Notice is hereby given in terms of Section 29 of the Local Government: Municipal Structures Act, Act 117 of 1998, that **A COUNCIL MEETING** of the 2016/2021 term of the Garden Route District Municipality will be held **via Zoom,** on **TUESDAY, 30 JUNE 2020** at **11:00** to consider the items as set out in the agenda.

Kennis geskied hiermee ingevolge Artikel 29 van die Wet op Plaaslike Regering: Munisipale Strukture,1998, Wet 117 van 1998, dat ***'N RAADSVERGADERING*** *van die 2016/2021 termyn van die Garden Route Distriksmunisipaliteit gehou sal word* ***via Zoom*** *op* ***DINSDAG 30 JUNIE 2020*** *om* ***11:00*** *ten einde oorweging aan die items soos in die agenda uiteengesit, te skenk.*

KuKhutshwe isaziso ngokwemiqathango yoMhlathi 29 woRhulumente Basekhaya: Umthetho Wezolawulo loMasipala, 1998, uMthetho 117 wango 1998, sokuba **iNTLANGANISO** yexesha lika 2016/2021 loMasipala Wesithili se Garden Route izakubanjelwa ngoubuxhakaxhaka **be Zoom NGOLWESIBINI, 30 KWEYESILIMELA 2020** ngentsimbi ye **11:00** ukuqwalasela imiba ebekwe kwi agenda.

BHJ GROENEWALD
SPEAKER
SPEAKER
SOMLOMO

MG STRATU
Municipal Manager
Munisipale Bestuurder
Mphathi Masipala

Date:24 JUNE 2020

A G E N D A

1. **OPENING AND WELCOMING / *OPENING EN VERWELKOMING* / UVULO NOLWAMKELO**

2. **SILENT PRAYER / *STILLE GEBED* / UMTHANDAZO OTHULEYO**

3. **ATTENDANCE OF MEMBERS / *BYWONING VAN LEDE* / AMALUNGU AKHOYO**

   3.1 **COUNCILLORS PRESENT / *RAADSLEDE TEENWOORDIG* /OOCEBA ABAKHOYO**

   3.2 **COUNCILLORS WITH LEAVE / *RAADSLEDE MET VERLOF* / OOCEBA ABAKWIKHEFU**

   3.3 **COUNCILLORS WITHOUT LEAVE / *RAADSLEDE SONDER VERLOF* / OCEBA ABANGEKHO KWIKHEFU**

4. **NOTING THE PROVISIONS OF SCHEDULE 1 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, 2000 / *KENNISNAME VAN DIE VOORSKRIFTE VAN SKEDULE 1 (GEDRAGSKODE VIR RAADSLEDE) VAN DIE PLAASLIKE REGERING MUNISIPALE STELSELSWET, 2000* / UQWALASELO LWEMITHETHO-NEMIMISELO YOLUHLU 1 (INDLELA YOKUZIPHATHA KOCEBA) LOMTHETHO WENKQUBO ZORHULUMENTE BASEKHAYA, 2000**

5. **DISCLOSURE OF INTERESTS BY COUNCILLORS AND OFFICIALS / *VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE* / UKUCHAZWA KOMDLA NGOOCEBA KUNYE NAMAGOSA**

6	**COMMUNICATIONS BY THE SPEAKER / *MEDEDELINGS DEUR DIE SPEAKER* / UNXIBELELWANO LUKASOMLOMO**
7	**COMMUNICATIONS BY THE EXECUTIVE MAYOR / *MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER* / UNXIBELELWANO LUKA SODOLOPHU**
8	**COMMUNICATIONS BY THE MUNICIPAL MANAGER / *MEDEDELINGS DEUR DIE MUNISIPALE BESTUURDER* / UNXIBELELWANO LOMPHATHI MASIPALA**

9	**APPROVAL OF MINUTES OF COUNCIL MEETINGS / *GOEDKEURING VAN NOTULES VAN RAADSVERGADERINGS* / UKWAMKELWA KWEMIZUZU YENTLANGANO ZEBHUNGA**	
	Council meeting dated 27 May 2020 / *Raadsvergadering gedateer 27 Mei 2020* / Intlanganiso yeBhunga ngomhla 27 KuCanzibe 2020	**9 – 43**
10	**MINUTES OF MAYORAL COMMITTEE MEETINGS AND SECTION 79 COMMITTEES (FOR NOTIFICATION) / *NOTULES VAN BURGEMEESTERSKOMITEEVERGADERINGS EN ARTIKEL 79 KOMITEES (VIR KENNISNAME)* / IMIZUZU YEKOMITI KASODOLOPHU NEZINYE IKOMITI ZOMHLATHI 79 (ITHATHELWE INGQALELO)**	
	Mayoral Committee meeting dated 04 May 2020 / *Spesiale Uitvoerende Burgemeesterskomiteevergadering gedateer 04 Mei 2020* / Imizuzu yentlangano Yekomiti Kasodolophu ngomhla 04 KuCanzibe 2020	**44 – 54**
11	**STANDING ITEMS / *STAANDE ITEMS* / IMIBA EMISIWEYO**	
	APPOINTMENTS, SERVICE EXITS AND LABOUR RELATIONS INFORMATION FOR JUNE 2020 / *AANSTELLINGS, UITDIENSTREDINGS EN ARBEIDSVERHOUDINGE INLIGTING VIR JUNIE 2020* / ABAQASHIWEYO, ABASHIYE UMSEBENZI KUNYE NEMICIMBI YEZABASEBENZI KWINYANGA KWEYESILEMELA 2020 (1055881) *Refer: Report (9/3/1) dated 01 June 2020 from the Executive Manager: Corporate Services (B Holtzhausen) / Manager Human Resources (N Klaas)*	**55 – 59**
	SECTION A **REPORTS FROM THE SPEAKER**	
A.1	None / *Geen* / Azikho	
	SECTION B **REPORTS FROM THE EXECUTIVE MAYOR / *VERSLAE VANAF DIE UITVOERENDE BURGEMEESTER* / IMIBA EVELA KUSODOLOPHU**	
B.1	None / *Geen* / Azikho	
	SECTION C **REPORTS FROM THE OFFICE OF THE MUNICIPAL MANAGER / *ITEMS VANAF DIE KANTOOR VAN DIE MUNISIPALE BESTUURDER* / IMIBA EVELA KWI OFISI YOMPHATHI MASIPALA**	
C.1	**INAUGURATION OF NEW COUNCILLORS: GARDEN ROUTE DISTRICT COUNCIL: CLLR G.L. BOEZAK, CLLR I.C.KRITZINGER, CLLR X. MATYILA, CLLR W. T. HARRIS / *INHULDIGING VAN NUWE RAADSLEDE: RDL GL. BOEZAK, RDL I.C.KRITZINGER, RDL X. MATYILA, RDL W. T. HARRIS* / UKUFUNGISWA KOOCEBA: IBHUNGA LESITHILI SE GARDEN ROUTE: UCEBA G.L. BOEZAK, I.C.KRITZINGER, X. MATYILA, W. T. HARRIS** *Refer: Report (4/2/9) dated 08 June 2020 from the Municipal Manager (MG Stratu)*	**60 – 72**

C.2	**CONFERMENT OF ALDERMANSHIP ON SERVING COUNCILLORS/ *BEVESTIGING VAN RAADSHEER / RAADSDAME EER AAN DIENDENDE RAADSLEDE* / UNIKEZELO LOBUSIBONDA KOOCEBA BEBHUNGA** *Refer: Report (4/2/9) dated 12 June 2020 from the Municipal Manager (MG Stratu)*	**73 – 76**
C.3	**REPORT – REQUESTED/SUGGESTED ADJUSTMENTS ON THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN OF 2019/2020 / *VERSLAG – AANVRAAG/VOORGESTELDE VERANDERINGE OP DIE DIENSLEWERINGS EN BEGROTINGSIMPLEMENTERINGSPLAN VIR 2019/2020* / INGXELO-INGCEBISO ZONGELELWANISO LONIKEZELO LWENKONZO KUNYE NESICWANGCISO SOKUMISELWA KOLWABIWOMALI LUKA 2019/2020 (1059782)** *Refer: Report (9/11/1) dated 15 June 2020 from the Municipal Manager (MG Stratu) / Manager Performance Management (IG Saaiman)*	**77 – 79**
C.4	**REPORT ON IRREGULAR, UNAUTHORISED AND FRUITLESS AND WASTEFUL EXPENDITURE IDENTIFIED IN 2018/19 FINANCIAL YEAR / *VERSLAG OOR ONREËLMATIGE, ONGEMAGTIGDE EN VRUGTELOSE UITGAWES IN 2018/19 FINANSIËLE JAAR* / INGXELO YENKCITHO ENXAMNYE NOMTHETHO, INKCITHO ENGAVUMELEKANGA KUNYE NENKCITHO ENGENANGENISO KUNYE NENELAHLEKO KUNYAKA 2018/19 (1063326)** *Refer: Report (4/1/2/4/1) dated 20 June 2020 from the Chairperson of the MPAC (Cllr CN Lichaba)*	**80 – 97**
SECTION D **ITEMS FROM THE FINANCIAL SERVICES DEPARTMENT / *ITEMS VANAF DIE FINANSIËLE DIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZEMALI**		
D.1	**DEBT WRITE-OFF REPORT 2019/20: QUARTER 4 / *SKULD AFSKRYWINGSVERSLAG 2019/20: KWARTAAL 4* / INGXELO YOKUCINYWA KWETYALA 2019/20 / IKOTA YESINE (1054106)** *Refer: Report (8/3/1/1) dated 05 June 2020 from the Executive Manager Financial Services (JW de Jager)*	**98 – 105**
D.2	**DEVIATION REPORT: IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR THE PERIOD 01 MAY 2020 TO 31 MAY 2020/ *AFWYKINGSVERSLAG: IMPLEMENTERING VAN DIE VOORSIENINGSKANAALBELEID VIR DIE PERIODE 01 MEI TOT 31 MEI 2020* / INGXELO YOTENXO: UKUMISELWA KOMGAQO WOLAWULO LWENCITHO KWIXESHA UMHLA 01 KUCANZIBE 2020 UYAKUTSHO KUMHLA WE 31 KUCANZIBE 2020 (105373)** *Refer: Report (9/8/2) dated 04 June 2020 from the Executive Manager Financial Services (JW de Jager)*	**106 – 112**
D.3	**COST CONTAINMENT REPORTING – QUARTER 3 OF 2019/20/ *KOSTE INPERKINGSVERSLAG – KWARTAAL 3 VAN 2019/20* / UMGAQO WOKUNCIPHISA INDLEKO-IKOTA YESITHATHU KA 2019/20 (1048592)** *Refer: Report (6/18/7) dated 13 May 2020 from the Executive Manager Financial Services (JW de Jager)*	**113 – 116**

