it is impractical or impossible to follow the official procurement processes.	18 (40)	1 673 107 (3 457 628)
		26 (52)	2 068 201 (3 782 830)

2.2. The applications for deviations are closely monitored in order to reduce the occurrence of applications and competitive bidding processes are instituted immediately upon identification of recurring deviations.

2.3. This is evident in the sharp decrease of applications received and shows a consistent downward trend compared to the 1st Quarter from 68 applications, with a value of R 3.652 million. The total for the 3 quarters of the year to date, R9.503 million, already indicates an improvement relative to the total value of the 2013/14 financial year of R 17,429 million.

Relevant Legislation

- Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)
- Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003): Municipal Supply Chain Management Regulations
- Bitou Municipality Supply Chain Management Policy, as amended

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head Community Services

The recommendation by the Municipal Manager is supported.

Comments: Head Engineering Services

The recommendation by the Municipal Manager is supported.

Comments: Head Strategic Services

The recommendation by the Municipal Manager is supported.

Recommended by the Municipal Manager

That cognisance be taken of the Supply Chain Management Implementation Report for the 3rd Quarter of the 2014/15 Financial Year, January to March 2015.

ITEM C/2/230/05/15

Council Meeting

TENDER SCM/FIN 68/2010B: DEVELOPMENT OF AND IMPLEMENTATION OF A REVENUE ENHANCEMENT PROGRAM FOR A PERIOD OF THREE YEARS, EXTENSION OF CONTRACT FOR A FURTHER 12 MONTHS

Department: Finance Demarcation: All Wards

File Ref: Sec/A/345

Attachment: Annexure A - Notice of Amendment to Public

Report from: Chief Financial Officer

Date: 12 May 2015

1. Purpose of the report

1.1. The Municipality has a current agreement with PriceWaterhouseCoopers Inc. for the **DEVELOPMENT OF AND IMPLEMENTATION OF A REVENUE ENHANCEMENT PROGRAM FOR A PERIOD OF THREE YEARS**. The agreement has been in effect since 01 December 2010 for a period of three years and to be terminated on 30 November 2013. Extensions of the contract for a period of 18 months were approved in terms of the requirements of Section 116(3) of the MFMA in order to enable the municipality to complete the establishment of an in-house capacity for the continued implementation of the programme. However the establishment of the organogram and in-house skills have not yet been completed. Therefore a further extension of the contract with PWC is required for the period 01 July to 30 June 2016 in order to complete the hand-over of the function.

1.2. The purpose of this submission is to notify Council and the Public, as well as to solicit comments from the Public, of the further amendment of the agreement with PriceWaterhouseCoopers Inc. in terms Section 116(3) of the Municipal Finance Management Act, 2003 (MFMA).

2. Relevant Legislation

- 2.1. Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)
- 2.2. Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003):
Municipal Supply Chain Management Regulations
- 2.3. Bitou Municipality Supply Chain Management Policy, as amended.

Section 2: Finance

3. Background

- 3.1. The Municipality have been using the services of PriceWaterhouseCoopers Inc. for the **DEVELOPMENT OF AND IMPLEMENTATION OF A REVENUE ENHANCEMENT PROGRAM**. The agreement has been in effect since 01 December 2010 for an initial period of three years and was extended to 31 December 2014 and subsequently again to 30 June 2015. Multiple new sources of revenue have been identified and the project has been implemented with great success. The municipality needs to build internal capacity in order to render the services internally. However the organogram has only recently been approved and it is estimated that a further 12 months are required in order to establish and implement the internal capacity and to ensure that we do not lose momentum with the revenue enhancement program.
- 3.2. In terms of Section 116(3) of the MFMA, a contract or agreement procured through the SCM Policy may be amended by the parties, after the reasons for the proposed amendment have been tabled in Council and the local community has been given reasonable notice of the intention to amend and has been invited to submit representations to the municipality.
- 3.3. The Municipal Manager has already considered the following extensions on this contract:

#	Amendment	Value
1.	Addition of Change Management Workshop	R 28,500.00
2.	Appointment of a seconded PWC official to the municipality- Mr J Tesselaar	R 931,821.07
3.	Extension 01 December 2013 to 31 December 2014	R 2 880 062.77
4.	Extension 01 January 2015 to 30 June 2015	R 1 340 755.08
5.	Conducting a forensic investigation into alleged electricity theft by staff members	R 211,892.21
	Total of Extensions already approved:	R 5,393,031.13
	Total Value of Initial Award including Escalation (Contract Value)	R 7,635,852.92
	Value of Extensions as a % of the contract value	70.63%

- 3.4. In order to implement the final phase of the contract and hand-over to internal staff, the contract for the **DEVELOPMENT OF AND IMPLEMENTATION OF A REVENUE ENHANCEMENT PROGRAM**, requires a further extension for a period ending on 30 June 2016.

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- 3.5. The further extension for the period 01 July 2015 to 30 June 2016 is required in order to ensure sufficient time for the creation of the in-house capacity, the transfer of skills and a smooth handover of the project. The tender has been implemented with success and Council has realised additional revenue in excess of R28 million since the inception of the contract. An estimated 60% of this amount will result in recurring revenue year on year. Another future benefit will be the maintenance of a tariff increase of no more than 8.5%. Recently additional revenue equal to 5 million electricity units, not billed for previously, have been identified in the industrial area alone. This represent revenue of approximately R4 million per annum.
- 3.6. Recurring costs of revenue enhancement will reduce over time and up to half with the establishment of internal capacity. It is estimated that every R10 spent on revenue enhancement, generates a return on investment of R100, which underscores the efficacy of the programme. The extension of the programme over 6 months will be at a rate of approximately R 209,177.77 per month for the first 6 months, thereafter it should decrease to R174,177.77 per month for the next 3 months as the services of PWC is reduced as part of an exit plan, to the minimum required for a smooth handover to in-house capacity of R102,088.88 per month for the remaining 3 months of the 2015/2016 financial year as part of the handholding process to ensure adequate empowerment of staff and a smooth exit.
- 3.7. The total cost of the further extension for 12 months will be approximately **R1 981,777.69**.
- 3.8. The extension may only be implemented in terms of the requirements of the MFMA, Section 116 (3). Therefore the reasons of the proposed amendments are hereby tabled to Council and the local community has been given notice of the intention to amend the contract in order to solicit representations if any.

4. SCM COMPLIANCE

- 4.1. When awarding tenders or extending tenders, the Municipality must consider the compliance of the service provider to the minimum requirements for enterprises doing business with the municipality.
- 4.2. The following is a schedule listing the minimum compliance criteria and the level of compliance of the service provider:

Compliance Criteria	In order
Valid Tax Clearance Certificate	In Order
VAT Registration	4950174682
Municipal Account	Declared / In order
Declaration of Interest	Declared / In order
Letter of acceptance of PricewaterhouseCoopers Inc.	In order
Listed on Bitou Municipality Supplier Database	1068
National Treasury Restricted Supplier Database Confirmation	Not listed
National Treasury Defaulter Supplier Database Confirmation	Not listed

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Financial Implications

The further extension for the period 01 July 2015 to 30 June 2016 will have the following cost implications:

Description	Total
Total Expenditure to 30 November 2013 in terms of Original Award	R 8 596 173.99
Total Value of Extensions- Already Approved	R 5 393 031.13
Total Cost of Extensions- Jul 2015 - June 2016	R 1 981 777.69
Total Value of Extensions- Historical & Proposed	R 7 374 808.82
Extensions as a % of original award	85.79%
Total Value of Contract including Extensions	R 15 970 982.81

Sufficient provision has been made in the 2015/2016 budget for the extension of the program and provision has also been made for the appointment of the staff in order to build the in-house capacity.

Public Representations

Notice placed

Comments: Head Community Services

The recommendation by the Municipal Manager is supported.

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head Engineering Services

The recommendation by the Municipal Manager is supported.

Comments: Head Strategic Services

The recommendation by the Municipal Manager is supported.

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Recommended by the Municipal Manager

That the Municipal Council note that **TENDER SCM/FIN 68/2010: DEVELOPMENT OF AND IMPLEMENTATION OF A REVENUE ENHANCEMENT PROGRAM FOR A PERIOD OF THREE YEARS**, as it complies with the requirements of Municipal Council's Supply Chain Management Policy as required by MFMA Section 116(3), will be extended as follows:

Service Provided:	SCM/FIN 68/2010: C: DEVELOPMENT OF AND IMPLEMENTATION OF A REVENUE ENHANCEMENT PROGRAM- EXTENSION OF THE CONTRACT FOR A FURTHER 12 MONTHS		
Service Provider:	PriceWaterhouseCoopers Incorporated t/a PriceWaterhouseCoopers	SCM#	1068
Contract Rate: (Incl. VAT):	R 209,177.77 x 6 Months R 174,177.77 x 3 Months R 102,088.88 x 3 Months	Vote:	105 20416
Contract:		Duration:	12 months
Implementation date:	01 July 2015	End date:	30 June 2016

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ITEM C/2/231/05/15

Council Meeting

EXTENSION OF CONTRACT: SCM/45/2015 FIN/B PROVISION OF PREPAID ELECTRICITY VENDOR SERVICES AND SOFTWARE

Department: Finance Demarcation: All Wards

File Ref: 5/18/1

Attachment: Annexure A - Notice of Amendment to Public

Report from: Chief Financial Officer

Date: 13 May 2015

1. Purpose of the report

- 1.1. The Municipality has a current agreement with SYNTELL (Pty) Ltd for the **PROVISION OF PREPAID ELECTRIFICATION VENDOR SERVICES AND SOFTWARE** for the Bitou Municipality. The procurement of this system was processed before the advent of the current Supply Chain Management legislative regime in 2005 and essentially had an open-ended contract renewable every 2 years.
- 1.2. The contract with the service provider was extended in November 2014 for the period ending 30 June 2015, and a further extension is now required for the period ending 30 June 2016, extendable to 30 June 2017.
- 1.3. The purpose of this submission is to notify Council and the Public of the amendment of the agreements with the service provider SYNTELL (Pty) Ltd and to solicit comment from the public, if any in compliance with the requirements of Section 116(3) of the Municipal Finance Management Act (MFMA, 2003).

2. Abbreviations & Terms

- 2.1. MFMA - Municipal Finance Management Act, 2003
- 2.2. SCM - Supply Chain Management
- 2.3. IT - Information & Technology
- 2.4. FMS - Financial Management System
- 2.5. SCOA - Standard Chart of Accounts
- 2.6. NT - National Treasury

Section 2: Finance

3. Background & Motivation

- 3.1. The Municipality has been using the services of **SYNTELL (Pty) Ltd** for the **PROVISION OF PREPAID ELECTRIFICATION VENDOR SERVICES AND SOFTWARE** since 2005. The system has been integrated into the SAMRAS FMS, the core Financial Management System of the Bitou Municipality driving all business processes for Revenue-Management by the provision of an IT Platform and the Management of Vendors. The services were procured through the acceptable procurement systems at that time and the contract has been renewed on an annual basis since then. The conclusion of long term contracts has since been legislated by the MFMA in Sections 33 & 116 and the procurement of contracts by the SCM Regulations.
- 3.2. The Municipality has two contracts emanating from the agreement with Syntell: One for the provision of the software systems which expired on 30 June 2014. Another contract exists for the management of 3rd party vendors which expired on 30 September 2014. The current contracts were extended by the Municipal Manager in terms of Deviations from the SCM Policy and have since been condoned by Council for the period up to 31 December 2014. A public and Council notification process was followed during October/November 2014, after which the Municipal Manager extended the contracts through to 30 June 2015. The provision of this type of service will be outsourced for the foreseeable future and a procurement process was planned for the appointment of a service provider on a long-term basis. However this process has been curtailed with the implementation of the SCOA Regulations and the subsequent moratorium on the procurement on new IT Systems per National Treasury Circular 65.
- 3.3. The tender process which was planned to be completed before 30 June 2015 will inevitably be delayed until such time as clarity is obtained on the selected SCOA compliant FMS by the National Treasury.
- 3.4. Although the contracts have been validly and legally procured in terms of the applicable legislation, upon inception, the MFMA intends to regulate contracting beyond the 3 years of the MTREF. The contract has not necessarily been deemed to be a long term contract as it has been renewed every 2 years. However the intention of having and maintaining an external electricity vending service provider is a decision based on a long-term view and cannot summarily be changed, which implies a long-term commitment.
- 3.5. The reasons for the initial delay of procurement process was not necessarily a lack of planning from our part but arose more from the fact that no guidance currently exists on how to treat what is essentially deemed to be “evergreen contracts” , procured before the current SCM legislative environment. Accordingly the contract with **SYNTELL (Pty) Ltd** for the **PROVISION OF PREPAID ELECTRIFICATION VENDOR SERVICES AND SOFTWARE** needs to be amended in order to provide for the provision of the service for a further 12 months, extendable to 24 months. This is now deemed to be prudent to further a conservative approach in an attempt to regularise the current Service level Agreements with

Section 2: Finance

Syntell, by extending the contracts in terms of ruling legislation, in lieu of a the SCOA decision by NT.