SECTION E **ITEMS FROM THE CORPORATE SERVICES DEPARTMENT / *ITEMS VANAF DIE KORPORATIEWE DIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZOLAWULO**		
E.1	**EXTENSION OF CONTRACTS AND SERVICE LEVEL AGREEMENTS OF SERVICE PROVIDERS RELATING TO ALL FINANCIAL SERVICES AND TRANSACTIONAL SYSTEMS FOR AN EXTENDED PERIOD OF 2 (TWO) YEARS / VERLENGING VAN KONTRAKTE EN DIENSVERSKAFFINGS OOREENKOMSTE KRAGTENS FINANSIËLE EN TRANSAKSIONÊLE SISTEME VIR 'N VERDERE TYDPERK VAN 2 (TWEE) JAAR / UKWANDISWA KWEZIVUMELWANO ZOTYIKITYO KUNYE NEZIVUMELWANO ZAMABAKALA ENKONZO ZABANIKEZELI BENKONZO NOKWAYAMANISWA NENKONZO ZONKE ZEZEMALI KUNYE NORHUNGELWANO LWENKQUBO IXESHA LEMINYAKA 2 (EMIBINI) (1052638)** *Refer: Report (8/2/3) dated 25 May 2020 from the Executive Manager Corporate Services (B Holtzhausen)*	**117 – 132**
E.2	**PROPOSAL FOR ADJUSTMENT OF PERK MOTOR SCHEME / *VOORSTEL VIR WYSIGING VAN PERK MOTORSKEMA* / ISIPHAKAMISO SOLUNGELELWANISO LWESIBONELELO SEZOTHUTHO SE PERK (1053128)** *Refer: Report (9/2/5) dated 01 June 2020 from the Executive Manager Corporate Services (B Holtzhausen)*	**133 – 138**
E.3	**PROPOSAL FOR DRAFT ESSENTIAL USERS MOTOR SCHEME POLICY / *VOORSTEL VIR ESSENSIELE MOTORSKEMA BELEID* / ISIPHAKAMISO SOYILO LOMGAQO WEZIBONELELO EZIBALULEKILEYO ZEZOTHUTHO (1053133)** *Refer: Report (9/2/5) dated 01 June 2020 from the Executive Manager Corporate Services (B Holtzhausen)*	**139 – 151**
E.4	**DRAFT REMUNERATION AND CONDITIONS OF SERVICE POLICY / *VOORGESTELDE VERGOEDING EN DIENSVOORWAARDE BELEID* / UYILO MOMGAQO WEZIBONELELO KUNYE NESIMO SEZENKONZO (1054424)** *Refer: Report (9/2/5) dated 05 June 2020 from the Executive Manager Corporate Services (B Holtzhausen)*	**152 – 182**
E.5	**REPORT ON THE COUNCIL RESOLUTION REGISTER FOR THE PERIOD APRIL TO JUNE 2020 / *VERSLAG RAKENDE DIE RAADSRESOLUSIE- REGISTER VIR DIE PERIODE APRIL TOT JUNIE 2020* / INGXELO NGOLUHLU LWEZIGQIBO ZEBHUNGA KWIXESHA LWENYANGA KUTSHAZIMPHUZI UKUYA KWEYESILIMELA 2020** *Refer: Report (4/1/2/1) dated 24 June 2020 from the Executive Manager Corporate Services (B Holtzhausen)*	**183 – 210**
SECTION F **ITEMS FROM THE COMMUNITY SERVICES DEPARTMENT / *ITEMS VANAF DIE GEMEENSKAPSDIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZOLUNTU**		
F.1	**REPORT ON THE PROVINCIAL GUIDE IN MANAGING COVID19 FATALITIES IN THE WESTERN CAPE / *VERSLAG INSAKE PROVINSIALE RIGLYN IN DIE BESTUUR VAN COVID 19 STERFTES IN DIE WES-KAAP* /INGXELO NGEMIGOMO YEPHONDO YOLAWULO LWEZEHLO ZOKUSWELKA ZE COVID-10 ENTSHONA KOLONI (1056589)** *Refer: Report (18/3/2/2/6) dated 11 June 2020 from the Executive Manager Community Services (C Africa)*	**211 - 253**

F.2	**ENDORSEMENT OF THE GARDEN ROUTE DISTRICT MUNICIPALITY 3RD GENERATION INTEGRATED WASTE MANAGEMENT PLAN, 2020 / ENDOSERING *VAN DIE GARDEN ROUTE DISTRIKSMUNISIPALITEIT 3DE GENERASIE GEINTEGREERDE AFVAL BESTUURSPLAN, 2020* / UQINISEKISO KWESICWANGCISO SOMASIPALA WESITHILI SE GARDEN ROUTE SESIZUKULWANA SESI 3 KU 2020-2023 *(1062143)*** *Refer: Report (18/3/2/2/6) dated 22 June 2020 from the Executive Manager Community Services (C Africa) Manager: District Waste Management (M Hubbe)*	**254 – 264**
F.3	**GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY PUBLIC, PRIVATE PARTNERSHIP PROCESS PROGRESS REPORT/ *GARDEN ROUTE STREEK AFVAL BESTUUR FASILITEIT PUBLIEKE, PRIVATE VENNOOTSKAP PROSES VORDERINGSVERSLAG* / INKQUBO YOLAWULO LWENKUNKUMA YENGINGQI YE GARDEN ROUTE (1062157)** *Refer: Report (18/3/2/2/6) dated 22 June 2020 from the Executive Manager Community Services (C Africa) Manager: District Waste Management (M Hubbe)*	**265 – 334**
F.4	**FEEBACK REPORT REGARDING COVID 19 / *TERUGVOERINGSVERSLAG RAKENDE COVID 19*** ***(REPORT WILL BE DISPLAYED DURING THE MEETING)***	
SECTION G **ITEMS FROM THE ROADS AND TRANSPORT PLANNING SERVICES DEPARTMENT / *ITEMS VANAF DIE PAAIE EN VERVOER BEPLANNINGSDIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZENDLELA KUNYE NEZICWANGCISO KWEZOTHUTHO**		
G.1	**PROGRESS REPORT FOR THE ROADS DEPARTMENT FOR THE FINANCIAL YEAR 2019/2020 / *VORDERINGSVERSLAG RAKENDE DIE PAAIE AFDELING VIR DIE 2019/2020 FINANSIËLE JAAR* / INGXELO YOMSEBENZI WESEBE LEZENDLELA KUNYAKA MALI KA 2019/2020 (1062245)** *Refer: Report (10/1/3) dated 22 June 2020 from the Executive Manager Roads and Transport Services (JG Daniels)*	**335 – 336**
SECTION H **ITEMS FROM THE PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT / *ITEMS VANAF DIE BEPLANNING EN EKONOMIESE DIENSTE DEPARTEMENT* / IMIBA YESEBE LEZOCWANGCISO KUNYE NOPHUHLISO LOQOQOSHO**		
H.1	**REPORT ON THE ACTIVITIES OF THE GARDEN ROUTE ECONOMIC CLUSTER IN RESPONSE TO THE COVID-19 CRISIS / *VERSLAG TEN OPSIGTE VAN DIE GARDEN ROUTE EKONOMIESE WERKSGROEP IN ANTWOORD OP DIE COVID-19 KRISIS* / INGXELO NGEMISEBENZI YECANDELO LEZOQOQOSHO LE GARDEN ROUTE NGOKUJONGANA NENTLEKELE YE COVID-19** *Refer: Report (19/2/2/20) dated 11 May 2020 from the Executive Manager Planning Economic Development (L Menze) Manager Economic Development & Tourism (M Wilson)*	**337 – 355**
H.2	**RENEWAL OF LEASE AGREEMENT FOR CELLPHONE OPERATORS / *HERNUWING VAN HUUROOEENKOMS VIR SELFOON OPERATEURS* / ISIVUMELWANO SOHLAZIYO LWE CELLPHONE OPERATORS** *Refer: Report (18/4/1/1/6) dated 1 June 2020 from the Executive Manager Planning Economic Development (L Menze) Property Manager (M Appels)*	**356 – 381**

H.3	**REQUEST FOR HOUSING ACCREDITATION LEVEL ONE (1) APPLICATION / *VERSOEK VIR BEHUISINGS-AKKREDITASIE (VLAK EEN [1]) AANSOEK* / ISICELO SOLWAMKELO LWEZINDLU KWINQANABA LOKUQLA (1)** *Refer: Report (2/5/12) dated 19 June 2020 from the Executive Manager Planning Economic Development (L Menze) Manager Economic Development & Tourism (M Wilson)*	**382 - 498**
SECTION I **NOTICE OF MOTIONS / *KENNISGEWING VAN MOSIES* / ISAZISO SEZIPHAKAMISO**		
I.1	NONE / *GEEN* / AZIKHO	
SECTION J **NOTICES OF MOTIONS / *KENNISGEWING VAN MOSIES* / ISAZISO SEZIPHAKAMISO**		
J.1	NONE / *GEEN* / AZIKHO	
SECTION K **In Closed Session / *In Geslote Sessie* / Kwi-Sashoni Yasekhusini**		
K.1	NONE / *GEEN* / AZIKHO	
	CLOSURE / *SLUITING* / UQUKUNJELO	

Rdl / *Cllr* CN Lichaba
Rdl / *Cllr* S De Vries
Rdl / *Cllr* NF Kamte
Rdl / *Cllr* MP Mapitiza
Rdl / *Cllr* SF May
Rdl / *Cllr* D Saayman
Rdl / *Cllr* BN Van Wyk
Rdl / *Cllr* RE Spies
Rdl / *Cllr* JL Hartnick
Rdl / *Cllr* M Booysen
Rdl / *Cllr* AJ Rossouw
Rdl / *Cllr* KS Lose
Rdl / *Cllr* JP Johnson
Rdl / *Cllr* IT Mangaliso
Rdl / *Cllr* GL Boezak **(as at 30 June 2020)**
Rdl / *Cllr* SS Mbandezi
Rdl / *Cllr* BHJ Groenewald
Rdl / *Cllr* E Meyer
Rdl / *Cllr* RH Ruiters
Rdl/ *Cllr* IC Kritzinger **(as at 30 June 2020)**
Rdl / *Cllr* EH Stroebel
Rdl / *Cllr* PJ Van der Hoven
Rdl / *Cllr* T Teyisi
Rdl / *Cllr* V Gericke
Rdl / *Cllr* K Windvogel
Rdl / *Cllr* JC Lambaatjeen
Rdl / *Cllr* RR Wildschut
Rdl / *Cllr* ASM Windvogel
Rdl / *Cllr* NA Tsengwa
Rdl / *Cllr* L Tyokolo
Rdl / *Cllr* NV Gungubele (as at 08 Oct 2019)
Cllr GR Wolmarans (as 27 Nov 2019)
Cllr J Fry **(As at 25 March 2020)**
Cllr X Matyila **(As at 30 June 2020)**
Cllr WT Harris **(As at 30 June 2020)**

Minutes of a **Council Meeting**
of the 2016/2021 term of
Garden Route District Council held **via Zoom**
on **Wednesday, 27 May 2020** at **11:00**

*Notule van 'n **Raadsvergadering***
van die 2016/2021 termyn
*van Garden Route Distriksraad gehou **via Zoom***
*op **Woensdag, 27 Mei 2020** om **11:00***

Imizuzu **Yentlanganiso yeBhunga**
yexesha 2016/2021 yoMasipala Wesithili see Garden Route
nebibanjwe ngobuxhakaxhaka be **Zoom**
NgoLwesithathu, 27 KuCanzibe 2020 ngo **11:00**

1. OPENING AND WELCOME / *OPENING EN VERWELKOMING* / UVULO NOLWAMKELO

The Speaker, Cllr BHJ Groenewald welcomed everybody present and thanked them for their attendance.

2. SILENT PRAYER / *STILLE GEBED* / UMTHANDAZO OTHULEYO

A moment of silence was observed.

3. ATTENDANCE OF MEMBERS / *BYWONING VAN LEDE* / AMALUNGU AKHOYO

3.1 COUNCILLORS PRESENT / *RAADSLEDE TEENWOORDIG* / OOCEBA ABAKHOYO

Cllr / Rdl / Ceba D Saayman	DA
Cllr / Rdl / Ceba BN Van Wyk	DA
Cllr / Rdl / Ceba M Booysen	DA
Cllr / Rdl / Ceba JL Hartnick	DA
Cllr / Rdl / Ceba SF May	DA
Cllr / Rdl / Ceba RE Spies	DA
Cllr / Rdl / Ceba AJ Rossouw	DA
Cllr / Rdl / Ceba MP Mapitiza	ANC
Cllr / Rdl / Ceba CN Lichaba	ANC
Cllr / Rdl / Ceba NV Gungubele	ANC
Cllr / Rdl / Ceba T Fortuin	ICOSA
Cllr / Rdl / Ceba PJ Van der Hoven	George Municipality
Cllr / Rdl / Ceba EH Stroebel	George Municipality
Cllr / Rdl / Ceba I Stemela	George Municipality
Cllr / Rdl / Ceba V Gericke	George Municipality
Cllr / Rdl / Ceba J Fry	George Municipality
Cllr / Rdl / Ceba NA Tsengwa	Knysna Municipality
Cllr / Rdl / Ceba GR Wolmarans	Knysna Municipality
Cllr / Rdl / Ceba L Tyokolo	Knysna Municipality
Cllr / *Rdl* / Ceba ASM Windvogel	Bitou Municipality
Cllr / Rdl / Ceba IT Mangaliso	Hessequa Municipality

Cllr / Rdl / Ceba RH Ruiters	Mossel Bay Municipality
Cllr / Rdl / Ceba E Meyer	Mossel Bay Municipality
Cllr / Rdl / Ceba SS Mbandezi	Mossel Bay Municipality
Cllr / Rdl / Ceba JP Johnson	Kannaland Municipality
Cllr / Rdl / Ceba BHJ Groenewald	Mossel Bay Municipality
Cllr / Rdl / Ceba RR Wildschut	Oudtshoorn Municipality
Cllr / Rdl / Ceba JC Lambaatjeen	Oudtshoorn Municipality
Cllr / *Rdl* / Ceba K Windvogel	Oudtshoorn Municipality

OFFICIALS / AMPTENARE / AMAGOSA

Mr / Mnr / Mnu MG Stratu	Municipal Manager
Ms / *Me* / Nkzn B Holtzhausen	Executive Manager Corporate Services
Mr / Mnr / Mnu J-W de Jager	Executive Manager Financial Services
Mr / *Mnr* / Mnu C Africa	Executive Manager Community Services
Mr / Mnr / Mnu JG Daniels	Executive Manager Roads & Transport Planning Services
Mr / *Mnr* / Mnu T Loliwe	Strategic Manager: Office of the Municipal Manager
Mr / Mnr / Mnu L Menze	Executive Manager Planning & Economic Development Services
Mr / Mnr / Mnu S Maqekeni	Manager: Integrated Support Service & Legal Compliance
Ms / Me / Nkzn N Davids	Manager Legal Services
Ms / *Me* / Nkzn IG Saaiman	Manager Performance Management
Mr / Mnr / Mnu M Cekiso	District IDP Manager
Mr / Mnr / Mnu P Dongi	Manager: Project Management
Mr / Mnr / Mnu S Dladla	Chief of Staff: Office of the Executive Mayor

Mr / Mnr / Mnu G Otto	Manager Disaster Management
Mr / Mnr / Mnu J Compion	Manager Municipal Health and Environmental Services
Mr / *Mnr* / Mnu H Pieters	Snr Communications Officer
Mr / Mnr / Mnu B Desha	SnrTranslator/Intepreter/ Committee Officer
Ms / Me / Nkzn R Matthews	Acting Snr Committee Officer

3.2 **COUNCILLORS WITH LEAVE / *RAADSLEDE MET VERLOF* / OOCEBA ABAKWIKHEFU**

Cllr / Rdl / Ceba T Teyisi	George Municipality
Cllr / Rdl / Ceba KS Lose	DA
Cllr / *Rdl* / Ceba S De Vries	ANC
Cllr / Rdl / Ceba NF Kamte	ANC

3.3 **COUNCILLORS WITHOUT LEAVE / *RAADSLEDE SONDER VERLOF* / OCEBA ABANGEKHO KWIKHEFU**

None / Geen / Azikho

4. NOTING THE PROVISIONS OF SCHEDULE 1 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, 2000 / *KENNISNAME VAN SKEDULE 1 (GEDRAGSKODE VIR RAADSLEDE) VAN DIE PLAASLIKE REGERING MUNISIPALE STELSELSWET, 2000* / UQWALASELO LWEZIBONELELO ZOLUHLU 1 (INDELA YOKUZIPHATHA KOCEBA) LOMTHETHO WENKQUBO ZORHULUMENTE BASEKHAYA, 2000

Noted / *Kennis geneem* / Luthathelwe ingqalelo

5. DISCLOSURE OF INTERESTS BY COUNCILLORS AND OFFICIALS / *VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE* / UKUCHAZWA KOMDLA NGOOCEBA KUNYE NAMAGOSA

None / Geen / Azikho

6. COMMUNICATIONS BY THE SPEAKER / *MEDEDELINGS DEUR DIE SPEAKER* / UNXIBELELWANO LIBAMBELA LOSOMLOMO

The Speaker congratulated the following Councillors who are going to celebrate their birtdays in June: Cllrs V Gericke, N Lichaba, P Mapitiza, E Stroebel and R Wildschut.

The Speaker conveyed a special word of appreciation to the Administration for the purchase of the new microphones.

7. COMMUNICATIONS BY THE EXECUTIVE MAYOR / *MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER* / UNXIBELELWANO LUKA SODOLOPHU

The Executive Mayor apologized to the public for teething technological problems experienced while trying to connect Councillors to the meeting. The intention was that the meeting will be streamed live via Youtube, but problems occurred with the steaming, but together with the communications department the proceedings of the meeting today will be uploaded on the website.

A special word of appreciation was extended to all the essential workers for all the hardwork that is being done during this difficult time. The Executive Mayor informed Councillors that the numbers are climbing despite all efforts being undertaken and encouraged communtiies to adhere to all regulations that have been published. The Western Cape is almost a hot spot in terms of the reported cases. The Executive Mayor reported that the Economy is also being effected negatively by COVID – 19 with no less than 500 businesses within the tourism industry that have indicated that if the lockdown has to continue they would have to close their doors indefinitely.

Under the communication of the Executive Mayor, Cllr van der Hoven extended a word of thanks to Mr C Africa and G Otto for the regular feedback that is distributed regarding the COVID 19 pandemic.

Cllr Gericke, expressed his gratitude towards Mr C Africa and his team for acting swiftly over the weekend when he gave them a call with regards to COVID - 19 cases in Pacaltsdorp. They immediately reacted quickly after the call and decontaminated the house and they've moved some of the people into isolation. The mother of the family is still at a specific isolation facility.

COMMUNICATIONS BY THE MUNICIPAL MANAGER / *MEDEDELINGS DEUR DIE MUNISIPALE BESTUURDER* / UNXIBELELWANO LOMPHATHI MASIPALA

The Municipal Manager communicated the following:

The Risk Adjusted Strategy has been presented to Council for the re-opening of the office on 01 June 2020. The plan was submitted to Department of Labour for assessment. On 01 June 2020, one third of the staff will be returning back to the office and all necessary plans and preparations have been made. We are working closely with Department of Health regarding staff members with underlying conditions.

The Department of Health has assisted us with the protocols relating to disclosure of underlying conditions. Disclosing your underlying condition is a private matter and official's confidentiality must be respected.

A special meeting will be held on Friday, 29 May 2020 to assess the readiness for re-opening on Monday, 01 June 2020.

The Municipal Manager reported that the Garden Route District has been identified as a hotspot for COVID - 19.

The Municipal Manager informed Council that correspondence was received from Interwaste regarding the regional landfill site that was launched earlier this year. The correspondence received from Interwaste indicated that construction cost for the project rose to R24 million. The correspondence was escalated to the Provincial Government immediately to be prioritized as one of the projects that has been affected by the COVID - 19.

On 15 May 2020, Interwaste informed GRDM that their board is busy with a strategic planning session to review its projects and programs and the impact that COVID - 19 has had. On 22 May 2020, GRDM received communication from Interwaste, informing GRDM that they are withdrawing from the project because of the financial pressures of COVID – 19 on their business, which means that the entire project is now in jeopardy.

The matter was discussed with the Head of the Department, Provincial Department of Local Government, Environmental Affairs and Development planning and other senior managers, as well as the CEO of Interwaste to investigate ways to salvage the project in a different manner especially the financing of the project. At the meeting the CEO of Interwaste was still committed to the project and it was agreed that they have to investigate different options to ensure that the project goes ahead as planned.