- 3.6. In terms of Section 116(3) of the MFMA, a contract or agreement procured through the SCM Policy may be amended by the parties, after the reasons for the proposed amendment have been tabled in Council and the local community has been given reasonable notice of the intention to amend and has been invited to submit representations to the municipality. Therefore the reasons of the proposed amendments are hereby tabled to Council and the local community has been given notice of the intention to amend the contract in order to solicit representations if any.

4. SCM COMPLIANCE

- 4.1. When awarding tenders or extending tenders, the Municipality must consider the compliance of the service provider to the minimum requirements for enterprises doing business with the municipality.
- 4.2. The following is a schedule listing the minimum compliance criteria and the level of compliance of the service provider:

Syntell (Pty)Ltd	
Compliance Criteria	In order
Valid Tax Clearance Certificate	2015/06/11
VAT Registration	4190209181
Municipal Account	In order
Declaration of Interest	Declared
Listed on Bitou Municipality Supplier Database	1093
National Treasury Restricted Supplier Database Confirmation	Not listed
National Treasury Defaulter Supplier Database Confirmation	Not listed

Financial Implications

- 4.1 The contract is based on a commission of 5% of the turnover on prepaid electricity sales, a transaction charge of R 3.95 per municipal account paid via the Syntell channels and, as well as a software license fee of R 12 941.75 per month, escalating at 7% per annum as well as the recovery of minor transactional bank charges. The value of the contract projected up to and including 30 June 2015 will be as follows:

TOTAL PAID VIA CONTRACT	4 102 261.17
TOTAL PAID VIA DEVIATION	662 624.97
TOTAL Cost of Contract to Date	4 764 886.14
PROJECTED COMMISSION – 01 January to 30 June 2015	
- Prepaid Commission of 5%	339 420.84
- Service Fee per Municipal Account Paid- R 3.95	
LICENCE FEE PER MONTH	12 941.64
TOTAL LICENCE FEES- 01 January to 30 June 2015	77 649.84

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TOTAL PROJECTED VALUE OF EXTENSION - 01 January to 30 June 2015	417 070.68
Extensions as a % of original award	9%

4.2 This extension of the contract will have the following financial implications:

TOTAL PAID VIA CONTRACT	4 519 331.85
TOTAL PAID VIA DEVIATION	662 624.97
TOTAL Cost of Extended Contract to Date	5 181 956.82
PROJECTED COMMISSION – 01 July 2015 to 30 June 2016	730 650.25
Prepaid Commission of 5% (Budget - R12 342 000)	703 494.00
Service Fee per Municipal Account Paid- R 3.95 (6875 Meters)	27 156.25
PROJECTED COMMISSION – 01 July 2016 to 30 June 2017	817 069.02
Prepaid Commission of 5% (Budget - R13 847 724)	789 320.27
Service Fee per Municipal Account Paid- R 3.95 (7025 Meters)	27 748.75
LICENCE FEE PER MONTH	13 847.55
TOTAL LICENCE FEES- 01 July 2015 to 30 June 2016	166 170.66
LICENCE FEE PER MONTH	14 816.88
TOTAL LICENCE FEES- 01 July 2016 to 30 June 2017	177 802.60
TOTAL PROJECTED VALUE OF EXTENSION- 01 July 2015 to 30 June 2017	1 891 692.53
Extensions as a % of original award	36.51

4.3. Sufficient budgetary provision exist for the implementation of the project for the 2015/16 & 2016/17 financial years.

Relevant Legislation

1. Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003)
2. Local Government: Municipal Finance Management Act 2003, (Act 56 of 2003):
Municipal Supply Chain Management Regulations
3. Municipal Regulations on Standard Chart of Accounts
4. Bitou Municipality Supply Chain Management Policy, as amended.

Public Representations

Notice Placed.

Section 2: Finance

Recommendation

That Council notes that the **Contract SCM/45/2015 FIN A: PROVISION OF PREPAID ELECTRIFICATION VENDOR SERVICES AND SOFTWARE**, as it complies with the requirements of Council's Supply Chain Management Policy, will be extended in terms of the MFMA Section 116(3) as follows:

Service Provided:	Contract SCM/45/2015 FIN/B: PROVISION OF PREPAID ELECTRICITY VENDOR SERVICES AND SOFTWARE	
Service Provider:	SYNTELL (Pty) Ltd	
Prepaid Commission		5%
Service Fee per Municipal Account Paid		R 3.95
Licence Fee Per Month		R 13 847.55
CONTRACT:	Implementation date:	01 July 2015
End date:	30 June 2016 extendable to 30 June 2017 in-line with SCOA	
Escalation:	Software License Fee @ 7% per annum	

Comments: Head Community Services

The recommendation by the Municipal Manager is supported.

Comments: Acting Head Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head Engineering Services

The recommendation by the Municipal Manager is supported.

Comments: Head Strategic Services

The recommendation by the Municipal Manager is supported.

Recommended by the Municipal Manager

That the Municipal Council notes the intention to amend **Contract SCM/45/2015 FIN/C: PROVISION OF PREPAID ELECTRICITY VENDOR SERVICES AND SOFTWARE** by **SYNTELL (Pty) Ltd** for the period **01 July 2015 to 30 June 2016** with the option to extend to **30 June 2017 in-line with SCOA**.

Section 2: Finance

ITEM C/2/232/05/15

Council Meeting

FINANCIAL REPORT FOR THE MONTH/QUARTER ENDING 31 MARCH 2015

Department: Finance **Demarcation:** All Wards
File Ref: 9/1/3/4
Report from: Chief Financial Officer
Attachments: Annexure A - Monthly Budget Statement March 2015
Date of report: 20 May 2015

Purpose of the report

The purpose of this report is to inform Council on the **implementation of the budget and the financial state of affairs** of the municipality for the month ending 31 March 2015.

Background/Discussion

This report deals with the Month ended 31 March 2015, and reflects the implementation of the budget, and the state of the municipality's financial affairs.

The in-year report was prepared in terms of the Local Government: Municipal Finance Management Act, (Act 56 of 2003): Municipal Budget and reporting regulations, Government Gazette 32141, 17 April 2009.

The monthly report to council was drafted in accordance with the budget and reporting regulations and corresponds with the monthly Section 71 reporting, Schedule "C" as submitted to both National and Provincial Treasury.

Section 2: Finance

Summary of financial state of affairs

The report as attached hereto can be summarized as follows:

1. FINANCIAL POSITION

Assets

Current Assets have increased from R109,581 Million as at 30 June 2014 to a current amount of R222,002 Million

Cash and investments have increased from R53,957 Million as at 30 June 2014 to R136,678 Million as at 31 March 2015.

Non-current assets, which includes Property Plant and equipment as well as investment property have increased slightly from R744,792 Million to R763,107 Million as a result of additional capital purchases done in the current financial year.

In total assets have increased from R854,602 to R 985,109 as at 31 March 2015.

Liabilities

Current liabilities have decreased from R80,815 Million as at 30 June 2014 to R73,456 as at 31 March 2015, which represents a month to month increase of approximately R10 Million from February 2015 mainly as a result of an increase in unspent grants that were received during the current financial year.

Non-current liabilities have increased from R 193,333 Million as at 30 June 2014 to R209,271 Million as at 31 March 2015 as a result of an increase in borrowing and increase in non-current provisions for employee benefits accrued during the course of the financial year.

Outstanding borrowing (loans that were taken up for capital purchases) amount to R 126,864 Million.

Net Assets

Net assets have increased from R595,388 Million as at 30 June 2014 to R701,933 Million as at 31 March 2015

Conclusion on financial position

The financial position as at 31 March 2015 can be regarded as being sound with a positive net asset position and current ratio of 3.02:1 meaning current assets are 3.02 times more than current liabilities. (The benchmark being between 2 and 3)

Section 2: Finance

2. FINANCIAL PERFORMANCE

Revenue

Own revenue raised

Own revenue sources are within the target for the financial year with property rates being in line with the year-to-date budget and service charges 14% above the year to date budget. Investment revenue is 2% above the year to date budget and have already exceeded he originally approved budget by R59,000 as a result of more funds that are available for investment as a result of improved cash flow. Other own revenue is R8,6 Million below the year-to-date budget as a result of the fines revenue not yet recognised in accordance with the accounting framework. In total the year to date own revenue exceed the year to date budget by 6.38% or R20,053 Million.

Transfer revenue - Grants

Operational transfers are R5,2 Million below the year to date budget as a result of slower than anticipated spending on the construction of housing. The income in respect of the housing grant is recognized only when the conditions are met which would mean that money could be in the bank but is not necessarily recognized as revenue yet and therefore does not have a negative effect on the cash flow.

3. EXPENDITURE

Employee cost

Employee cost is R5,7 Million below year-to-date budget thus a savings have been realized.

Bulk purchases

Bulk purchases are in line with budget for the year to date with a variance of only 2% or R 1,194 for the year to date.

Total expenses

In total expenditure is 2% or R 7,3 Million below the year to date budget and it is anticipated that if the spending continues at the current trend, the budgeted operating surplus will be attained upon conclusion of the financial year.

Conclusion on financial performance

Revenue is slightly above year-to-date budget and expenditure slightly below the year to date budget resulting in an anticipated operating surplus of R 38.5 Million for the current financial year.

Section 2: Finance

4. DEBTORS MANAGEMENT

Total debtors outstanding amount to R89.9 Million which represent an increase of approximately R10 Million over the debt owed during the same period of the previous financial year, 63,4 % of the outstanding debt have aged beyond 120 days and a concerted effort is being made to increase the collection of debt. All debtors in arrears will be subjected to the credit control measures within the remainder of the financial year to ensure an increase in the debtors payment rate and to meet the annual collection target of at least 95%

5. CREDITORS MANAGEMENT

Outstanding trade creditors amount to R 213,128 and have increased slightly month-on-month. All creditors are paid strictly in terms of the legislative requirement of 30 days from invoice.

6. CASH FLOW AND INVESTMENT MANAGEMENT

Cash and investments amount to R 136,678 as at 31 March 2015 which represents an increase of R 22,338 Million from the previous month. Sufficient funds are available to meet the current commitments as well as to fund operations in the short term.

Uncommitted cash resources equal R 85,078 Million further confirming the sound cash flow position. It needs to be mentioned however that an additional R48,7 Million is required to meet adequate funding levels and to enable the municipality to set aside funding for capital investment.

7. CAPITAL SPENDING

Capital spending is still slow with R26,610 Million (36.7%) of the total capital budget of R72,528 Million spent as at 31 March 2015. It is envisaged that capital spending will increase for the remainder of the financial year and it is still anticipated that spending targets will be achieved upon the conclusion of the financial year.

8. CONCLUSION

Considering the above results as alluded to in the preceding paragraphs it can be concluded that the municipality finds itself in a sound financial position as at 31 March 2015 and that the financial performance is in line with budget expectations. It is however also acknowledged that a further improvement is necessary to ensure the successful rolling out the capital program for the financial year and that a special effort is necessary to increase the collection of debt owed to the municipality.

Comments by Head: Infrastructure Development and Municipal Services

The recommendation by the Municipal Manager is supported.

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Comments by the Head: Corporate Services

The recommendation by the Municipal Manager is supported.

Comments by Head: Strategic Services

The recommendation by the Municipal Manager is supported.

Legal requirements

- Section 71 of the Municipal Finance Management Act, 56 of 2003
- Municipal Budgeting and Reporting Regulations, Government Gazette 32141, 17 April 2009

Recommendation by the Municipal Manager

That cognizance be taken of the Quarterly Financial Report as at 31 March 2015.

Section 2: Finance

ITEM C/2/234/05/15

Council Meeting

ADJUSTMENTS BUDGET FOR THE 2014/2015 MTREF

Department: Finance **Demarcation:** All Wards

File Ref: 9/1/3/4

Report from: Chief Financial Officer

Attachments: Annexures to the Adjustment Budget Report for the 2014/2015 MTREF as contained in the B Schedules and SB Schedules will be circulated separately.

Date: 20 May 2015

Purpose of the report

This report is submitted for consideration by Council to approve an adjustments budget for the 2014/2015 financial year, as determined in Chapter 4 of the MFMA and Municipal Budget and Reporting Regulations.

Background/Discussion

The adjustments budget which consists of a capital and operating budget was compiled within the legal provisions as set out above. The effect as a result of the adjustments budget is covered in detail in the adjustments budget report, with recommendations for the consideration and approval by Council.

Legal requirements

The compilation of an adjustments budget is given in sections 28, 54 and 72(3)(b) of the Municipal Finance Management Act and the Municipal Budget and Reporting regulations.