On 26 May 2020, a meeting was held with all the Municipal Managers that are going to participate in this project to inform them of the latest development regarding the project. At the meeting it was resolved that a Legal Opinion should be obtained in light of the rights and obligations imposed by the PPP Agreement. It was also proposed that the Service Provider should submit a revised model in terms of how the project can be refinanced. Another request from the meeting was that the Executive Mayor of the District should engage with the Provincial Government and discuss other alternative ways of financing the project. The situation has been escalated to Minister Bredell, the Provincial as well as the National Treasury have also been informed about this situation. The participating municipalities have already indicated that they cannot bear any further financial burdens due to COVID 19.

GRDM will approve the budget today, and the news received from Interwaste might have an effect on our long term financial planning. GRDM will go ahead with the implementation of increases of staff salaries as per the agreement with the Bargaining Council.

9. APPROVAL OF MINUTES OF COUNCIL MEETINGS / *GOEDKEURING VAN NOTULES VAN RAADSVERGADERINGS / UKWAMKELWA KWEMIZUZU YENTLANGANO YEBHUNGA*

9.1 Council meeting dated 04 May 2020 / *Raadsvergadering gedateer 04 Mei 2020* / Intlanganiso yeBhunga ngomhla 04 KuCanzibe 2020 (pg 8-27)

RESOLVED

That the minutes of the Council meeting dated 04 May 2020, be approved, with the corrections as identified.

BESLUIT

Dat die notule van die Spesiale Raadsvergadering gedateer 04 Mei 2020, goedgekeur word, met die korreksies soos geidentifiseer.

ISIGQIBO

Seskuba imizuzu yentlangano yeBhunga yangomhla 04 KuCanzibe 2020, iphunyezwe.

10. **MINUTES OF MAYORAL COMMITTEE MEETINGS AND OTHER SECTION 79 COMMITTEES (FOR NOTIFICATION) / *NOTULE BURGEMEESTERSKOMITEEVERGADERINGS EN ANDER ARTIKEL 79 KOMITEES (VIR KENNISNAME)* / IMIZUZUZ YEKOMITI KASODOLOPHU KUNYE NEZINYE IKOMITI ZOMHLATHI 79 (ITHATHELWE INGQALELO)** (pg 28-40)

RESOLVED

That the minutes of the Special Mayoral Committee meeting dated 20 April 2020, be noted.

BESLUIT

Dat die notule van die Spesiale Burgemeesterskomiteevergadering gedateer 20 April 2020, goedgekeur word.

ISIGQIBO

Seskuba imizuzu yentlangano Ekhethekileyo Yekomiti kaSodolophu nebibanjwe ngomhla 20 kuThsazimpuzi 2020 ithathelwe ingqalelo.

11 STANDING ITEMS / *STAANDE ITEMS* / IMIBA EMISIWEYO

11.1 **APPOINTMENTS, SERVICE EXITS AND LABOUR RELATIONS INFORMATION FOR MAY 2020 / *AANSTELLINGS, UITDIENSTREDINGS EN ARBEIDSVERHOUDINGE INLIGTING VIR MEI 2020* / ABAQASHIWEYO, ABASHIYE UMSEBENZI KUNYE NEMICIMBI YEZABASEBENZI KWINYANGA KUCANZIBE 2020**

Refer: Report (9/3/1) dated 11 May 2020 from the Executive Manager: Corporate Services (B Holtzhausen (N Klaas)(pg 41-45)

NB: A SPECIAL WORD OF THANKS WAS EXTENDED TO MR BANDILE MBALO WHO WILL BE LEAVING GRDM.

RESOLVED

That the information on the appointments, service exits and labour relations matters for April 2020, be noted.

BESLUIT

Dat kennis geneem word van die aanstellings, uitdienstredings en arbeidsverhoudinge inligting vir April 2020.

ISIGQIBO

Sesokuba ulwazi ngokuqashwa, ukuphuma kwinkonzo kunye nemicimbi yezabasebenzi kwinyanga uTshazimpuzi 2020 kuthathelwe inqgalelo.

A. ITEMS FROM THE SPEAKER / *ITEMS VANAF DIE SPEAKER* / IMIBA EVELA KWIBAMBELA SOMLOMO

A.1 None / *Geen* / Azikho

B. **ITEMS FROM THE EXECUTIVE MAYOR/ *ITEMS VOORGELÊ VANAF DIE UITVOERENDE BURGEMEESTER* / IMIBA EVELA KUSODOLOPHU**

B.1 **REPORT: FOURTH ADJUSTMENT BUDGET 2019/20 MTREF / VIERDE AANGEPASTE *BEGROTING 2019/20 MTREF* / INGXELO NGOLWABIWO-MALI OLU LUNGELELWANISOWEYO LWESINE LUKA 2019/2020 MTRF**

Refer: Report (6/1/1/-18/19) dated 11 May 2020 from the Executive Mayor (Cllr M Booysen)(pg 46-112)

RESOLVED

(1) That the fourth Adjustments Budget of Garden Route District Municipality for the financial year 2019/20 as set out in the schedules contained in Section 4 be **approved:**

I. Table B1 Adjustments Budget Summary;
II. Table B2 Adjustments Budget Financial Performance (by standard classification);
III. Table B3 Adjustments Budget Financial Performance (by municipal vote);
IV. Table B4 Adjustment Budget Financial Performance (revenue by source); and
V. Table B5 Adjustment Budget Capital Expenditure (by municipal vote and funding source)

(2) Council approves the Adjustment Operating Expenditure Budget of R429,628,635.

(3) Council approves the Adjustment Operating Revenue Budget of R429,591,235.

(4) Council approves the Capital Budget of R8,423,432.

BESLUITE

(1) Dat die vierde Aangepaste Begroting van Garden Route Distrik Munisipaliteit vir die finansiële jaar 2019/20 soos vervat in die skedules van Seksie 4 goedgekeur word:

i. Tabel B1 Aangepaste Begrotings Opsomming;
ii. Tabel B2 Aangepaste Begroting Finansiele Prestasie (volgens standaard klassifikasie);
iii. Tabel B3 Aangepaste Begroting Finansiële Prestasie (volgens pos);
iv. Tabel B4 Aangepaste Begroting Finansiele Prestasie (volgens finansieringsbron); en
v. Tabel B5 Aangepaste Kapitale Begroting (volgens pos en finansieringsbron)

(2) Die Raad die Aangepaste Uitgawe Begroting van R429,628,635 goedkeur.

(3) Die Raad die Aangepaste Inkomste Begroting van R429,591,235 goedkeur.

(4) Die Raad die Kapitale Begroting van R8,423,432 goedkeur.

ISINDULULO

(1) Sesokuba uLungelelwaniso lwesine lolwabiwo-Mali loMasipala Wesithili se Garden Route kunyakamali ka 2019/20 njengoko kuqulathwe kuluhli kuMhlathi 4 **luphunyezwe:**
I. Table B1 Isishwankathelo soLungelelwaniso Lolwabiwo-Mali;
II. Table B2 uLungelelwaniso Lolwabiwo-Mali uMsebenzi Wezemali (ngokwendlela efanelekileyo);
III. Table B3 uLungelelwaniso Lolwabiwo-Mali uMsebenzi Wezemali (ngokwevoti yomasipala);
IV. Table B4 uLungelelwaniso Lolwabiwo-Mali uMsebenzi Wezemali (ingeniso ngokovimba); kunye
V. Table B5 uLungelelwaniso Lolwabiwo-Mali Incitho eiNkunzi (ngokwevoti yomasipala kunye nengeniso enguvimba)

(2) Sesokuba iBhunga liphumeze uLungelelwaniso Lolwabiwo-Mali Lwencitho Esebenzayo neyi R429,628,635.

(3) Sesokuba iBhunga liphumele uLungelelaniso Lolwabiwo-Mali Lwengeniso Esebenzayo neyi R429,591,235.

(4) Sesokuba iBhunga liphumeze uLwabiwo-Mali Oluyinkunzi lwe R8,423,432.

B.2 **GARDEN ROUTE DISTRICT MUNICIPALITY FINAL REVIEWED 2020/2021 FIFTH GENERATION INTEGRATED DEVELOPMENT PLAN (IDP) / *GARDEN ROUTE FINALE 2020/2021 VYFDE GENERASIE GEÏNTEGREERDE ONTWIKKELINGSPLAN (GOP) /* UYILO LOKUGQIBELA LWE GARDEN ROUTE LUKA 2020/2021 ISICWANGCISO SENDIBANISELWANO YOPHUHLISO YESIZUKULWANA SESIHLANU**

Refer: Report (6/18/2) dated 11 May 2020 from the Executive Mayor (Cllr M Booysen) (pg 113-476)

RESOLVED

1. That Council approves the Final reviewed 2020/2021 IDP.

2. That Council notes that the Final reviewed 2020/2021 IDP will be submitted to the MEC of COGTA in the Western Cape Province.

3. That Council notes that the Final reviewed 2020/2021 IDP will be submitted to all (B) municipalities in the district.

BESLUITE

1. Dat die Raad die Finale 2020/2021 GOP goedkeur.

2. Dat die Raad kennis neem dat die Finale 2020/2021 GOP aan die LUR van DKRTS in die Wes-Kaap Provinsie voorgelê gaan word.

3. Dat die Raad kennis neem dat die Finale 2020/2021 aan al die B munisipaliteite in die distrik voorgelê gaan word.

ISIGQIBO

1. Sesokuba I Bhunga liphumeze ukuthiwa thaca Koyilo Lokugqibela lwe IDP ka 2020/2021.

2. Sesokuba I Bhunga lithathe ingqalelo ukuba isincwangciso Sokugqibela sika 2020/2021 sizakuthunyelwa kuMphathiswa weCOGTA weNtshona Koloni.

3. Sesokuba I Bhunga lithathe ingqalelo ukuba bonke Oomasipala bengingqi bazakunikwa isicwangciso Sokugqibela sonyaka 2020/2021.