Recommendation by the Municipal Manager

1. That it be noted from the March and April report, an adjustment budget is necessary.

Section 2: Finance

2. That the annual adjustments budget of Bitou Municipality for the Financial year 2014/2015, as set-out in the schedules contained in Section 4, circulated separately to the agenda be considered as contained in the following prescribed budget tables;
 - (i.) Table B1: Adjustments budget summary
 - (ii.) Table B2: Adjustments Budget Financial Performance(expenditure by standard classification)
 - (iii.) Table B3: Adjustments Budget Financial Performance (expenditure by municipal vote)
 - (iv.) Table B4: Adjustments Budget Financial Performance(revenue by source)
 - (v.) Table B5 to B10 as well as supporting tables SB1 to SB19

3. That the following adjustments permitted in terms of section 28(2) of the Municipal Finance Management Act and reflected in the tables referred to in resolution (a) above be approved:
 - (i.) That those additional revenues that have become available over and above those anticipated in the annual budget be appropriated, but only to revise or accelerate spending programmes already budgeted for;
 - (ii.) That the utilisation of projected savings in one vote toward spending under another vote be authorised; and
 - (iii.) That any errors in the annual budget be corrected.

4. That revision to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan is approved to correspond with the approval of the adjustments budget.

Section 2: Finance

ITEM C/2/235/05/13

Council Meeting

REVISED IDP & FINAL DRAFT BUDGET: 2015/16 TO 2017/18 MEDIUM TERM REVENUE AND EXPENDITURE FORECAST (MTREF)

Department: Finance **Demarcation:** All Wards

File Ref: 5/1/14

Attachments: Revised IDP & Final Draft Budget: 2015/16 TO 2017/18 Medium Term Revenue and Expenditure Forecast (MTREF)

(The annexures to this Item will be circulated separately)

Report from: Chief Financial Officer

Date: 21 May 2015

Purpose of the report

To table the Revised IDP & final draft multi-year operating and capital budget for the 2015/2016 to 2017/2018 MTREF, tariffs, service standards, budget related policies and final draft resolutions before Council for approval.

Background:

Section 34 of the Municipal Systems Act, Act 32 of 2000 compels municipalities to review their IDP's annually based on municipal performance and the extent that changing circumstances so demand.

The following sections of the MFMA provide that;

Section 16 - Annual budgets

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

Section 2: Finance

- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Section 17 - Contents of annual budgets and supporting documents

- (1) An annual budget of a municipality must be a schedule in the prescribed format—
 - (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) setting out—
 - (i) estimated revenue and expenditure by vote for the current year; and
 - (ii) actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.
- (3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:
 - (a) Draft resolutions—
 - (i) approving the budget of the municipality;
 - (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and
 - (iii) approving any other matter that may be prescribed;

Section 2: Finance

- (b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;
- (c) a projection of cash flow for the budget year by revenue source, broken down per month;
- (d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;
- (e) any proposed amendments to the budget-related policies of the municipality;
- (f) particulars of the municipality's investments;
- (g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;
- (h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;
- (i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;
- (j) particulars of any proposed allocations or grants by the municipality to—
 - (i) other municipalities;
 - (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;
 - (iii) any other organs of state;
 - (iv) any organisations or bodies referred to in section 67(1);
- (k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of—
 - (i) each political office-bearer of the municipality;
 - (ii) councillors of the municipality; and
 - (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;

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- (l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of—
 - (i) each member of the entity's board of directors; and
 - (ii) the chief executive officer and each senior manager of the entity; and
- (m) any other supporting documentation as may be prescribed.

Section 23 - Consultations on tabled budgets

- (1) When the annual budget has been tabled, the municipal council must consider any views of—
 - (a) the local community; and
 - (b) the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.
- (2) After considering all budget submissions, the council must give the mayor an opportunity—
 - (a) to respond to the submissions; and
 - (b) if necessary, to revise the budget and table amendments for consideration by the council.
- (3) The National Treasury may issue guidelines on the manner in which municipal councils should process their annual budgets, including guidelines on the formation of a committee of the council to consider the budget and to hold public hearings.
- (4) No guidelines issued in terms of subsection (3) are binding on a municipal council unless adopted by the council.

Section 24 - Approval of annual budgets

- (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget—
 - (a) must be approved before the start of the budget year;

Section 2: Finance

- (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
- (c) must be approved together with the adoption of resolutions as may be necessary—
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies.
- (3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

Relevant Legislation

1. Section 32, 34 and 25 (4)(a) of the Municipal Systems Act, Act 32 of 2000
2. The MFMA Section 16, 17, 21, 23 and 24
3. Local Government: Municipal Planning and Performance Management Regulations, 2001
4. Municipal Budget and reporting regulations (Schedule A)
5. MFMA Circulars 10, 12, 13, 14, 19, 28, 31, 45,48,51,54,55,58,66,67,70 and 72
6. Council budget related policies

Financial Implications

Financial implications are contained in detail on the report.

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head Community Services

The recommendation by the Municipal Manager is supported.

Section 2: Finance

Comments: Head Engineering Services

The recommendation by the Municipal Manager is supported.

Comments: Head Strategic Services

The recommendation by the Municipal Manager is supported.

Final Draft Recommendations by the Executive Mayor

After having consulted the relevant stakeholders on the draft budget and taken into considerations their comments, I hereby recommend:

1. That the Revised IDP & final draft budget for the 2015/2016 financial year as well as the 2016/2017 and 2017/2018 medium term revenue and expenditure framework be approved;
2. That the tabled Revised IDP, inclusive of draft resolutions, tariffs, budget related policies, service standards, draft service delivery and budget implementation plans be approved with the budget.
3. That council takes note and approve the comments received from stakeholders and responses provided.

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ITEM C/2/236/05/15

Council Meeting

TABLING OF LONG TERM FINANCIAL PLAN

Department: Finance **Demarcation:** All Wards
File Ref: 9/1/38
Attachments: Annexure A: Final Draft Long Term Financial Plan
Report from: Chief Financial Officer
Date: 21 May 2015

Purpose of the report

This serves to table the final Draft Long Term Financial Plan of Bitou Local Municipality for Council consideration and approval by Council.

Background/Discussion

Sound financial management practices are essential to the long-term sustainability of municipalities. They underpin the process of democratic accountability. Weak or opaque financial management results in the misdirection of resources and increases the risk of corruption. The key objective of the Municipal Finance Management Act (2003) (MFMA) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services. Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight.

Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable. The reforms introduced by the MFMA are the cornerstone of the broader reform package for local government outlined in the 1998 White Paper on Local Government. The MFMA, together with the Municipal Structures Act (1998), the Municipal Systems Act (2000), the Municipal Property Rates Act (2004) and the Municipal Fiscal Powers and Functions Act (2007), sets out frameworks and key requirements for municipal operations, planning, budgeting, governance and accountability.

The Systems Act requires a municipality to include a financial plan, including a 3 year budget, in the annual Integrated Development Plan.

Section 2: Finance

Financial Implications

Financial implications are contained in the final draft budget tabled in Council meeting on May 2015.

The financial implication will include amongst other the following;

- Changes in the source of funding
- Key priority areas with regard to infrastructure
- Cost of servicing the infrastructure needs.

Applicable Legislation / Council Policy

- RSA Constitution
- Municipal Finance Management Act
- Municipal Regulations
- Municipal Structures Act (1998)
- Municipal Systems Act (2000)
- Municipal Property Rates Act (2004)
- Municipal Fiscal Powers and Functions Act (2007),

Comments: Manager Legal Services

The Long Term Financial Plan is noted and supported.

Comments: Head Corporate Services

The Long Term Financial Plan is noted and supported.

Comments: Head Municipal Services and Infrastructure Development

The Long Term Financial Plan is noted and supported.

Comments: Head Strategic Services

The Long Term Financial Plan is noted and supported.

Section 2: Finance

Conclusion

That;

After considering the contents of the long term financial plan and the workshop held with management and councillors, the following is recommended to the council for consideration and approval.

Recommended by the Municipal Manager

That in respect of the Long Term Financial Plan discussed by Council at the Council meeting held on 27 May 2015:

- a) Council resolves to approve the Long Term Financial Plan as tabled.
- b) Council further resolve that the Long Term Financial Plan be reviewed annually with the tabling of draft budget.

Section 3

Department: Corporate Services

Section 3: Corporate Services

ITEM C/3/121/05/15

Council Meeting

**MONTHLY REPORT: CORPORATE SERVICES - HUMAN RESOURCES
SECTION FOR THE PERIOD OF 01 MARCH 2015 TO 30 APRIL 2015**

Department: Corporate Services **Demarcation:** All Wards

File Ref: 9/1/33

Attachments: Annexure "A" – Human Resources Report: Period 01 March 2015 to 30 April 2015

Report from: Acting Executive Manager: Human Resources

Date: 06 May 2015

Purpose of report

To inform the Municipal Council on various human resources matters that was actioned during the period 1 March 2015 to 30 April 2015.

Applicable Legislation / Collective Agreement

Recruitment and Selection Policy 2013
Municipal Systems Act, Act 32 of 2000
Employment Equity Act, Act 55 of 1998
Labour Relations Act, Act 66 of 1995
Skills Development Act, Act 97 of 1998
Basic Conditions of Employment Act, Act 75 of 1997

Financial Implication

The cost implication is budgeted for as per employee related cost i.e. basic salary and fringe benefits

Recommended by the Municipal Manager

That cognisance be taken of the monthly report from the Human Resources Section for the period of 01 March 2015 to 30 April 2015.

ITEM C/3/122/05/15

Council Meeting

EMPLOYMENT EQUITY STATUS: FOR THE PERIOD 1 MARCH 2015 TO 31 MARCH 2015

Department: Corporate Services **Demarcation:** All Wards
File Ref: 4/10/3
Attachments: Annexure A: Employment Equity Status Quo report: March 2015
Report from: Manager: Human Resources
Date: 15 April 2015

Purpose of the report

The purpose of this report is to inform the Municipal Council of the current Employment Equity status of Bitou Local Municipality.

Background

The success of achieving Employment Equity depends on Bitou Local Municipality as an employer, who must ensure that its implementation is in line with the targets contained in Bitou Municipality's Employment Equity Plan.

It is important to note that these employment equity targets are given to the Heads of Department /Managers of divisions/sections prior to shortlisting of candidates. It is incumbent on them to ensure that the targets are met. Where targets cannot be met compelling and justifiable reasons must be provided.

We are currently in the untenable situation that we are not complying with our own plan and targets. The Employment Equity Act as amended stipulates significant penalties for organisations that do not comply with the requirements with the first fine starting at R1 500,000. Non-compliance can in future lead to penalties being imposed on the organisation.

EMPLOYMENT EQUITY TARGETS AS PER OCCUPATIONAL LEVEL AS PER ATTACHED ANNEXURE A

The municipality is in general over represented by males in all of the occupational levels. Coloured females are consistently under represented throughout the Occupational Levels within the organisation, and a more concerted effort must be made to correct the situation.

Section 3: Corporate Services

TOP MANAGEMENT: (Section 57's)

The Top Management consists of 6 posts in the organisation.

Males are overrepresented in this category by 34%. There is an under representation of females within this occupational level and the preferred candidate for this post as per the current statistics is a Coloured female.

SENIOR MANAGEMENT: (Task Levels 18-22)

The occupational level represents 1.22% of the total workforce. White Males are over represented by 74%.

Coloured Females are under represented by 25%, African Males & Females by 15%; White Females by 10%, Coloured Males 7% and Indian Male & Female by 1%

PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID-MANAGEMENT: (Task Levels 14-18)

African Males are over represented by 17%, Indian Males by 5%, Coloured Males by 2% and White Males by 1%.

African Females are under represented by 10%, Coloured Female 9%, White Female 5% and Indian Female by 1%.

SKILLED TECHNICAL & JUNIOR MANAGEMENT, SUPERVISORS & SUPERINTENDENTS: (Task Levels 9-13)

White Males are over represented by 10%, African Males by 8%, Coloured Male by 4% and Indian Male by 1%.

Coloured Females are under represented by 11%, White Female 8%, African Females 4% and Indian Female by 1%.

SEMI – SKILLED AND DISCRETIONARY DECISION MAKING: (Task Levels 4-8)

African Males are over represented by 16%, and African Females by 11%.

White Females are under represented by 9%, Coloured Female 7%, Coloured Male 3%, and Indian Male & Female by 1%.

UNSKILLED AND DEFINED DECISION MAKING: (Task Levels 1-3)

African Males are over represented by 33% and Coloured Male by 7%.

Coloured Females are under represented by 18%, White Females 10%, and note that there is no representation of the white female designated group within this occupational category. African Females 2% and Indian Males and Females by 1%.