B.3 **REPORT: FINAL BUDGET 2020/2021 MTREF (MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK) / *VERSLAG: FINALE BEGROTING 2020/2021 MEDIUM TERMYN INKOMSTE EN UITGAWE RAAMWERK (MTIUR)* / INGXELO: UYILO LOLWABIWO-MALI 2020/2021 MTREF (INGENISO YEXESHA ELIFUTSHANE KUNYE NENDLELA YENCITHO)** *Refer: Report (6/18/7) dated 21 May 2020 from the Executive Mayor (Cllr M Booysen) (pg 5- 715)*

RESOLVED

1) That the final annual budget of Garden Route District Municipality for the financial year 2020/21 as set out in the schedules contained in Section 4 and Annexure A be approved:

   (i) Table A1 Consolidated Budget Summary;

   (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);

   (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);

   (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and

   (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)

   (vi) Table A6 Consolidated Budget Financial Position;

   (vii) Table A7 Consolidated Budget Cash Flows

   (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus

   (ix) Table A9 Consolidated Asset Management

   (x) Table A10 Consolidated basic service delivery measurement

2) That Council approves the Operating Revenue Budget of R 392,172,437.

3) That Council approves the Operating Expenditure budget of R 401,232,299.

4) That Council approves the Capital budget of R 8,135,000.

5) That Council takes note that R 165,472,675 operating income and expenditure as approved by Department of Public Transport for the Roads agency function has been included in the Total Operating budget as per recommendation 1 – 4.

6) That Council approves the tariffs for all services. (Annexure B)

7) That Council approves the amended budget related policy that have been reviewed and that have been amended, namely:

- Funding and Reserve Policy (Annexure G)

8) That Council approves the following policies that have been reviewed and remained unchanged, namely:

- Draft Tariffs Policy (Annexure C)
- Longterm Financial Managmement Policy (Annexure D)
- Budget policy (Annexure E)
- Asset Mangement Policy (Annexure F)
- SCM Policy (Annexure H)
- Credit Control and Debt Collection Policy and Bylaw (Annexure I)
- Banking, Cash Management and Investment Policy (Annexure J)
- Borrowing Policy (Annexure K)
- Prefential Procurement Policy (Annexure L)
- Petty Cash Policy (Annexure M)

9) That Council takes note of the following Budget Circulars, namely:

- MFMA Circular No 98 (Annexure N)
- MFMA Circular No 99 (Annexure O)

10) That Council take note of the project plans submitted by the departments (Annexure P)

11) That Council approves that the capital budget be funded from the Capital Replacement Reserve which is cash funded.

12) That Council approves that the operational budget deficit be funded from accumulated reserves from prior years and which is cash funded.

BESLUITE

1. *Dat die Raad goedkeuring gee vir die meerjarige konsepbegroting vir Garden Route Distrik Munisipaliteit vir die finansiële jaar 2020/2021 soos uiteengesit in seksie 4 van die begrotingsverslag en Aanhangsel A:*

(i) Tabel A1 Gekonsolideerde begrotings opsomming;

(ii) Tabel A2 Gekonsolideerde Begrotings Finansiële prestasie (volgens standard klassifikasie);

(iii) Tabel A3 Gekonsolideerde Begrotings Finansiële Prestasie (volgens munisipale segment);

(iv) Tabel A4 Gekonsolideerde Begrotings Finansiele Prestasie (Inkomste en Uitgawes)

(v) Tabel A5 Gekonsolideerde Kapitale Begrotings uitgawes (volgens munisipale segment en befondsing bron)

(vi) Tabel A6 Gekonsolideerde Begroting Finansiële

(vii) Tabel A7 Gekonsolideerde Begroting Kontantvloei

(viii) Tabel A8 Gekonsolideerde kontant gerugsteunde reserwes/opgehoopte surplus

(ix) Tabel A9 Gekonsolideerde Bate Bestuur

(x) Tabel A10 Gekonsolideerde Basiese dienslewering bepaling

2. *Dat die Raad Bedryfsinkomste van R 392,172,437 goedkeur.*

3. *Dat die Raad Bedryfsuitgawes van R 401,232,299 goedkeur.*

4. *Dat die Raad Kapitale Begroting van R 8,135,000 goedkeur.*

5. *Dat die Raad kennis neem dat R 165,472,675.00 bedryfsinkomste en bedryfsuitgawes van Departement van Publieke Vervoer vir die paaie agentskapsfunksie ingesluit is by die totale bedryfsbegroting soos per aanbeveling 1 – 4.*

6. *Dat die Raad die tariewe vir alle dienste goedkeur. (Aanhangsel B)*

7. *Dat die Raad die aangepaste begrotingsverwante beleid wat hersien en verander is goedkeur, naamlik:*

   - *Opgehoopte fondse en reserwe beleid (Aanhangsel G)*

8. *Dat die Raad die volgende beleide hersien is en geen veranderinge is aangebring nie goedkeur, naamlik:*

   - *Tariewe Beleid (Aanhangsel C)*
   - *Langtermyn Finansiële Bestuurs Beleid (Aanhangsel D)*
   - *Begrotings Beleid (Aanhangsel E)*
   - *Bate Bestuurs Beleid (Aanhangsel F)*
   - *Voorsienings Kanaal Beleid (Aanhangsel H)*
   - *Krediet Beheer en Skuld Invorderings Beleid (Aanhangsel I)*
   - *Bank, Kontantbestuur en beleggings Beleid (Aanhangsel J)*
   - *Lenings Beleid (Aanhangsel K)*

- *Voorkeur Verkrygings Beleid (Aanhangsel L)*
- *Kleinkas Beleid Regulasies (Aanhangsel M)*

9. *Dat die Raad kennis neem van die volgende begrotings omsendskrywes, naamlik:*

    - *MFMA Omsendskrywe No 98 (Aanhangesel N)*
    - *MFMA Omsendskrywe No 99 (Aanhangsel O)*

10) *Dat die Raad kennis neem van die projek planne wat ingedien is deur die departemente (Aanhangsel P).*

11) *Dat die Raad goedkeuring verleen dat die kapitale begroting befonds word uit die Kapitale Reserwe fonds wat kontant gerugsteun is.*

12) *Dat die Raad goedkeuring verleen dat die tekort op die bedryfsbegroting befonds word uit opgehoopte fondse van vorige jare wat kontant gerugsteun is.*

ISIGQIBO

1) Sesokuba ulwabiwo-mali lokugqibela lonyaka loMasipala Wesithili se Garden Route kunyakamali ka 2020/21 ngokuqulathwe kuluhlu loMhlathi 4 kunye no Annexure A luphunyezwe:

    (i) Table A1 Consolidated Budget Summary;

    (ii) Table A2 Consolidated Budget Financial Performance (by standard classification);

    (iii) Table A3 Consolidated Budget Financial Performance (by municipal vote);

    (iv) Table A4 Consolidated Budget Financial Performance (revenue and expenditure); and

    (v) Table A5 Consolidated Budget Capital Expenditure (by municipal vote and funding source)

    (vi) Table A6 Consolidated Budget Financial Position;

    (vii) Table A7 Consolidated Budget Cash Flows

    (viii) Table A8 Consolidated Cash backed reserves/ accumulated surplus

    (ix) Table A9 Consolidated Asset Management

    (x) Table A10 Consolidated basic service delivery measurement

2) Sesokuba iBhunga liphumeze uLwabiwo-Mali Lwengeniso Eqhubayo neyi R 392,172,437.

3) Sesokuba iBhunga liphumeze ulwabiwo-mali Lwencitho Oluqhubayo lwe R 401,232,299.

4) Sesokuba iBhunga liphumeze ulwabiwo-mali Oluyinkunzi lwe R 8,135,000.

5) Sesokuba iBhunga lithathele ingqalelo ukuba i R165,472,675 yengeniso eqhubayo kunye nencitho ngokuphunyezwe liSebe Lezothutho Loluntu yomsebenzi wezobu arhenge Kwezendlela iye yabandakanywa kulwabiwo-mali Luphelele Oluqhubayo ngokwezindululo 1-4>

6) Sesokuba iBhunga liphumeze amaxabiso azo zonek iinkonzo. (Annexure B)

7) Sesokuba iBhunga liphumeze ulwabiwo-mali olu lungisiweyo ngokumalunga nomgaqo oye waqwalaselwa ngokutsha noye walungiswa nongaqo we:

- Funding and Reserve Policy (Annexure G)

8) Sesokuba iBhunga liphumeze lemigaqo ilandelayo nethe yaqwalaselwa ngokutsha kwaye ayikhange ibenenguqu:

- Draft Tariffs Policy (Annexure C)
- Longterm Financial Managmement Policy (Annexure D)
- Budget policy (Annexure E)
- Asset Mangement Policy (Annexure F)
- SCM Policy (Annexure H)
- Credit Control and Debt Collection Policy and Bylaw (Annexure I)
- Banking, Cash Management and Investment Policy (Annexure J)
- Borrowing Policy (Annexure K)
- Prefential Procurement Policy (Annexure L)
- Petty Cash Policy (Annexure M)

9) Sesokuba iBbunga lithathele ingqalelo iZazinge soLwabiwo-mali nesiyi:

- MFMA Circular No 98 (Annexure N)
- MFMA Circular No 99 (Annexure O)

10) Sesokuba iBhunga lithathele ingqalelo izicwangciso zenkqubo ezinikezelweyo ngamasebe (Annexure P)

11) Sesokuba iBhunga liphumeze ukuba ulwabiwo-mali oluyinkunzi lubekelwe imali nesuka Kuvimba Ofakelweyo Oyinkunzi nonemali ekhoyo.

12) Sesokuba iBhunga liphumeze ukuba ulwabiwo-mali oluqhubayo nolunciphileyo lubenemali esuka kwinzala yovimba kwiminyaka yangphambili nethe yabanesibonelelo sezemali.

C. ITEMS FROM THE OFFICE OF THE MUNICIPAL MANAGER / *ITEMS VANAF DIE KANTOOR VAN DIE MUNISIPALE BESTUURDER* / IMIBA ENGXAMISEKILEYO EVELA KUMPHATHI MASIPALA

C.1 CONTRACTS MANAGEMENT POLICY / *KONTRAK-BEILEID* /UMGAQO WOLAWULO LWEZIVUMELWANO

Refer: Report (14/1) dated 13 May 2020 from the Municipal Manager (MG Stratu) / Manager Legal Services (N Davids)(pg 477 – 492)

RESOLVED

That Council approves the Contracts Management Policy.

BESLUIT

Dat die Raad die Kontrak-beleid goedkeur.

ISIGQIBO

Sesokuba iBhunga luiphumeze umgaqo Wolawulo Lwezumelwano.

C.2 PROMOTION OF ACCESS TO INFORMATION MANUAL / *BEVORDERING VAN TOEGANG TOT INLIGTING HANDLEIDING* / UKUHUTHAZWA NGOKUFIKELELWA KULWAZXI NGIOKWESANDLA

Refer: Report (14/1) dated 13 May 2020 from the Municipal Manager (MG Stratu) / Manager Legal Services (N Davids)(pg 493-528)

RESOLVED

That Council approves the PAIA Manual.