Section 3: Corporate Services

Appointments period 1 March 2015 to 31 March 2015

Date	Initial & Surname	Department	Status	Target Met	Reasons given by HOD's/Managers for not employing in accordance with target	
SENIOR MANAGEMENT						
01.03.2015	GJ Groenewald	Office of the Municipal Manager	W	M	No	No suitable candidates could be shortlisted for the post and approval was granted to headhunt candidates
SEMI-SKILLED						
01.03.2015	CE Lourens	Water Services	C	M	No	Tasks performed by a Process Controller Assistant are too strenuous for a person other than a man. Fit for purpose appointment. Also refer to Email by HOD giving further clarification
01.03.2015	D Damons	Water Services	C	M	No	
01.03.2015	PP Krige	Water Services	C	M	No	
01.03.2015	AV Solomons	Water Services	C	M	No	
01.03.2015	SJ Maphukatha	Water Services	A	M	No	
01.03.2015	DA Krige	Water Services	C	M	No	
01.03.2015	AN Kobi	Water Services	A	M	No	
01.03.2015	W Malgas	Water Services	A	M	No	
01.03.2015	L Kundulu	Electrical & Mechanical Engineering	A	M	No	Only two females applied for the 3 posts of Electrical Assistant and unfortunately only one met the criteria used during the shortlisting and interview process. The lady was appointed as an Electrical Assistant
01.03.2015	AN Williams	Electrical & Mechanical Engineering	C	M	No	Only two females applied for the 3 posts of Electrical Assistant and unfortunately only one met the criteria used during the shortlisting and interview process. The lady was appointed as an Electrical Assistant
09.03.2015	V Nkosikulu	Electrical & Mechanical Engineering	A	F	No	Equity target was for a coloured female, unfortunately only two African ladies applied and Ms. Nkosinkulu was the only lady from the two ladies that met the criteria during the shortlisting and interview process.

Venus Cunningham

From: Phumla Ngqumshe
Sent: 21 May 2015 04:31 PM
To: Venus Cunningham
Cc: Pikkie Lombard; Alma Greyling
Subject: RE: EE Target Reasons (Waterworks)

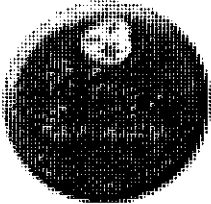
Venus

I was unfortunately not part of the shortlisting, nor was I part of the interviews, am not certain what the requirements are and if the applicants who did not qualify met the requirements or not. This would have been achieved or decided during the shortlisting.

I am informed by Pikkie that those who were not shortlisted for the interviews had not complied to the advert requirements, this was agreed with the UNIONS as well eg matric, driver's license etc

Those not complied at the shortlisting with advert, non-qualified for the interviews.

Regards



Ms Phumla Ngqumshe
Head: Engineering Services
Tel: 044 501 3261
Fax: 086 570 5404
Cell: +27 83 571 5668
[*pnqumshe@plett.gov.za*](mailto:pnqumshe@plett.gov.za)

From: Venus Cunningham
Sent: 21 May 2015 03:59 PM
To: Phumla Ngqumshe
Cc: Reginald Smit; Alma Greyling; Estelle De Bruin
Subject: EE Target Reasons (Waterworks)
Importance: High

Good Day Ms. Ngqumshe

Attached hereto please find the newly amended reasons on the EE targets that were not met during the Recruitment & Selection Process of the Process Controller Assistant.

Section 3: Corporate Services

Appointments period 1 April 2015 to 30 April 2015;

Date	Initial & Surname	Department	Status	Target Met	Reasons given by HOD's/Managers for not employing in accordance with target	
SKILLED TECHNICAL & JUNIOR MNG, SUPERVISORS & SUPERINTENDENTS						
01.04.2015	S Small	Engineering Services	W	M	No	No females applied for the post of Senior Fitter and post was advertised twice previously, it was then decided to continue with the appointment as the Pump Stations had a shortage of staff to maintain all pump stations.

Relevant Legislation

Employment Equity Act, 55 of 1998
 Employment Equity Amendment Act, 47 of 2013

Recommended by the Municipal Manager

1. That cognisance be taken of the Employment Equity Status for the period 1 March 2015 to 31 March 2015
2. That the administration be urged to ensure compliance with every aspect of the Employment Equity plan.

Section 6

Department: Strategic Services

ITEM C/6/275/05/15

Council Meeting

BUILDING CONTROL SECTION: QUARTERLY REPORT: JANUARY – MARCH 2015

Department: Strategic Services **Demarcation:** All Wards

File Ref: 9/1/3/7

- Attachments:**
1. Annexure “A” - Daily Inspections (January-March)
 2. Annexure “B” - Scrutiny letters (January - March)
 3. Annexure “C” - Occupancies issued (January-March)
 4. Annexure “D” - Contravention letters (January-March)
 5. Annexure “E” - Plan submissions (January-March)
 6. Annexure “F” - Plan approval (January-March)
 7. Annexure “G” - Building Stats Survey (January-March)

Report from: Manager Building Control

Date: 30 April 2015

Purpose of the Report

Building Control Quarterly Report for Municipal Council information, as prescribed in Section 6 of National Building Regulations and Standards Act, regarding non-compliance with any condition on which approval was granted.

Background/Discussions

This report is to inform this local authority of the current applications received as well as approved relating to the National Building Regulations.

Relevant Legislation

National Building Regulations and Standards Act (Act 103 of 1977).

Financial Implications

Income generated over the quarter (January – March 2015).

Comments: Chief Financial Officer

The recommendation by the Municipal Manager is supported.

Comments: Head: Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head: Community Services

The recommendation by the Municipal Manager is supported.

Comments: Head: Engineering Services

The recommendation by the Municipal Manager is supported.

Recommended by the Municipal Manager

That cognisance be taken of the quarterly report for January 2015 to March 2015 from the Building Control Section.

Section 6: Strategic Services

ITEM C/6/276/05/15

Council Meeting

**DISPOSAL OF PORTION OF PORTION 40 OF THE FARM 437 HILLVIEW
(SOUTH CAPE COLLEGE)**

Department: Strategic Services **Demarcation:** Ward 5

File Ref: 18/40/437

Attachments:

1. Annexure A - Business Proposal received from South Cape College
2. Annexure B - Valuation Report of Portion 40 of the Farm Hillview No. 437

Report from: Manager: Building Control

Date: 20 April 2015

Purpose of report

That the Municipal Council in terms of Regulation 13 of the Asset Transfer Regulations determines the final value of the land, based on the interest of the community and the long term benefits that can be derived from the extension of the South Cape College. That Council considers the disposal of a portion of Portion 40 of 437, Hillview.

Background / Discussion

The municipality has taken various decisions in finalising the South Cape College initiative.

The Municipal Council at its meeting held on 28 May 2014 Item C/4/62/05/14) resolved:

1. *That the application from the South Cape College to acquire a portion of Portion 40 of the farm Hillview 437 Kwanokuthula be approved in principle in accordance with the Site Development Plan and the registered Survey Diagram.*
2. *That, before the municipality proceed with the application, a valuation be obtained where after the Item be re-submitted to Council.*

Section 6: Strategic Services

Following the above and further information supplied, Council then resolved under Item C/4/67/10/14 the following:

- “1. *That the application from the South Cape College to acquire a portion of Portion 40 of the farm Hillview 437 Kwanokuthula be approved in accordance with the Site Development Plan and the registered Survey Diagram.*
2. *That a Deed of Alienation / Donation be entered into between the municipality and the South Cape College in accordance with the selling price / donation as determined by Council.*
3. *That a the Department Strategic Services make application in terms of Section 16 and 24 of the Land Use Planning Ordinance No. 15 of 1985 for the rezoning and sub-division of the property.*
4. *That all costs in terms of rezoning, sub-division legal and survey costs be borne by the South Cape College.*
5. *That the Municipal Manager be authorized to enter and sign all the necessary agreements and documentation to conclude the transaction.*

The municipality has received the proposal (Annexure A) from South Cape College which is willing to make a capital investment on the property of approximately R80 million over a 5 year period and as per their long term Strategic goal. The existing Bitou Campus has a capacity to accommodate 200 students currently but has 300 fulltime students at present, meaning the institution is over populated. The potential to implement more programmes and enroll more students at the Bitou Campus is restricted on the current facility due to the fact that the College doesn't own the land, and therefore is not allowed to invest infrastructure development funds to construct new buildings on land not owned by them.

As per the business plan submitted it seems that a phased approach will be used over a period of 15 years. The priority in the first 5 (five) years, also Phase 1, is to construct a hostel facility, theory classes and a Student Centre/ cafeteria. Phase 2 will follow which will entail a new administration block, sport fields and parking areas, as earlier said at a total cost of R80 million.

The valuation report (Annexure B) as supplied by Willem De Kock Valuators is R2.1 million if Council would consider disposing of the land as per Municipal Asset Transfer Regulations, 2008 (MATR),

As per the report it is evident that South Cape College is willing to make a minimal contribution towards the purchase of the property as they intend to invest the infrastructure onsite and by doing so they will also contribute to the local employment market during construction. The new staff and hostel students will also be part of the economic spin-offs of the approval of this venture as well as the development of skills and the economic development opportunities which will become available to our financially deprived communities.

Section 6: Strategic Services

Regulation 36 of the MATR stipulates that the Municipal Council must, when considering approval for any proposed granting of a right to use, control or manage a capital asset, take into account:

- (a) *whether the capital asset may be required for the municipality's own use during the period for which the right is to be granted;*
- (b) *the extent to which any compensation to be received for the right together with the estimated value of any improvements or enhancements to the capital asset that the private sector party or organ of state to whom the right is granted will be required to make, will result in a significant economic or financial benefit to the municipality;*
- (c) *the risks and rewards associated with the use, control or management of the capital asset in relation to the municipality's interests;*
- (d) *any comments or representations on the proposed granting of the right received from the local community and other interested persons;*
- (e) *any written views and recommendations on the proposed granting of the right by the National Treasury and the relevant provincial treasury;*
- (f) *the interests of any affected organ of state, the municipality's own strategic, legal and economic interests and the interests of the local community; and*
- (g) *Compliance with the legislative regime applicable to the proposed granting of the right.*

In view of the above, it is prudent to proceed with the disposal of the property, in keeping with the statutory provisions.

Social Care Properties/Community Sport Properties

The Bitou municipality Policy for the Management of Immovable Property Assets, states that:

- *Property may be Disposed of only at market-related prices, except when the plight of the poor or other public interest factors which impact on the economic and community value to be received by the Bitou Municipality demand otherwise.*
- *Subject to Council's Section 14 Determinations and an In Principle Approval in respect of a specific Disposal, (including taking into account the factors specified in sub-regulation 13(2) of the MATR, and without fettering Council's powers to determine otherwise), the Bitou Municipality shall dispose of social care properties at a purchase price of between 10% and 25% of fair market value subject to a suitable revisionary clause being registered against the title deed of the Property. Such a revisionary clause should oblige the alienee to pay the Bitou Municipality the difference between the actual purchase prices paid and the fair market value of the Property in the event that the alienee ceases to use the Property for a social care purpose, failing which the*

Section 6: Strategic Services

*Bitou Municipality shall be entitled to regain ownership of the Property.
The fair market value shall be determined as at the date on which the
alienee ceased to use the Property for a social care purpose.*

It's also important to note as per the Business report from SCC (Annexure A), that they are 1 (one) of 50 (fifty) FET institutions that are 100% owned by the Government. The Bitou Municipality Supply Chain Policy makes provision under Section 40 for the disposal of municipal assets which states the following:

40. Disposal management

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets will be subject to Sections 14 of the Act, and asset transfer regulations;
- (2) Assets may be disposed of by –
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset
- (3) The Accounting Officer must ensure that –
 - (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
 - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
 - (e)

By considering the plight of the poor's demand for skills development and the demand/need for work and education, as well as a general economic injection into the local economy is therefore sufficient as background to provide Council with a motivation to take a sound decision on the disposal of Ptn 40 of 437, Hillview.

Relevant Legislation

- (i) MFMA (Act 56 of 2003)
- (ii) Municipal Asset Transfer Regulations R878, of 22 August 2008
- (iii) LUPO. (Ordinance No. 15 of 1985)
- (iv) Bitou Supply Chain Policy

Comments: Chief Financial Officer

Provision will be made on the 2015/2016 budget for the loss with the disposal of the asset once the final purchase price is agreed upon as it will be disposed at less than its value.

Section 6: Strategic Services

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head Community Services

The recommendation by the Municipal Manager is supported.

Comments: Head Engineering Services

The recommendation by the Municipal Manager is supported.

Recommended by the Municipal Manager

1. That the application from the South Cape College to acquire a portion of Portion 40 of the Farm Hillview 437 Kwanokuthula be approved, as per Council resolution C/4/67/1014, in accordance to Section 36 of the Municipal Asset Transfer Regulations and other relevant legislation.
2. That it be confirmed in terms of Section 14 of the MFMA that the part of Portion 40 of 437 Hill View, is not required for essential services.
3. That the proposed disposal/lease of land be subject to public participation in terms of Section 21A of the Municipal Systems Act 32 of 2000 and Chapter 4 of the Municipal Asset Transfer Regulations of 2008 and that the decision be advertised for public comments and inputs.
4. That the Municipal Council approve the disposal of the land as per Section 40 (1) (2) (ii), of the Bitou Supply Chain Policy by transferring the asset to another organ of state at market related value or where appropriate free of charge. Further to the above, Section 40 (3) (a) stipulates: ...immovable property is sold at market related prices except when the public interest or plight of the poor demands otherwise subject to a suitable reversionary clause being registered against the title deed of the Property. Such a reversionary clause should oblige the alienee to pay the market related value of the Property in the event that the alienee ceases to use the Property for Educational purposes as per the MOA, failing which the Bitou Municipality shall be entitled to regain ownership of the Property as per Bitou Municipality Policy for the Management of Immovable Property Assets.
5. That the Municipal Council authorises the Municipal Manager to consider a nominal amount as to be offered by the South Cape College as per the Valuation report and to enter into a Memorandum of Agreement between the two parties.

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6. That the relevant property be disposed of as a single unit and not be subdivided, and all costs for rezoning if needed, and registration with Deeds offices, etc. be to the cost of the applicant. Title Deed restrictions must include the reversionary clause as per point 4 above.
7. That building plans be submitted for all structures on the site for consideration by the Municipal Council before erecting any structure, in compliance with all new statutory legislation.
8. That all costs in terms of rezoning, sub-division, legal and survey be borne by the South Cape College.
9. That the Municipal Manager be authorised to enter and sign all the necessary agreements and documentation to conclude the transaction.

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ITEM C/6/277/05/15

Council Meeting

REPORT ON THE DEVELOPMENT OF COMMUNITY RECYCLING INITIATIVES WITHIN THE CRAGS COMMUNITY AND BITOU

Department: Strategic Services **Demarcation:** Ward 1

File Ref: 17/15/1/23

Attachments:

1. Property site diagram
2. MOU between Bitou Local Municipality and the Bitou LED Mining Co-operation
3. Property Valuation Report

Report from: LED/Tourism Development Officer

Date: 20 April 2015

Purpose of the report

To inform the Municipal Council of the development of waste recycling initiatives within the Crags community on erven 745 and 514, and the further development of a comprehensive waste recycling value chain in Bitou. This is a collaborated effort between the Bitou LED Section and the Bitou Waste Management Section.

The Strategic Objective

Reduction of waste management cost through the involvement of communities in waste management initiatives.

Background /Discussion

Bitou Municipality spends in excess of R2.2m annually to transfer waste from Bitou to Petro SA and has also spent R1.3m on cleaning residential areas where illegal dumping takes place, during the last 5 months. This expenditure places a significant amount of pressure on the overall budget of Bitou.

In terms of Schedule 5B of the Constitution of South Africa (Act 108 of 1996), waste management is a local government competence that must be executed to protect human and environmental health (Constitution, S.24).

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The development of the Craggs Recycling and Skills Development Centre was earmarked as a priority project as part of Bitou LED's interventions in the 2013-2014 Bitou LED implementation plan to support waste recycling efforts by the Bitou Municipality Waste Management Section. With the addition of a skills development center, the project will add another dimension to its core business by providing critical skills transfers which will allow community members to participate in economic activities. The skills development center is envisaged to commence in the latter part of 2015. On inspection of the property, it is evident that the building on the property is dilapidated and poses a danger for people and property.

The applicant, The Craggs Recycling Project, wishes to formally make use of the property for the purposes of a swap shop and skills development centre. The rebuild of the structure will be done with the support of The Bitou LED Mining Co-operation who have committed to providing the material resources for the construction phase of the property and on-going business mentoring of the community organisation that will be managing the property. This forms part of their Social and Labour Plan as prescribed by the Department Minerals and Resources. Grant funding have been acquired for the labour component of the construction phase of the project. The granting of management, control and use of the property will be governed through a lease agreement between the applicant and Bitou Municipality

The establishment of the project in the Craggs in December 2014 was done with grant funding of R100 000.00 from Bitou Municipality, coming after the success of the Qolweni Swap Shop which was initiated in 2013. On average the Qolweni Swap Shop collects and sells 1 ton of waste per week collected through community participation. The grant funding was spent on the monthly rental cost of the container, the acquisition of the necessary equipment, which includes a scale, shelving and storage racks. The facility requires the bare minimum to operate as it only provides the facilities to receive goods and keep goods for exchange. The facility works on a point system which allows community members to accumulate points to "buy" goods such as groceries, i.e. rice, sugar, maize meal, school shoes and uniforms, books etc. Bitou provides funding (through the start-up grant funding) for the provision of goods on a monthly basis to barter for waste collected by community members. The swap shops buy their goods as group buys from retailers; this function is managed by the Plett Environmental Forum. It is important to note that there is no correlation between the rand value of a certain item and the points value allocated to it. Goods are more expensive at retail stores than at the swap shops. The swap shops "sell" their goods at a loss to the community and make their income from the sales of recyclables. Currently the main buyer of recyclables is the waste collection contractor working for Bitou Municipality and also bigger recycling collectors such as Mondi or Sappi. The challenge with big organisations such as Mondi and Sappi is the requirement of bulk purchases from the swap shops, which they are not always able to provide. On average these swap shops assist 50 – 100 people per week providing them with the means to acquire the bare necessities as a "reward" for cleaning up their community. Communities see the benefits in recycling and are able to capitalize on the value of recyclable waste.

The two projects act as pilot projects for Bitou to be further developed and be duplicated in other communities as well.

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The monitoring of the projects was done in conjunction with the Plett Environmental Forum. Currently the swop shops rely heavily on grant funding and also donations to sustain itself, but the future success of the swop shops depend on it being self-sustainable and recognised as drop off points for recyclable waste to be sold to willing buyers. These buy back centres (swop shops) allow community members direct access to the waste recycling value chain through remuneration for waste collection. With the future planning including such initiatives into the overall waste management plan, a degree of financial support will be required to ensure its inclusivity. This inclusion is currently under review.

According to the guidelines as set out by the Department of Environmental Affairs, a waste license is only required for a facility that has a storage /temporary storage capacity in excess of 100m² of waste resources, or where the operational area of the facility is more than 500m². If the swop shop uses 4 containers for each category of waste to be stored, it will not exceed the threshold of 100m. The current swop shops operate under the above mentioned threshold and therefore do not require a waste license. The future developments will be aimed at remaining under the threshold. Therefore the management of waste storage on the property should be done in accordance to the norms and standards as prescribed by *The National Environmental Management: Waste Act, 2008 (ACT NO. 59 OF 2008)*

The involvement of our communities in waste management furthers Council's strategic objective of strengthening the local economy by creating much needed job opportunities where unemployment affects up to 80% of communities.

Future Developments

In terms of *The National Environmental Management: Waste Act, 2008 (Act, 59 of 2008)* every municipality must develop and implement an Integrated Waste Management Plan, which outlines the management of waste generated within its area of jurisdiction. The IWMP provides an assessment of waste management in the municipality and an implementation plan for achieving the waste hierarchy over the next 5 years.

The LED Section in conjunction and under the guidance of the Waste Management Section is currently developing an Integrated Waste Management Plan for Bitou Municipality which aims to achieve the following objectives;

- Cost reduction methods to counter the rising cost of waste management in Bitou.
- A waste management value chain that will promote broader community participation in waste management and recycling.
- Education and promotion of recycling as a means of income creation.
- Eradication of illegal dumping sites.

It is envisaged that the swop shops become part of the supply chain in the integrated Waste Management Plan of Bitou. Functions of the swop shop can/will also include the management and implementation of recycling awareness programs in communities. It is also envisaged that the operations of the swop shops be subsidised to ensure the sustainability of the swop shops as they will provide a crucial link on recycling awareness.

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If approved by Council, it is envisaged that this Waste Management Plan will be implemented from the end of 2015.

Scope of Work

Planning Phase

- Architectural planning of the waste management and skills development centre. This will entail a collaborated planning effort between The Bitou LED Mining Co-operation, Bitou Municipality LED Section, relevant departments and the relevant community organisation.

Construction Phase

- Upgrading of building and accompanying amenities.
- Fencing of the property.
- Basic infrastructure development i.e. water and electricity supply – Basic infrastructure is present on the property, but will have to be further enhanced to suit the new development's needs.

Operational phase:

- Appointment of a management group (community based) to use the property on a commercial basis.
- Ongoing mentoring and business development support to the community organisation up to 3 years from inception.

It is envisaged that this project will be completed by end September 2015.

Project Stakeholders

Bitou Local Municipality
The Bitou LED Mining Co-operation
The Plett Environmental Forum
The Crags Recycling Project – The applicant

The future success and sustainability of the project will be enhanced by the following:

- This initiative forms part of multiple community waste management initiatives within Bitou assisted and supported by the Bitou Waste Management Section and LED Section, The Plett Environmental Forum and The Bitou LED Mining Co-operation.
- The rolling out of the skills development programme that will provide the community management team with the necessary business skills and tourism specific skills to successfully manage the venture.

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- On-going maintenance of the facility and all associated infrastructure through the implementation of a maintenance plan.

Conclusion

The inclusion of community swap shops as an integral part of the Bitou Waste Management Plan will significantly assist in reducing the waste volumes going to landfill and in reducing the waste volumes being transported to Petro SA Mossel Bay. This will have a direct positive influence on the cost of waste management in Bitou and ensure sustainable small businesses within the waste management value chain. The promotion of recycling and responsible waste management will also contribute to a cleaner town and a healthier living environment within our communities.

“The case for recycling is strong. The bottom line is clear. Recycling requires a trivial amount of our time. Recycling saves money and reduces pollution. Recycling creates more jobs than landfilling or incineration. And a largely ignored but very important consideration, recycling reduces our need to dump our garbage in someone else's backyard”- David Morris of the Institute for Local Self-Reliance

Financial Implication

- The architectural drawings and material resources for the construction phase will be provided by The Bitou LED Mining Co-operation.
- The cost for the upgrade of the basic services on the property will be depended on the approved architectural plans and drawings. It is envisaged that the planning of the building layout will be done according to the most cost effective way for Bitou Municipality to upgrade the necessary basic services.
- Rezoning of the property to Business Zoning.
- Applications for additional funding for the provision of labour during the construction phase are currently underway with EPWP.

Benefits to the Municipality

- Socio and economic benefits to the community with the establishment of community driven business in the waste management industry (green economy) and as part of the Bitou integrated waste management plan.
- Cleaner and healthier communities and town.
- Job creation opportunities.
- Cost benefits in the reduction in waste management costs.
- The development of an asset on municipal property enhancing its value and usefulness.

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Relevant Legislation

- *Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).*
- *Section 14 of the Local Government: Municipal Finance Management Act, 56 of 2003, Municipal Asset Transfer Regulations, R 878, 22 August 2008.*
- *Land Use Ordinance 15 of 1985.*
- *Schedule 5B of the Constitution of South Africa (Act 108 of 1996),*
- *The National Environmental Management: Waste Act, 2008 (Act, 59 of 2008)*

Comments: Chief Financial Officer

The Municipal Finance Management Act, (Act 56 of 2003), Section 14(2) determines that a municipality may only transfer ownership or otherwise dispose of a capital asset, only after the municipal council has in a meeting open to the public-

- (a) Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- (b) Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

The market related valuation for erf 745 Kurland is determined as R27,000 and erf 514 Kurland is R14,000, the market related rental is also contained in the valuation report on page 13 to 16 and it is therefore recommended that the valuations determined by the municipal valuer be used as reserve price for a possible alienation or minimum rental should council decide to let the property to a prospective entrepreneur.

The recommendation by the Municipal Manager is supported.

Comments: Head: Corporate Services

The recommendation by the Municipal Manager is supported.

Comments: Head: Community Services

Buy-back Centres play vital roles within the overall waste management system, allowing greater levels of efficiency in the processing of waste and enabling the achievement of higher levels of action within the waste hierarchy.

The Buy-back Centre form part of the Integrated Waste Management Strategy of Bitou Local Municipality by promoting recycling in the communities.

These recycling initiative will benefited the town through diverting recyclables from the landfill site, but also the communities in where they are located. These benefits are in the form of the achievement of a measurably cleaner environment due to the fact that recyclable waste is being recycled as well as the provision of permanent job opportunities.

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Waste recycling is one of the ways in which we can curb litter.

The recommendations of the Municipal Manager are supported.

Comments: Head: Engineering Services

Any initiative that supports social programmes to support the poor communities to alleviate poverty is always supported.

Disposal of land should be dealt with in terms of the Asset Transfer Regulations.

Infrastructure services are available in the area or vicinity of the site proposed but will have to be formally applied for through the Finance Department (for a water and sewer connection, including a pre-paid meter for electricity). The payment for services will be based on consumption of those services as per municipal tariffs.

The recommendations of the Municipal Manager are supported.

Recommended to the Municipal Manager

1. That it be confirmed in terms of Section 14 of the Municipal Finance Management Act, that the land (Erf 745 Kurland, Plettenberg Bay) is not required for essential services.
2. That the Municipal Council adopt compliance with the MATR 36, as per the process of alienation.
3. That the proposed lease or purchase be subject to public participation in terms of Section 21A of the Municipal Systems Act 32 of 2000 and Chapter 4 of the Asset Transfer Regulations of 2008.
4. That the Municipal Council approves the lease/disposal and or alienation of Erf 745, Kurland Plettenberg Bay.
5. That the Municipal Council delegates the powers to the Municipal Manager to finalise a SLA for the “Swop shop” and skills development centre as per the scope of tender.
6. That the development’s successful bidder to bear the costs for “Rezoning” and other related costs.
7. That the marker related value and rental amounts be used as reserve price and minimum monthly rental upon the consideration of the award of tenders for the alienation or rental of the property.