BESLUIT

Dat die Raad die Promosie van Toegang to Inligting handleiding (PAIA-handleiding) goedkeur.

ISIGQIBO

Sesokuba Ighunga liphuneze I PAIA Manual.

C.3 INAUGURATION OF DA COUNCILLOR: GARDEN ROUTE DISTRICT COUNCIL: CLLR GL. BOEZAK / *INHULDIGING VAN DA RAADSLID: RDL GL. BOEZAK/* UKUFUNGISWA KOCEBA WE DA: IBHUNGA LESITHILI SE GARDEN ROUTE: UCEBA GL. BOEZAK

Refer: Report (4/2/9) dated 20 May 2020 from the Municipal Manager (MG Stratu)(pg 716 – 720)

RESOLVED

That the report stand over until the next meeting.

BESLUIT

Dat die verslag oorstaan tot die volgende vergadering.

ISIGQIBO

Sesokuba lengxelo imiselwe intlanganiso elandelayo.

C.4 PROGRESS REPORT ON PROPERTIES /*VORDERINGSVERSLAG RAKENDE EIENDOMME/* INGXELO NGOMSEBENZI OSELE WENZIWE KWIMIHLABA

Refer: Report dated 20 May 2020 from the Municipal Manager (MG Stratu) / Strategic Manager in the Office of the Municipal Manager (T Loliwe)(pg 721 – 746)

RESOLVED

That Council takes note of the progress report

BESLUIT

Dat die Raad kennis neem van die verslag.

ISIGQIBO

Sesokuba iBhunga lithathele ingqalelo ingxelo.

C.5 REPORT - DRAFT TOP LEVEL SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR 2020/2021/ *VERSLAG – KONSEP TOP VLAK DIENSLEWERING EN BEGROTINGSIMPLEMENTERINGSPLAN VIR 2020/2021* / INGXELO NGOYILO LWEBAKALA ELIPHEZULU LONIKEZELO LWENKONZO KUNYE NESICWANGCISO SOKUMISELWA KOLWABIUWOMALI LUKA 2020/2021

Refer: (9/11/1) Report dated 20 May 2020 from the Municipal Manager (MG Stratu) Performance Management Manager (IG Saaiman)(pg 747 – 757)

RESOLVED

That Council takes note of the second draft Top Level Service Delivery and Budget Implementation plan for the 2020/2021 financial year.

BESLUIT

Dat die Raad kennis neem van die tweede konsep Top Vlak Dienslewering en Begrotings-Implementeringsplan met vir 2020/2021.

ISIGQIBO

Sesokuba iBhunga lithathele ingqalelo loyilo lwesibini Lwebakala Eliphezulu Lonikezelo Lwenkonzo kunye Nezicwangciso Sokumiselwa Kolwabiwo-Mali kunyakamali ka 2020/2021.

C.6 GARDEN ROUTE DISTRICT MUNICIPALITY REVISED RISK MANAGEMENT POLICY 2020/2021 FINANCIAL YEAR / *GARDEN ROUTE DISTRIKSMUNISIPALITEIT HERSIENE RISIKO-BESTUURSBELEID 2020/2021 FINANSIELE JAAR* / UMGAQO WOLAWULO LOKUSENGCIPHEKWEWNI WOMASIPALA WESITHILI KA 2020 NOQWALASELWE NGOKUTSA

Refer: (4/1/2/4/3) Report dated 17 March 2020 from the Municipal Manager (MG Stratu) / Strategic Manager in the Office of the Municipal Manager (T Loliwe)(pg 756 – 794)

RESOLVED

That Council approves the reviewed Risk Management Policy, Strategy and Implementation Plan for 2020/21 financial year.

BESLUIT

Die Raad die Risiko beleid, Strategie en Implementerings plan vir 2020/21 finansiële boekjaar goedkeur.

ISIGQIBO

Sesokuba iBhunga liphumeze ukuqwalaselwa ngokutsha koMgaqo Wolawulo Lokusengciphekweni, Ubuchule kunye Nokumiselwa Kwesicwangciso sonyakamali ka 2020/21.

D. ITEMS FROM THE FINANCIAL SERVICES DEPARTMENT / *ITEMS VANAF DIE FINANSIËLE DIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZEMALI

D.1 GARDEN ROUTE DISTRICT MUNICIPALITY LONG TERM FINANCIAL PLAN / *GARDEN ROUTE DISTRIKSMUNISIPALITEIT LANGTERMYN FINANSIËLE PLAN* / ISICWANGCISO SEZEMALI SOMASIPALA WESITHILI SE GARDEN ROUTE SEXESHA ELIDE

Refer: Report (6/18/7) dated 13 May 2020 from the Executive Manager Financial Services (JW de Jager)(529-680)

RESOLVED

That the contents of the Garden Route District Municipality Long Term Financial Plan be noted.

BESLUITE

Dat kennis geneem word van die inhoud van die Garden Route Distriksmunisipaliteit Langtermyn Finansiële Plan.

ISIGQIBO

Sesokuba umongo Wesicwangciso Sezemali Sexesha Elide soMasiapala Wesithi se Garden Route siphunyezwe.

D.2 EXTENSION OF AON CONTRACT FOR THE PROVISION OF INSURANCE COVER TO THE MUNICIPALITY / *VERLENGING VAN DIE VERSEKERINGS KONTRAK MET AON* / UKWANDISWA KWESIVUMELWANO SESIBONELELO SOKHUSELEKO SE INSHORENSI YOMASIPALA NABAKWA AON

Refer: Report dated 13 May 2020 from the Executive Manager Financial Services (JW de Jager)/ Manager Finance (L Hoek)(pg 681-686)

RESOLVED

1. That Council takes note of the contents of the report.
2. That Council approves the extension of the current insurance contract until 30 June 2021.

3. That the local community is given notice of the intention to amend the insurance contract as determined by Section 116 of the Municipal Finance Management Act 56 of 2003.

4. That the local community is invited to submit representations to the municipality on matter.

BESLUITE

1. *Dat die Raad kennis neem van die inhoud van die verslag.*

2. *Dat die Raad die verlenging van die huidige versekeringskontrak goedkeur tot 30 Junie 2021.*

3. *Dat die plaaslike gemeenskap kennis gegee word in gevolge die intensie om die versekerings kontrak te verleng soos bepaal deur Seksie 116 van die Munisipale Finansiële Bestuurswet, Wet 56 van 2003.*

4. *Dat die plaaslike gemeenskap uitgenooi word om kommentaar te lewer oor die verlenging van die versekerings kontrak.*

ISIGQIBO

1. Sesokuba iBhunga lithathele ingqalelo umongo wengxelo.

2. Sesokuba iBhunga liphumeze ukwandiswa kwesivumelwano se inshorensi de ibengumhla 30 kweyeSilimela 2020.

3. Sesokuba uluntu lwasekuhlalelni lwaziswe ngenjongo zokulungiswa kwesivumelwano sokuqeshisa njengoko kufunwa nguMhlathi 116 we Municipal Finance Management Act 56 wango 2003.

4. Sesokuba uluntu lwasekuhlaleni lumenywe ukuba lufake izimvo zalo kumasipala ngalomba.

D.3 DEBT WRITE-OFF REPORT 2019/20: QUARTER 3 / *SKULD AFSKRYWINGSVERSLAG 2019/20: KWARTAAL 3* / INGXELO YOKUCINYWA KWETYALA 2019/20 : KWIKOTA 3

Refer: Report (8/3/1/1 dated 13 May 2020 from the Executive Manager Financial Services (JW de Jager)/ Manager Finance (J Stander) (pg 687-692)

RESOLVED

That Council approves the write-off of debtors balances outstanding per category with a total of R 1 092 595,98.

BESLUIT

Dat die Raad goedkeuring verleen vir die afskrywing van debiteure met balanse uitstaande per kategorie met 'n totaal van R1 092 595,98.

ISIGQIBO

Sesokuba iBhunga liphumeze ukucinywa kwetyala ngokulungisa amatyala ngokwebakala nemali eyi R 1 092 595,98.

D.4 DEVIATION REPORT: IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR THE PERIOD 01 MARCH 2020 TO 30 APRIL 2020/ *AFWYKINGSVERSLAG: IMPLEMENTERING VAN DIE VOORSIENINGSKANAALBELEID VIR DIE PERIODE 01 MAART TOT 30 APRIL 2020* / INGXELO YOTENXO: UKUMISELWA KOMGAQO WOLAWULO LWENCITHO KWIXESHA UMHLA 01 NGEYOKWINDLA 2020 UYAKUTSHO KUMHLA WE 30 NGEKATSHAZIMPUZI 2020

Refer: Report (9/8/21 dated 20 April 2020 from the Executive Manager Financial Services (JW de Jager)(pg 693-704)

RESOLVED

1. That the implementation of Section 36 of the Municipal Supply Chain Regulation in terms of the deviations for the period 1 March 2020 up to 30 April 2020, be noted.

2. That it be noted that in terms of Section 114 of the Municipal Finance Management Act, Act 56 of 2003, there was no approval of tenders not recommended in the normal course of implementing Supply Chain Management policy of a municipality.

BESLUITE

1. *Dat die kennis geneem word van die implementering van Artikel 36 van die Voorsieningskanaal beleid in terme van die afwykings vir die periode van* 1 Maart 2020 tot 30 April 2020.

2. *Dat kennis geneem word dat in terme van Artikel 114 van die Munisipale Finansiale Bestuurswet, Wet 56 van 2003, daar geen goedkeuring was van tenders wat toegeken is in die normale implementering van die Voorsieningskanaalbeleid van die munisipaliteit nie.*

ISIGQIBO

1. Sesokuba ukumisela komhlathi 36 kwemiqathango Womthetho Wezencitho zoMasipala kutyeshelo ukususela kumhla 1 kweyoKwindla 2020 uyakutsho kumhla 30 ngekaTshazimpuzi 2020, kuthathelwe ingqalelo.

2. Sesokuba ngokwemiqathango yoMhlathi (114) loLawulo Lwezemali zikaMasipala, uMthetho 56 wango 2003, uthathelwe ingqalelo ukuba akukhange kuphunyezwe zinikisi maxabiso ezingandululwanga kwinkqubo efanelekileyo ekumiselweni kwencitho yomgaqo wolawulo lomasipala.