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ITEM C/6/278/05/15

Council Meeting

KEY ACTIONS FOR THE IMPLEMENTATION OF SPLUMA & LUPA – APPROVAL OF LAND USE MANAGEMENT BY-LAWS AND INTRODUCTION OF MUNICIPAL PLANNING TRIBUNAL

Department: Strategic Services **Demarcation:** All Wards

File Ref: 1/2/1/1 & 15/1/P

Attachments:

1. Annexure “A” – Circular EADP 0003/2015 and Regulations
2. Annexure “B” – Land Development Management By-Law

Report from: Manager: Town Planning

Date: 11 May 2015

Purpose of the report

The purpose of this report is to obtain the necessary Council resolutions required in terms of the Spatial Planning and Land Use Management (SPLUMA), Act 16 of 2013 (hereafter referred to as the Act), which is anticipated to be implemented on 1 July 2015. A number of decisions are required from Council in order to put structures and processes in place prior to 1 July 2015. Critical steps include the establishment of a Municipal Planning Tribunal (MPT) (and the associated decisions related thereto), the approval of a Municipal Land Use Planning By-law and the establishment of an Appeal Authority.

Therefore, the purpose of this Item is for Council to resolve on the following:

1. To take note of the anticipated implementation date of SPLUMA on 1 July 2015.
2. To take note of the contents of the SPLUMA Regulations published on 23 March 2015.
3. To decide on the type of the Municipal Planning Tribunal (MPT) and delegate to the Municipal Manager the authority to establish the MPT.
4. To adopt the principles upon which the categorisation of land use applications will be done to determine which type of land use and land development applications will be considered and determined by the MPT and which by an authorised official(s) in the employ of the municipality, and to delegate to the Municipal Manager the authority to implement the categorisation.

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5. To delegate to the Municipal Manager the authority to appoint the authorised official(s) who will decide upon land use applications that are not to be determined by the MPT.
6. To take note of the procedure proposed for the hearing of appeals.
7. To approve the Land Use Management By-Laws.

Background

Council received Circular: EADP 0003/2015 from the Western Cape Department Environmental Affairs and Development Planning (see attached copy as Annexure A) in which the promulgation of SPLUMA was made known.

This circular brought to our attention the fact that regulations in terms of the Act were published on 23 March 2015 (the Spatial Planning and Land Use Management Regulations: Land Use Management and General Matters, 2015) under Notice R239/2015 in Government Gazette 38594 (see Annexure A). During March 2013 Council resolved that the Land Use Management By-law be advertised for comment which was duly done. Only one comment was submitted which was not material to amend the by-law as advertised. It should be mentioned that the by-law is a standard by law which will be implemented by virtually all municipalities in the Eden area. These by-laws must now be approved by Council for promulgation.

In order for Council to be ready for the implementation of SPLUMA on 1 July 2015, a number of key actions need to take place as outlined under the discussion.

Discussion

The following key actions are required in order to be ready by 1 July 2015 for the implementation of SPLUMA:

1. ESTABLISHMENT OF A MUNICIPAL PLANNING TRIBUNAL IN TERMS OF SECTION 35 OF SPLUMA.

A municipality must, in order to determine land use and development applications within its municipal area, establish a Municipal Planning Tribunal (MPT) in terms of Section 35 of SPLUMA and Sections 2 and 3 of the SPLUMA regulations. The Municipal Planning Tribunal can be either for a single municipality or can be a Joint Municipal Planning Tribunal established in agreement with one or more other municipalities.

Notwithstanding the above, the municipality may also in terms of Section 35(2) delegate categories of applications to a Designated Official (DO) in the municipality to decide on such applications. For such purpose the types of development applications should be categorised in terms of Section 35(3) to determine which types of applications will be considered by the Designated Official and the MPT respectively.

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It should also be noted that notwithstanding the fact that the municipality is the authority of first instance to decide on land use applications, certain categories of land use applications will also require a decision by either the National Minister (SPLUMA - Section 52) or the Provincial Minister (LUPA Section 53) where such applications falls within such national or provincial competencies as prescribed by the respective laws.

Composition of MPT

A MPT consist of at least 5 or more members (Section 36(3)) of whom a Chairperson and Deputy Chairperson must be appointed by the Council.

In terms of Section 36(1) a MPT must consist of:

- (a) Officials in the full time employ of the municipality (i.e. staff); and
- (b) Persons appointed by the Municipal Council who are not municipal officials (i.e. external members).

The SPLUMA Regulation do however determine in terms of Section 3(2) that external members may include officials or employees from national, provincial or another municipality, a government business enterprise, a public entity, organised local government, NGO, and a municipal support organisation created for such purpose.

It is important to note that Section 36(2) stipulates that no municipal councilors may be appointed as MPT members.

The Draft Standard Municipal Planning By-laws proposes in term of Section 73(1) that, presuming a minimum number of 5 MPT members, at least 3 MPT members are staff and the remaining 2 are external members.

Section 36(1)(b) further determines that such external members have appropriate experience and knowledge in the planning fields, and for which purpose the municipality, in terms of Section 3(1)(e) of the SPLUMA regulation, must identify any additional criteria that such members must comply with.

Section 39 makes provision for the co-opting, appointment or employment of technical advisor(s) to the MPT (or DO) and the Appeal Authority for assistance in the performance of their respective duties. The SPLUMA regulations (Section 11(2)) determines that such technical and other advisors must be a person with knowledge and experience specific to land development and land use applications and who is registered with such relevant professional body or voluntary association.

Functioning of MPT

Section 40(1) determines that the MPT may designate at least (i.e. minimum of) 3 members of such MPT to hear, consider and decide on an application, and of which at least one such member should be an external member (Section 40(2)). For such meeting the appointed chairperson of the MPT must designate one of such three members to be the presiding officer (Section 40(3)).

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The MPT has considerable duties and responsibilities for which purpose it needs to be supported by competent professional and administrative capacity. Such functions include, but are not limited to inter alia:

- To keep record of and appropriately report on all its proceedings and decisions (Section 40(5&6)) and SPLUMA Regulations.
- To keep within prescribed timeframes to make its decisions (Section 40(9) & 44)
- To ensure compliance with all relevant legislation (Section (42)),
- To undertake investigations for which purpose appropriate technical advisors may have to be appointed (Section 48).
- To conduct public hearings (SPLUMA Regulations).

Discussion on MPT options

The decision of a municipality to institute any of the MPT options may be preceded by an assessment of inter alia the impact of the new planning law on the municipality's financial, administrative and professional capacity, the development pressures and intensity of land use applications within its municipal area. (SPLUMA Regulations Section 2)

It is an important legal principle that the staff involved in the evaluation of an application cannot be involved to decide on the matter, i.e. the professional staff (town planners) conducting the evaluation of an application cannot serve as members on the MPT. This aspect puts a severe restriction on the available officials which can serve on the MPT.

Option 1: Own Municipal MPT

<p><u>Composition Considerations</u></p> <p>Dedicated MPT with internal administrative support:</p> <ul style="list-style-type: none">• Internal Complement: Permanent staff members• External Complement: External Individuals or Designated Provincial officials or municipal officials from other municipalities.
<p><u>Challenges</u></p> <ul style="list-style-type: none">• Limited capacity of suitable internal staff not involved in evaluation process• Availability of suitable external members if not provincial staff as well as the related cost for remuneration.
<p><u>Benefits</u></p> <ul style="list-style-type: none">• Internal control over tribunal administration• If designated Provincial officials or municipal officials from other municipalities are sourced as external members, there will be no additional cost for remuneration.

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To Clarify

- Which municipal officials will be considered appropriate members to serve on the MPT.

Option 2: Joint MPT

Composition Considerations

Joint MPT with joint administrative support and tribunal meetings:

- Internal Complement: Body of officials from all participating municipalities
- External Complement: External Individuals or Designated Provincial officials (municipal officials from other participating municipalities cannot serve as external members)

Challenges

- Distribution of administrative and operational cost between municipalities with different needs, capacity and intensity of land use applications.
- The responsibility of the joint MPT administration and accountability
- Capacity of smaller municipalities to participate.

Benefits

- Potential cost sharing and savings
- Larger body of appropriate professional staff to serve as MPT members
- Potential for increased objective and responsible decision making.
- Potential for increased independence and credibility.

To Clarify

- Agreement amongst municipalities to participate in Joint MPT.
- Agreement on expectations and standard operating procedures amongst participating municipalities.

Option 3: District MPT

Composition Considerations

Single MPT and tribunal administration for District:

- Internal Complement: Body of officials from all participating municipalities
- External Complement: External Individuals or Designated Provincial officials (municipal officials from other participating municipalities cannot serve as external members)

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<p><u>Challenges</u></p> <ul style="list-style-type: none">• The Eden District Municipality has no current capacity to undertake, administer and support the Tribunal function• Distribution of administrative and operational cost between municipalities with different needs, capacity and intensity of land use applications.
<p><u>Benefits</u></p> <ul style="list-style-type: none">• Adequate planning staff to serve on rotational basis as internal members• Clear accountability of administrative function• Potential cost sharing and saving
<p><u>To Clarify</u></p> <ul style="list-style-type: none">• Municipality's willingness to use the District Model and the appetite and capacity of the District municipality to adopt and perform the MPT function

Consideration of MPT Options

The Municipal Planning Staff of the Eden District, (with the exception of Oudtshoorn - and Kannaland Municipalities which were invited but did not attend), had a workshop on the MPT in order to consider the options available for implementation. Considering the benefits and challenges of the MPT options as discussed above, the following principles were regarded as positive considerations and inputs to be taken up in an MPT model:

- The independence, objectivity and credibility of the MPT must be ensured and this can be assisted by enhanced capacity for responsible decision making.
- The system must not be too taxing on the capacity of existing staff to manage and participate in an MPT.
- Inherent control over administration of tribunal should remain with individual municipalities in order to cater for unique operational requirements and related costs with clear administrative accountability;
- The required external members of a Tribunal should preferably be sourced from other spheres of Government and municipalities to reduce cost as well as ensuring appropriately competent members to enhance responsible decision making and the credibility of the MPT.
- A larger pool of appropriate professional staff to serve as internal MPT members should ensure appropriately competent internal members to enhance responsible decision making and the credibility of the MPT.

Following from the above considerations, a "hybrid" Joint MPT option was developed which capitalises on the beneficial aspects of a Joint MPT and negates the challenges to a large extent. This proposed hybrid joint MPT is as follows:

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Option 4: Joint (Hybrid) PMT

Composition

It is proposed that the Joint (Hybrid) MPT option should be based on the following composition and administrative structure and processes (although the detail of the structure will have to be discussed in detail in the very near future:

MPT structure

- **Internal Complement:** Each municipality to nominate its appropriately skilled professional planners.
- **External Complement:** Nominated appropriately skilled professional planners from the Provincial Government or other municipalities in the region not participating in the Joint MPT.

Municipalities to agree on a rotational system of Chairpersons and Deputy Chairpersons to manage and coordinate the MPT meetings, or alternatively to agree on the appointment of an external Chairperson.

This model provides that each municipality will continue to have separate and dedicated meetings in its own area of jurisdiction and serviced by its own administration, for purposes of which a designated MPT will be appointed from the available body of MPT members by the Chairperson to consider and decide on the matters submitted in terms of that municipality's agenda.

In terms of the legislative provisions, such designated MPT will consist of at least 3 members, of whom 1 (or $\frac{1}{3}$ for a larger designated MPT) member will be from the external members and the other two internal members (or $\frac{2}{3}$ for a larger designated MPT) will be planning staff from other municipalities.

Each municipality will consequently continue to administer the applications within its own area of jurisdiction, maintaining its own application register, preparing its own agendas and keeping its own minutes and register of decisions. It will establish a program for MPT meetings in accordance with its operational requirements.

Challenges

- The buy-in from the Eden Municipal Councils will have to be secured. From information provided by the other planning managers this buy-in appear more than likely.
- A joint MPT will require some degree of standardisation of operational procedures amongst the participating municipalities.
- The proper coordination of the respective meetings and system of rotation amongst MPT members will have to be formalised.

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Benefits

This MPT model optimized the achievement of most of the principles listed above, but the following aspects must be noted in particular:

- Bitou Municipality MPT members will not be involved in the adjudication of Bitou applications and the municipality's planning staff are thus free to be fully involved in the evaluation of such applications and to argue such case on behalf of the municipality to the designated MPT during the meeting of the MPT.
- The arrangement will ensure that each municipality can conduct its business in accordance with its own unique operational requirements and resources.
- The available large pool of MPT members and a proper rotational system will ensure that the individual member's involvement in MPT meetings will be kept at a minimum.
- With dedicated meetings and agendas the duration of the meetings will also be kept to a minimum.
- The dedicated agendas and MPT meetings at each municipality will also ensure access for the general public.
- This model enshrines the independence, objectivity and credibility of the MPT and enhances the skill capacity for responsible decision making.

From discussion with the other municipalities it seems as though all municipalities are in favour of pursuing the concept of the Joint (Hybrid) MPT. Because of the many advantages of this model it is recommended that the Municipal Manager should be authorized to enter into negotiations with the other Municipalities which are also willing to enter into an agreement to establish a Joint Municipal Planning Tribunal.

2. APPOINTMENT OF MEMBERS OF THE MUNICIPAL PLANNING TRIBUNALS (MPT) IN TERMS OF SECTION 36 & 37 SPLUMA

A MPT must consist of a minimum of 5 members, of which a minimum of 3 must be internal municipal officials and a minimum of 2 must be external members (to be from another organ of state / provincial government / national government / another municipality / external consultant). The Municipality must identify the "internal" members from its own officials to serve as Municipal Tribunal Members, and either call for nominees to sit as external members of the MPT and/or invite officials from another organ of state to sit as the external members. The council must decide on its preference in terms of composition, bearing in mind the financial and human resource implications thereof.

The Municipality must invite nominations or applications through the press for persons who are not municipal officials and who have knowledge and experience of spatial planning, land use management and land development or the law related thereto.

The Municipality must prepare and adopt terms and conditions of service of Municipal Planning Tribunal members in line with norms and standards published by the Minister.

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Schedule 1 of the SPLUMA Regulations (attached hereto as Annexure A) serve as the minimum norms and standards for such terms and conditions.

Due to time constraints, it is recommended that the Municipal Manager be delegated to negotiate with the other municipalities and take the necessary action in fulfilling the steps mentioned and report back to Council with recommendations on the appointment of the Joint Municipal Planning Tribunal (MPT).

3. CATEGORISATION OF LAND USE AND LAND DEVELOPMENT APPLICATIONS AND THE AUTHORISED OFFICIAL

A municipality may authorise that certain types of land use and land development applications be considered and determined by an official in the employ of the municipality, through the categorisation of applications.

This is similar, in principle, to the practice in terms of which certain applications made in terms of the Land Use Planning Ordinance were delegated to municipal officials, so it is not something new. However, because there are costs and extra time associated with submitting a matter to the Tribunal efficiency suggests that more, rather than fewer applications should be dealt with by an authorised official.

There is an infinite number of ways to categorise applications, such as by type, whether there are objections or not etc. In this regard the following needs to be noted:-

- a) Categorisation of applications is a prerogative of the Council and once decided upon can always be amended if circumstances change or if it is found that amendments to the categorisation will result in improved service delivery – also note that change after the initial decision on categorisation may affect the MPT and its instructions and terms of reference as well – so any decision on amendment of previously approved categorisation will have to take the Tribunal into account as well.
- b) The principles proposed for use in the categorisation model are:
 - Applications in line with approved policy and Spatial Development Framework may generally be approved by the authorised official, regardless of whether or not there are objections to the application.
 - Applications not in line with approved policy and Spatial Development Framework may generally be refused by the authorised official, regardless of whether or not there were objections to the application.
 - Applications **not** in line with approved policy and Spatial Development Framework which are to be recommended for approval and applications in line with approved policy and Spatial Development Framework which are to be recommended for refusal must always be determined by the MPT, regardless of whether or not there objections to the application.
 - The application of the general rules should be mediated by exceptional factors such as impact of the development; number of objections; whether or

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not objectors dispute the proposition that the application is in line with policy

The municipality, therefore, should categorises its land development applications, so that it is clear when an application is to be considered by the authorised official, and when an application is to be decided by the Municipal Planning Tribunal.

It is recommended that the Council adopt the principles recommended above and delegate authority to the Municipal Manager to put in place the categorization in line with those principles.

In addition the municipality must designate officials who will act as the Authorised Official to dispose of land use applications that are not determined by the Municipal Planning Tribunal. It is recommended that the Municipal Manager be delegated authority by Council to designate authorised officials.

4. DETERMINATION OF THE APPEAL AUTHORITY IN TERMS OF SECTION 51 OF SPLUMA

In terms of Section 51(2) of the Act the Executive Authority of a municipality, i.e. the Executive Mayor, is the Appeal Authority for decisions taken by the MPT or authorized official.

In terms of Section 56 (SPLUMA) and Section 20(d) (SPLUMA Regulations) such power to decide on Appeals may be delegated to another political office holder, an external body (including a body as part of a joint MPT agreement) or an official (or body of officials) in the employ of the municipality. It should be noted that an opinion is held by the Western Cape Government that delegation of this function to an independent body or institution outside of a municipal context is regarded as unconstitutional.

For the purposes of Bitou Municipality it is recommended that all appeals be considered by the Mayoral Committee. The final decision in all cases resides with the Executive Mayor.

5. APPROVAL OF LAND USE PLANNING BY-LAW

As mentioned previously, the Land Use management By-law was tabled before Council during March 2013 where it was resolved that the by-law be advertised for comment. One input was received which was not material in content to justify the amendment of the by-law. It is pointed out that the by-law is a standard by-law drafted by the Provincial Department and has been rigorously scrutinized in terms of compliance with to other legislation, including the constitution. It is therefore advisable to implement the by-law rather than attempt to develop an own by-law. Council is therefore requested to consider approval of the Land Use Management By-law.

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Financial Implication

The anticipated financial implications are applicable to the following items:

- Advertisement costs
- Administrative Compliance Officer
- Operational costs of the Joint Municipal Planning Tribunal which are unknown at present.

Executive Summary

In view of the fact that the Spatial Planning and Land Use Management Act is to be promulgated on 1 July 2015 Council must prepare for dealing with land use and planning matters in accordance to the new legislation. In order to do this and as per the new legislation, Council must:

- (1) take note of the new planning legislation,
- (2) establish a Municipal Planning Tribunal and delegate to the Municipal Manager the authority to liaise with role players in the establishment of the Tribunal,
- (3) adopt principles for categories of land use applications to serve before the Tribunal,
- (4) delegate authority to the Municipal Manager to appoint a Municipal Official to deal with matters not to be tabled before the Tribunal,
- (5) to approve the Land Use Management By-law for promulgation.

Relevant Legislation

1. National Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013).
2. National Regulations in terms of the Spatial Planning and Land Use Management Act, Act 2013 (Act 16 of 2013),
3. Provincial Western Cape Land Use Planning Act, 2014 (Act 3 of 2014).
4. Draft Provincial Regulations in terms of the Provincial Western Cape Land Use Planning Act, 2014 (Act 3 of 2014).
5. Draft Proposed Bitou Municipal Planning By-Law.

Comments: Chief Financial Officer

No budgetary provision is currently made for any expenditure in respect of the establishment of the Planning Tribunal and it would need to be provided in an Adjustment Budget once all cost factors are known.

Comments: Head Corporate Services

The recommendation by the Municipal Manager is supported.

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Comments: Head Community Services

The recommendation by the Municipal Manager is supported.

Comments: Head Engineering Services

The recommendation by the Municipal Manager is supported.

Recommended by the Municipal Manager

1. That the Municipal Council takes note of the anticipated implementation date of SPLUMA, being 1 July 2015.
2. That the establishment of a Joint Municipal Planning Tribunal be supported in principle.
3. That authority be delegated to the Municipal Manager to negotiate and conclude on behalf of Council with other participating Local Municipalities an agreement regarding the establishment of the Joint Municipal Tribunal
4. That a report be submitted to Council on the outcome of the negotiations with participating Local Municipalities in establishing a Joint Municipal Planning Tribunal in terms of the Spatial Planning Land Use Management Act (Act No. 16 of 2013).
5. That authority be delegated to the Municipal Manager to carry out all required procedures, in conjunction with the Municipal managers of the other participating municipalities to identify members for appointment to the Joint Municipal tribunal and to agree terms of appointment with them; and that the Municipal Manager be instructed to bring an item to Council at its meeting in July for the appointment of the Tribunal members.
6. That authority is delegated to the Municipal Manager to determine and approve the categorisation of land development applications, in line with the principles set out in this report
7. That authority is delegated the Municipal Manager to appoint an Authorised Official or more than one Authorized Officials from among the staff currently in the full time employment of the municipality, and to designate full time members of staff of the municipality to carry out any other functions prescribed by the Act or the relevant Regulations

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Council Meeting

CALL FOR PROPOSALS FOR THE LEASE AND MANAGEMENT OF THE VON PLETTENBERG BEACON MONUMENT, SIGNAL HILL AND A PORTION OF PARKS AND RECREATION VIEWING POINTS

Department: Strategic Services **Demarcation:** Ward 2
File Ref: 18/246/PB, 18/255/PB, 18/2096/PB & 18/2864/PB
Attachments: Annexure A: Evaluation Report and maps
Report from: LED Officer (L Jonas)
Date: 13 April 2015

Purpose of the report

To advise the Municipal Council of the lease and its intention to call for proposals for the management of the viewpoints for economic development purposes.

Background /Discussion

The three viewpoints are strategically positioned to afford tourist and locals exceptional views over Plettenberg Bay.

The viewing points create a variety of unique opportunities for example whale watching, tea gardens and site seeing.

It also has the potential to be developed and create a platform for business opportunities.

Viewing Points

1. Von Plettenberg Bay Monument (Portion of Erf 246 Plettenberg Bay)
2. Signal Hill (Erf no 255 and surrounding public land, Plettenberg Bay)
3. Parks & Recreation (Portion of Erf 2096 and 2864 Plettenberg Bay - old nursery)

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Whale watching season

Plett receives many visitors during the whale watching season that starts in May to September. That is when the foreign tourist comes in their numbers driving through our beautiful town. These viewpoints have the potential to create a safe attraction, if managed and it can be a marketing tool for our town. Tourist buses are often parked at Signal Hill view point, where there are no facilities for visitors.

Vandalism

Due to on-going vandalism to and around the viewing areas the municipality has to regularly maintain the sites. This led to the decision to calling for proposals to manage the viewing areas and create an entrepreneurial development opportunity. During the December holiday season most of the plastic bins that the municipality provides at the viewing point got burned. Supervision is needed as this can cause serious injuries and uncontrolled runaway fires.

Intended outcome

The intended outcome is the management of the viewpoints by separate local entrepreneurs in order to increase their attraction and to create economic benefits for local operators.

Social Benefits

- Safe view points
- Vandalism decreased and managed
- Marketing for Plettenberg Bay
- Local Economic Development
- Additional tourism attractions

Public Participation

1. A notice for public comment on disposal of land in terms of the MFMA was published in the What's New in Plett (30 January 2014)
2. Four people required more information on the objective for the disposal of the land.

Comments/Objections received

1. Derrick Anderson
2. Elbie Burger
3. Koos de Waal
4. Paul Scheepers
5. Signal Hill Action Group

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Summary of comments/Objections

Property owners bordering on Erf 2864, which is a green belt, would like to put a proposal to the municipality that they jointly, buy or lease Erf 2846, they would like it remain as such.

Comments/Objections Erf 246 (Von Plettenberg Bay Monument)

The proposed steps of proposed use and commercial development of Erf 246, or any portion thereof as set out in Notice 08/2014 is in direct conflict with the title deed conditions set out by the National Monument Council (now SAHRA) pertaining the Timber Shed. The proposal is not for disposal of the properties but the lease thereof.

The proposal is in conflict with the Title Deed

- *“The Old VOC Timber Shed could be re utilized as a museum, café, and for indoor and outdoor exhibits and sculpture garden surrounding it”*

The portion of land on which the Timber Shed is located on will not be part of the proposal.

Comments/Objections Signal Hill (Erf 255)

The municipal council adopted a document called the Urban Renewal concept document a few years ago, stating to use Signal Hill as a tourist attraction. The guiding vision of the document states “The vision is to redefine it as a scenic destination for tourist and locals alike”.

Financial Implication

No direct costs, but income from leases will be collected.

Relevant Legislation

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and related regulations.

Valuation Report

The extent of the subject areas is 7205m², 3965 m² and 8.4110 ha with an estimated market related value of R100 000, R300 000 and R5947 500.00 respectively for outright purchase and R3000, R3000 and R6000 monthly fee for lease at an escalation of 7-10% per year.

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Regulation 36 of the MATR stipulates that the municipal council must, when considering approval for any proposed granting of a right to use, control or manage a capital asset, take into account:

- a) whether the capital asset may be required for the municipality's own use during the period for which the right is to be granted;*
- b) the extent to which any compensation to be received for the right together with the estimated value of any improvements and enhancements to the capital asset that the private sector party or organ of state to whom the right is granted will be required to make, will result in a significant economic or financial benefit to the municipality;*
- c) the risks and rewards associated with the use, control and management of the capital asset in relation to the municipality's interest;*
- d) any comments or representations on the proposed granting of the right by the local community and other interested parties;*
- e) any written views and recommendations on the proposed granting of the right by the National Treasury and the relevant provincial treasury;*
- f) the interests of any affected organ of state, the municipality's own strategic, legal and economic interests and the interest of the local community; and*
- g) compliance with the legislative regime applicable to the proposed granting of the right*

Comments: Chief Financial Officer

The recommendation by the Municipal Manager is supported.