D.5 FINAL SERVICE DELIVERY STANDARDS REPORT 2020/21 / *FINALE DIENSLEWERINGSTANDAARDE VERSLAG 2020/21* / INGXELO YOKUGQIBELA YOMGANGATHO WONIKEZELO LWENKONZO 2020/21

Refer: Report (6/18/7) dated 13 May 2020 from the Executive Manager Financial Services (JW de Jager) (pg 795- 802)

RESOLVED

That the contents of the report regarding the service delivery standards be approved.

BESLUIT

Dat die inhoud van die verslag rakende die diensleweringsstandaarde goedgekeur word.

ISIGQIBO

Sesokuba umongo wengxelo malunga nomgangatho wonikezelo lwenkonzo uphunyezwe.

E. ITEMS FROM THE CORPORATE SERVICES DEPARTMENT / *ITEMS VANAF DIE KORPORATIEWE DIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZOLAWULO

E.1 **REPORT ON THE DRAFT PROPOSED SCHEDULE OF MEETINGS FOR 2020 IN RESPECT OF COUNCIL AND COMMITTEES FOR THE PERIOD JULY TILL DECEMBER 2020 / *VERSLAG RAKENDE DIE KONSEP VOORGESTELDE SKEDULE VAN VERGADERINGS VIR 2020 VIR DIE TYDPERK JULIE TOT DESEMBER 2020 TEN OPSIGTE VAN RAAD EN KOMITEES* / INGXELO NGOYILO LWESIPHAKAMISO SOLUHLU LWENTLANGANISO ZIKA 2020 NGOKUPHATHELENE NEBHUNGA KUNYE NEEKOMTI KWIXESHA LENYANGA YEKHALA UKYA KWEYOMNGA 2020**

Refer: Report (4/1/2/1) dated 08 May 2020 from the Executive Manager Corporate Services (B Holtzhausen)(pg 705 – 712)

RESOLVED

1. That the draft proposed schedule of dates for Council and Committee meetings for the period July till December 2020, be approved.

2. That it be noted that the schedule is subject to changes.

BESLUITE

1. *Dat die konsep voorgestelde skedule van vergaderingdatums vir Raad en komiteevergaderings vir die tydperk Julie tot Desember 2020, goedgekeur word.*

2. *Dat kennis geneem word dat die skedule onderhewig is aan veranderinge.*

ISIGQIBO

1. Sesokuba uyilo lwesiphakamiso semihla yentlanganiso zeBhunga kunye neKomiti kwixesha lenyanga yeKhala ukuya kweyoMnga 2020 iphunyezwe.

2. Sesokuba kuthathelwe ingqalelo ukuba uluhlu lusengatshintsha.

E.2 RULES OF ORDER FOR PROCEDURES AND MAINTENANCE OF ORDER AT MEETINGS OF COUNCIL / *STANDAARDVERORDINGE INSAKE DIE PROSEDURES EN HANDHAWING VAN ORDE VIR VERGADERINGS VAN DIE RAAD* / IMITHETHO YOCWANGCO EFANELEKILEYO NGOKWENKQUBO KUNYE NOGCINO CWANGCO KWINTLANGANISO ZEBHUNGA

Refer: Report (4/1/1/3) dated 13 May 2020 from the Executive Manager Corporate Services (B Holtzhausen)(pg 713 – 765)

RESOLVED

1. That the proposed amendments to the Rules of Order be published for comments.

2. That after the comments from the public have been received, the item should be brought back to Council for a decision.

BESLUITE

1. Dat die voorgestelde wysigings rakende die Staatsverorderinge publiseer word vir kommentaar.

2. Dat, na die kommentaar van die publiek ontvang is, die verslag terugverwys word na die Raad vir finale beslissing.

ISIGQIBO

1. Sesokuba isiphakamiso solungiso Kwimithetho yocwangco ipapashwe ukuze kufunyanwe izimvo.

2. Sesokuba emveni kwezimvo zoluntu eziye zafunyanwa, lomba kufuneka uphinde ubuyeselwe kwiBhunga ukuze kuthatyathwe isigqibo

E.3 POLICY FOR CONFERMENT OF ALDERMAN/ALDERLADY HONOUR / *BELEID RAKENDE DIE BEVESTIGING VAN RAADSHEER / RAADSDAME EER* / UMGAQO WOKUNIKWA KWAMAWONGA OMASIPALA*Refer: Report (4/1/1/3) dated 13 May 2020 from the Executive Manager Corporate Services (B Holtzhausen)(pg 766 – 771)*

RESOLVED

That Council approves the Policy for Conferment of the Alderman/Alderlady honour.

BESLUIT

Dat die Raad die Beleid vir die bevestiging van Raadsheer / Raadsdame goedkeur.

ISIGQIBO

Sesokuba iBhunga liphumeze umgaqo wonikezelo kwewonga lobusibonda.

E.4 REPORT ON MICRO ORGANISATIONAL STRUCTURE OF GARDEN ROUTE DISTRICT MUNICIPALITY 2020/2021 / *VERSLAG RAKENDE DIE MIKRO ORGANISASIE STRUKTUUR VAN GARDEN ROUTE DISTRIKSMUNISIPALITEIT 2020/2021* / INGXELO NGESIPHAKAMISO SESIMO SOLAWULO SOMASIPALA WESITHILI SE GARDEN ROUTE 2020/21

Refer: Report (4/1/2/1) dated 08 May 2020 from the Executive Manager Corporate Services (B Holtzhausen)/ Manager Human Resources (N Klaas) (pg 803 – 810)

RESOLVED

That the proposals for the 2020/2021 structure be approved.

BESLUIT

Dat die voorstelle vir die 2020/2021 Organisasie Struktuur goedgekeur word.

ISIGQIBO

Sesokuba isiphakamiso sesimo sezolawulo sika 2020/2021 siphunyezwe.

E.5 REPORT FROM DEPARTMENT CORPORATE SERVICES: AUXILIARY SERVICES SECTION ON THE FLEET MANAGEMENT POLICY / *VERSLAG VAN KORPORATIEWE DIENSTE DEPARTEMENT: ONDERSTEUNINGS DIENSTE AFDELING RAKENDE DIE VLOOT BESTUURSBELEID* / INGXELO YESEBE LENKONZO ZOLAWULO: ICANDELO LENKONZO ZOGCINO NGOMGAQO WOLAWULO LWEZITHUTHI

Refer: Report dated 20 May 2020 from the Executive Manager Corporate Services (B Holtzhausen)(pg 811 – 822)

RESOLVED

That the Fleet Management Policy be approved by Council.

BESLUIT

Dat die vlootbestuursbeleid deur die Raad aanvaar word.

ISIGQIBO

Sesokuba uMgaqo Wolawulo Lwesithuthi wamkelwe liBhunga.

F. ITEMS FROM THE COMMUNITY SERVICES DEPARTMENT / *ITEMS VANAF DIE GEMEENSKAPSDIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZOLUNTU

NB: REPORT F.2 WAS DEALT WITH FIRST.

F.2 **UPDATE REPORT ON THE ACTIONS TAKEN BY THE DISTRICT COVID-19 COMMAND COUNCIL TO ADDRESS THE COVID-19 PANDEMIC / *OPDATERINGSVERSLAG RAKENDE DIE AKSIE STAPPE WAT REEDS DEUR DIE COVID-19 DISTRIK BEHEERRAAD IN PLEK GESTEL IS OM DIE CORONAVIRUS (COVID-19) PANDEMIE AAN TE SPREEK* / INGXELO ENTHSA NGEMISBENZI EYENZIWE LIBHUNGA LESITHILI LEMITHETHO YE COVID 19 UKUJONGANA NOBHUBHANEVWE** *Refer: Report (18/R) dated 22 May 2020 from the Executive Manager Community Services (C Africa)(pg 823 – 839)*

RESOLVED

That Council takes note of the report.

BESLUITE

Dat die Raad kennis neem van die verslag.

ISIGQIBO

Sesokuba iBhunga lithathele ingqalelo.

F.1 **REPORT REGARDING PROGRESS ON POSSIBLE FOODBANK FOR THE DISTRICT / *VERSLAG RAKENDE VORDERING OOR MOONTLIKE VOEDSEL BANK IN DIE DISTRIK* / INGXELO MALUNGA NOMSEBENZI OSELE WENZIWE NGELINGE LEBANKI YOKUTYA YESITHILI** *Refer: Report (10/1/3/4) dated 12 May 2020 from the Executive Manager Community Services (C Africa) (pg 772 – 780)*

RESOLVED

That Council takes note of the report.

BESLUIT

Dat die Raad kennis neem van die verslag.

ISIGQIBO

Sesokuba iBhunga lithathele ingqalelo lengxelo.

G. ITEMS FROM THE ROADS AND TRANSPORT PLANNING SERVICES DEPARTMENT / *ITEMS VANAF DIE PAAIE EN VERVOER BEPLANNINGSDIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZENDLELA KUNYE NEZICWANGCISO KWEZOTHUTHO

NONE / *GEEN* / AYIKHO

H. ITEMS FROM THE PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT / ITEMS VANAF DIE BEPLANNING EN EKONOMIESE DIENSTE DEPARTEMENT / IMIBA YESEBE LEZOCWANGCISO KUNYE NOPHUHLISO LOQOQOSHO

H.1 REPORT ON THE SOUTH CAPE ECONOMIC PARTNERSHIP REVIEW / *VERSLAG TEN OPSIGTE VAN DIE SUID-KAAP EKONOMIESE VENNOOTSKAP HERSIENING* / INGXELO NGOQWALASELO LOBAMBISWANO LOMZANTSI KAPA LWEZOQOQOSHO *Refer: Report (19/2/2/20) dated 11 May 2020 from the Executive Manager Planning Economic Development (L Menze) Manager Economic Development & Tourism (M Wilson)(pg 781 – 199)*

RESOLVED

1. That the South Cape Economic Partnership (SCEP) be renamed to Garden Route Development Partnership (GRDP).

2. That capacity building be integrated into the activities of the SCEP/GRDP.

3. Positioning the SCEP/GRDP as a key role player in the execution of the Garden Route Growth and Development Strategy.

4. That a new charter be developed for SCEP/GRDP and be reviewed annually.

5. That the structure of the SCEP/GRDP steering committee be revised.

6. That it is agreed that three year Service Level Agreement cycles starting 2020/21, be entered into with Western Cape Economic Development Partnership.

7. That the first year of funding to the amount of R110 000 be made available within the 2020/21 budget as the GRDM's contribution to this partnership.