Comments: Head: Corporate Services

All three areas listed are of significant value for the town as tourists attractions on the one hand and monuments on the other hand where applicable. We must guard against privatising of such areas and also against creating exclusive use areas. I can therefore not support the initiative as it will not be in the public interest. What needs to be done is that council must try to clean and protect the said areas as part of an EPWP initiative.

Comments: Head: Community Services

Plettenberg Bay is highly dependent on tourism for economic growth of the town, and in fact it is the main stream of income to the town. There are a number of other tourist related activities such as Whale watching, Bungi- jumping, Monkeyland, etc. All these activities together with hotels and B&B's can complement each other to create a broader base of income to the town. The aesthetic development of these viewpoints can be an added attraction for tourism, and create local economic opportunities. The development of a low key tearoom sunken into the ridge on Erf 255 (Signal Hill) together with aesthetically pleasing toilets has always been a development thought by Council. The development of any of these facilities needs however to be aesthetically pleasing and

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have no impact on the environment and vegetation. The proposal of the Dep. Strategic services is very much supported.

Comments: Head: Engineering Services

The municipality must guard against disposing of strategic properties owned by the municipality. Various other means of protecting such areas must be explored and more locally unemployed residents be considered for protection of those areas to keep them clean and safe.

The recommendations by the Municipal Manager are therefore not supported.

Comments: Head: Strategic Services

That the Manager: Legal Service support the LED Section in the preparation and conclusion of the necessary agreements and contracts.

Comments: Manager: Legal Services

All the comments are noted especially the comments made by the Head: Strategic Services. It is further recommended that the Municipal Manager take into account the commercial value of the activity that will be performed in each case where a lease and/or service level agreement is entered into to by inserting a clause into the agreement which will allow for the payment of a percentage of the monthly turn-over in addition to the monthly rental amount. The current monthly rate ranges between 5 and 8 per cent depending on turn-over. The higher the turn-over the lessor the rate of payment derived from the commercial activity. The additional payment will ensure and hopefully have the effect that only serious commercial traders that are sensitive to the environment in which they will be operating, are attracted. It will also have a mitigating effect on the costs associated with the concomitant risk that will arise from the commercial activity for the Municipality. In summary the recommendations of the Municipal Manager are supported.

Recommended by the Municipal Manager

1. That the Municipal Council confirms that the land is not required for service delivery and may not be sold or disposed of other than through long term lease, short term lease or service level agreement.
2. That the Municipal Council approves the proposed use and management/operation of the public viewing points and immediately abutting land by "calling for proposals" through a competitive bidding process.
3. That the Municipal Council consider and adopts the set guidelines as per Section 12 and delegate the power to the Municipal Manager for entering into Service

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Level Agreements and Supply Chain processes to lease the properties as per the Municipal Asset Transfer Regulations, in line with the valuation report submitted.

4. That, in terms of Section 21 of the Municipal Finance Management Act, 56 of 2003, public participation process be conducted.
5. That the Municipal Council approves the “Call for Proposal” for Von Plettenberg Bay Monument (Portion of Erf 246 Plettenberg Bay), Signal Hill (Erf no 255 and surrounding public land, Plettenberg Bay) and Parks & Recreation (Portion of Erf 2096 and 2864 Plettenberg Bay - old nursery) after which the SCM Policy and other related legislation be adhered to.
6. That the Municipal Manager be delegated with the authority to determine the market value for lease to each site prior to entering into the relevant agreements.

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Council Meeting

**AMENDMENT OF THE OUTDOOR ADVERTISING AND SIGNAGE BY-LAW
AND MANAGEMENT PLAN**

Department: Strategic Services **Demarcation:** All Wards

File Ref: 16/3/7

Attachments:

1. Annexure A - Outdoor Advertising and Signage By-Law
2. Annexure B - Signage Policy
3. Annexure C - Outdated Advertising Contract

Report from: Spatial Planner: L. Ramakuwela

Date: 05 May 2015

Purpose of the report

The purpose of the report is to present to the Municipal Council, the amended Municipal Outdoor Advertising and Signage By-Law, attached as Annexure A for approval. The report further seeks to propose a long term lease of determined municipal space in the Central Business District (CBD) and surroundings to a contractor to manage outdoor advertising.

Background /Discussion

Pressure from local businesses and tourism bodies to realise certain advertising opportunities, to correct gaps in the current Bitou Outdoor Advertising and Signage By-Law and also to address certain inadequacies in its application, prompted the Strategic Services Department to amend Section 3 and 13(3) to (11); Schedule 10, 11 and 12 of the Municipal Outdoor Advertising and Signage By-Law. The amended section will therefore align with the adopted Signage Policy (Annexure B) which serves as a framework for the effective implementation and management of outdoor advertising in the Municipality.

In October 2014, the Executive Mayor presented a Draft Municipal Outdoor Advertising and Signage By-Law to the Municipal Council for permission to commence with public participation. (Resolution, C/6/255/10/14). The Draft By-law was advertised for comments from 18 December until 19 February 2015. Prior to amendment, a meeting was held with all estate agencies. It was resolved at that meeting that all estate agencies will pledge to limit the number of directional signs and duration when advertising properties. The new conditions were then incorporated in the draft by-law. A comprehensive public participation process of By-Law amendment was adhered to. The few comments received were then considered and included in the draft document. The by-law will now accommodate the current trends for advertising in line with the guidelines contained in the South African Manual for Outdoor Advertising Control (SAMOAC).

Scope of amendment

The proposed amendment only revised section 3 and 13(4) to (11); schedule 10, 11 and 12 of the current Outdoor Advertising and Signage By-Law. The proposed amendments concerns limitations to;

- (1) permissible number of advertising boards for estate agencies,
- (2) limiting the number of directional signs for estate agencies,
- (3) limiting the duration of advertising for estate agencies.
- (4) restricting usage of posters and banners by local businesses to events only,
- (5) restricting sales of movable properties on municipal space unless permission has been by the municipality.

Leasing municipal space for outdoor advertising

In 2003, the Bitou Municipality entered into a six years contract with Suburban and Industrial Sign Design (PTY.LTD) (Annexure C) for the lease of determined municipal space for advertising purposes. This entitled putting up advertising panels in designated spaces which then was leased to advertisers. Maintenance of the panels and leasing thereof was by Suburban and industrial sign design. The agreement also prescribed provision of advertising panels that incorporates street names around the Central Business District (CBD) and surroundings. The contract has since expired and was never renewed. The advertising panels' remains underutilised. They are currently in bad condition and poses threat to pedestrians and road users. It is hereby proposed that the municipality calls for new proposals/tender in order to enter into another agreement with a service provider to lease the same advertising space. This will create advertising opportunities for local businesses. As requirement, the suitable service provider shall be requested to replace existing street names with illuminated street names.

Financial Implications

The leasing of municipal space will generate income for the municipality. The contractor will pay a determined amount to the municipality for use of public space.

Relevant Legislation

Local Government: Municipal Systems Act, 2000, Act 32 of 2000 (MSA).
South African National Roads Agency Limited and National Roads Act, 1998 (Act No.7 of 1998)
Road Traffic Act (Act No.29 of 1998)

Comments: Chief Financial Officer

The recommendation by the Municipal Manager supported.

Comments: Head: Corporate Services

The recommendation by the Municipal Manager supported.

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Comments: Head: Community Services

The recommendation by the Municipal Manager supported.

Comments: Head: Engineering Services

The recommendation by the Municipal Manager supported.

Recommended by the Municipal Manager

1. That the Executive Mayor hereby, in terms of Section 12(1) of the Municipal Systems Act, 32 of 2000, submits the Draft Municipal Outdoor Advertising and Signage By-Law for approval by the Municipal Council.
2. That the Draft Outdoor Advertising By-Law commences immediately after publication on the provincial gazette.
3. That the municipality enters into an agreement with a contractor to lease and manage outdoor advertising structures in the Central Business District (CBD) and surroundings, and that the call for proposals to appoint a service provider may proceed.

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Council Meeting

**BITOU MUNICIPALITY THIRD QUARTER (JANUARY – MARCH 2015) SDBIP
REPORT ON PERFORMANCE FOR THE CURRENT FINANCIAL YEAR**

Department: Strategic Services **Demarcation:** All Wards
File Ref: 5/1/14
Attachments: Annexure “A” - Third Quarter Top Layer SDBIP Report
Report from: Acting Manager: PMS/SDBIP & Compliance
Date: 07 May 2015

Purpose of the report

The purpose of the report is to provide a full report on the actual performance results for the third quarter (January – March) of the current financial year (2014/2015). It is proposed that the Third Quarter Performance Report be approved.

Background /Discussion

MFMA Circular No. 13, Local Government: Municipal Finance Management Act, No.56 of 2003 states the following:

“The SDBIP is essentially the management and implementation tool which sets in-year information, such as quarterly service delivery and monthly budget targets, and link each service delivery output to the budget of the municipality, thus providing credible management information and a detailed plan for how the municipality will provide such services and the inputs and financial resources to be used. The SDBIP indicates the responsibilities and outputs for each of the senior managers in the top management team, the inputs to be used, and the time deadlines for each output. The SDBIP will therefore determine the performance agreements of the municipal manager and senior managers, including the outputs and deadlines for which they will be held responsible.

The SDBIP should also provide all expenditure information (for capital projects and services) per municipal ward, so that each output can be broken down per ward, where this is possible, to support ward councillors in services delivery information. This information is reflected in the monthly reports of the Chief Financial Officer.

The SDBIP is also a vital monitoring tool for the mayor and council to monitor in-year performance of the municipal manager and for the municipal manager to monitor the

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performance of all managers in the municipality within the financial year. This enables the mayor and municipal manager to be pro-active and take remedial steps in the event of poor performance. The SDBIP aims to ensure that managers are problem-solvers, who routinely look out for unanticipated problems and resolve them as soon as possible. The SDBIP also enables the council to monitor the performance of the municipality against quarterly targets on service delivery.

The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager all top managers whose performance can then be monitored through Section 71 monthly reports, and evaluated through the annual report process”.

Additionally, Section 53 of the Local Government: Municipal Finance Management Act, 2003, Act 56 of 2003 (MFMA) determines that the Mayor must approve of a plan according to which the performance of the Municipality can be assessed during the financial year. The Accounting Officer must then report thereon to the Mayor at prescribed regular intervals during the year. The SDBIP must also be submitted to Provincial and National Treasury, for auditing purposes in terms of the MFMA.

The SDBIP is defined as: “*Service Delivery and Budget Implementation Plan*” means a detailed plan approved by the mayor of a municipality in terms of Section 53(1)(c)(ii) of the MFMA for implementing the municipality’s delivery of municipal services and its annual implementing the municipality’s delivery of municipal services and which must indicate – (a) projections for each month of (i) revenue to be collected by source; (ii) operational and capital expenditure by vote; (b) service delivery targets and performance indicators for each quarter; and (c) any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of Section 54(1)(c) of the MFMA.

This performance report on the third quarter (January – March) of the current financial year (2014/2015) includes the actual performance results against targets for each of the departments.

Recommended by the Municipal Manager

That the Municipal Council approves the performance report on the Service Delivery and Budget Implementation Plan for the third quarter, January to March 2015 of the current (2014/2015) Financial Year.

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Council Meeting

BITOU: TABLING OF THE 2015/2016 TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

Department: Strategic Services **Demarcation:** All Wards

File Ref: 5/1/1/4

Attachments: Annexure "A" – 2015/2016 TOP-LAYER SDBIP

Date: 18 May 2015

Purpose of the report

The 2015/2016 top-layer Service Delivery Budget Implementation Plan (SDBIP) is tabled for notification purpose only.

Background /Discussion

Section 53 of the Local Government: Municipal Finance Management Act, 2003, Act 56 of 2003 (MFMA) determines that:

- (1) The Mayor of a municipality must-
 - (a) Provide general political guidance over the budget process and the priorities that must guide the preparation of the budget;
 - (b) co-ordinate the annual revision of the integrated development plan in terms of section 34 of the Municipal Systems Act and the preparation of the annual budget, and determine how the integrated development plan is to taken into account or revised for the purposed of the budget; and]
 - (c) take all reasonable steps to ensure –
 - (i) *That the municipality approves its annual budget before the start of the budget year;*
 - (ii) *That the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget.*

Recommended by the Municipal Manager

That the Municipal Council notes the tabling of the 2015/2016 SDBIP report and that the statutory processes be followed, towards the approval by the Executive Mayor and for submission thereof to the relevant state bodies, notification to the local communities via advertisement in the local media and publication on the municipal website.