BESLUITE

1. Dat die Suid-Kaap Ekonomiese Vennootskap herbenoem word na die Garden Route Ontwikkelingsvennootskap.

2. *Dat kapasiteitsbou geintegreer word in die aktiwiteite van die Suid-Kaap Ekonomiese Vennootskap/Garden Route Ontwikkelingsvennootskap.*

3. *Dat die Suid-Kaap Ekonomiese Vennootskap/Garden Route Ontwikkelingsvennootskap geposisioneer word as 'n sleutel rolspeler in die uitvoering van die Garden Route Groei and Ontwikkelings Strategie.*

4. *Dat 'n nuwe handves ontwikkel word vir Suid-Kaap Ekonomiese Vennootskap/ Garden Route Ontwikkelingsvennootskap wat jaarliks hersien word.*

5. *Dat die strukture van die Suid-Kaap Ekonomiese Vennootskap/ Garden Route Ontwikkelingsvennootskap bestuurskomitee hersien word.*

6. *Dat goedgekeur word dat drie-jaar Diensvlak Ooreenkomste met die Wes-Kaapse Ekonomiese Ontwikkelings Vennootskap onderteken word, met die eerste siklus wat 2020/21 begin.*

7. *Dat die eerste jaar van befondsing vir die bedrag van R110 000 beskikbaar gestel word in die 2020/21 begroting as die GRDM se bydrae tot die vennootskap.*

ISIGQIBO

1. Sesokuba uBambiswano Lwezoqoqosho loMzantsi Kapa(SCEP) lithiywe ngokutsha libeyi uBambiswano Lwezophuhliso Lwezoqoqosho lwe Garden Route(GRDP).

2. Sesokuba ukwakhiwa kwezakhona kudityaniselwe kwimisebenzi ye SCEP/GRDP.

3. Ukumiselwa kwamahlakani aphambili e SCEP/GRDP ekumiselweni Kohlumo lwe Garden Route kunye Nobuchule Bezophuhliso.

4. Sesokuba kuveliswe uluhlu olutsha lwe SCEP/GRDP kwaye luqwalaselwe rhoqo ngonyaka.

5. Sesokuba ubume bekomiti ye SCEP/GRDP buqwalaselwe kwakhona.

6. Sesokuba kuvunyelweni ukuba Isivumelwano Sebakala Lenkonzo nesiqala kunyakamali ka 2020/21, kungenelwe kuso Nabobambiswano Lwezophuhliso Loqoqosho kwiNtshona Koloni.

7. Sesokuba isibonelelo semali sokuqala sonyaka nesiyimali eyi R110 000 ibekhona kulwabiwo-mali lonkyaka mali ka 2020/21 njengesibonelelo se GRDM kubambiswano lwaso.

H.2 REPORT ON THE DISTRICT DEVELOPMENT AGENCY / *VERSLAG RAKENDE DIE DISTRIK ONTWIKKELINGSAGENTSKAP* / INGXELO NGOBU ARHENTE BEZOPHUHLISO BESITHILI

Refer: Report (20/5/12) dated 12 May 2020 from the Executive Manager Planning Economic Development (L Menze) Manager Project Management Unit (P Dongi) (pg 800 – 972)

RESOLVED

1. That Council supports the intention to promote economic growth through one stop centre for coordinated regional investment.
2. That Council adopts the outcomes of the feasibility study.
3. That Council approves and authorizes management to implement the project in 2020/21 financial year.
4. That management continuously update council on the implementation progress of the project.

BESLUITE

1. *Dat die Raad die bedoeling om ekonomiese groei deur 'n een-stop sentrum vir georganiseerde belegging in die streek ondersteun.*
2. *Dat die Raad die uitslag van die uitvoerbaarheidstudie aanneem.*
3. *Dat die Raad goedkeuring verleen die Bestuur bemagtig om die projek in die 2020/2021 finansiële jaar te implementer.*
4. *Dat Bestuur die Raad voortdurend in kennis stel van vordering gemaak met die projek.*

ISIGQIBO

1. Sesokuba iBhunga lixhase injongo zokukhuthaza uhlumo loqoqosho ngokweziko elinye lokungelelwaniso lwezotyalo kwingingqi.
2. Sesokuba iBhunga liphumeze kwaye lamkele iziphumo zezifundo ezenziweyo.
3. Sesokuba iBhunga liphumeze kwaye livumele abaphathi bamisele inkqubo zonyakamali ka 2020/21.
4. Sesokuba abaphathi baqhubekeke ngokunikezele iBhunga ulwazi ngokumiselwa nkwenkqubo.

H.3 **RESORT "ACCOMODATION", BOOKING AND "CONCESSION" POLICY MAY 2020/*OORDE AKKOMMODASIE, BESPREKING EN KONSESSIE BELEID MEI2020 /* UMGAQO WENDAWO ZOKUPHOLA,UKUFAKWA KWEZICELO KUNYE NOKUGCWALA**

Refer: Report (18/4/R) dated 14 May 2020 from the Executive Manager Planning Economic Development (L Menze) Manager Property Development & Management (M Appels) (pg 840 – 853)

RESOLVED

That the Resorts Accommodation, Booking and Concession Policy be approved, and implemented from 1 July 2020.

BESLUIT

Dat die Akkommodasie, Besprekings en Konsessiebeleid goedgekeur word met ingang 1 Julie 2020.

ISIGQIBO

Kundululwe ukuba uMgaqo Wendawo Zokuphola, Ukubhalisa kunye Nokugcwala uphunyezwe kwaye umiselwe ukususela ngomhla 1 kweyeKhala 2020.

H.4 **REPORT ON THE REGIONAL FRESH PRODUCE MARKET / *VERSLAG RAKENDE DIE PLAASLIKE VARS-PRODUK MARK* / INGXELO NGEMAKETHI YEMVELISO YEZIQHAMO KWINGINGQ**

Refer: Report (20/5/12) dated 13 May 2020 from the Executive Manager Planning Economic Development (L Menze) Manager Project Management Unit (P Dongi)(pg 854 -1108)

RESOLVED

1. That Council notes the process followed by management to promote food security and economic growth in the region through co-ordinated regional bulk infrastructure provision.
2. That Council adopts the outcomes of the feasibility study.
3. That Council approves and authorises management to start raising the funds to implement th project in 2020/21 financial year.
4. That management continuously update Council on the implementation progress of the project.

BESLUITE

1. *Dat die Raad kennis neem van die vordering gevolg deur Bestuur om voedselsekuriteit en ekonomiese groei in die streek deur georganiseerde grootmaat-infrastruktuur voorsiening te bevorder.*
2. *Dat die Raad die uitslag van die uitvoerbaarheidstudie aanneem.*
3. *Dat die Raad goedkeur en Bestuur bemagtig om die projek in die 2020/2021 finansiële jaar te implementeer.*
4. *Dat Bestuur voortdurend die Raad in kennis stel van die vordering met die implementering van die projek.*

ISIGQIBO

1. Sesokuba iBhunga lithathele ingqalelo inkqubo elandelweyo ngabaphathi yokukhuthaza ukhuseleko lokutya kunye nohlumo loqoqosho kwingingqi ngokulungelelanisa ubuxhakaxhaka bezibonelelo zengingqi.
2. Sesokuba iBhunga lamkele iziphumo zoqwalaselo lwezifundo olwenziweyo.
3. Sesokuba iBhunga liphumeze kwaye livumele abaphathi ukuba bamisele lenkqubo kunyakamali ka 2020/21.
4. Sesokuba abaphathi baqhubekeke ukwazisa iBhunga ngomsebenzi osele wenziwe ekumiselweni kwenkqubo.

I. MOTIONS OF EXIGENCY / *DRINGENDE MOSIES* / IMIBA ENGXAMISEKILEYO

I.1 NONE / *GEEN* / AYIKHO

J. NOTICES OF MOTIONS / KENNISGEWINGS VAN MOSIES / ISAZISO SEZIPHAKAMISO

J.1 NONE / *GEEN* / AYIKHO

K. IN COMMITTEE / *IN-KOMITEE* / EKHUSINI

K.1 APPROVAL OF MINUTES OF COUNCIL MEETINGS / *GOEDKEURING VAN NOTULES VAN RAADSVERGADERINGS* / UKWAMKELWA KWEMIZUZU YENTLANGANO YEBHUNGA

Council meeting dated 04 May 2020 / *Raadsvergadering gedateer 04 Mei 2020* / Intlanganiso eKhethekileyo yeBhunga ngomhla 04 KuCanzibe 2020 (pg 8-27)

RESOLVED

That the minutes of the Special Council meeting dated 04 May 2020, be approved,

BESLUIT

Dat die notule van die Spesiale Raadsvergadering gedateer 04 Mei 2020, goedgekeur word.

ISIGQIBO

Seskuba imizuzu yentlangano yeBhunga yangomhla 04 KuCanzibe 2020, iphunyezwe.

K.2 REPORT ON THE INVESTIGATION OF ALLEGATIONS OF FINANCIAL MISCONDUCT AGAINST OFFICIALS / VERSLAG RAKENDE DIE ONDERSOEK VAN AANTUIGINGS VAN FINANSIËLE WANBESTUUR TEEN AMPTENARE / INGXELO NGOPHANDO LWEZITYHOLO ZOKUSETYENZISWA GWENXA KWEZEMALI NGAMAGOSA

Refer: Report (9/8/2) dated 06 May 2020 from the Municipal Manager (MG Stratu)(pg 6-13)

RESOLVED

1. That Council takes note of the full investigation conducted by the Disciplinary Board.

2. That the recommendations of the Disciplinary Board be approved.

BESLUITE

1. *Dat die Raad kennis neem van die volle ondersoek geloods deur die Dissiplenêre Komitee.*

2. *Dat die aanbevelings van die Disiplinêre Komitee goedgekeur word.*

ISIGQIBO

1. Sesokuba iBhunga lithathele ingqalelo uphando olwenziweyo yiBhodi Yezoluleko.
2. Sesokuba izindululo zeBhodi Yezoluleko ziphunyezwe.

CLOSURE / *SLUITING* / UQUKUNJELO

The meeting closed at 15:04 with 31 councillors present / *Die vergadering sluit om 15:04 met 31 raadslede teenwoordig* / Intlanganiso ivalwe ngo 15:04 inooceba abangamashumi amabini 31.

…….. ……..

SPEAKER: CLLR BHJ GROENEWALD **DATE / DATUM / UMHLA**

BACK TO AGENDA

Minutes of a

Special Mayoral Committee meeting

held via Zoom,

on **Monday, 04 May 2020** at **09:00**

Notule van 'n ***Spesiale***

Burgemeesterskomiteevergadering

gehou via Zoom,

Maandag , 04 Mei 2020 *om* ***09:00***

Imizuzu yeNtlanganiso

Yekomiti Kasodolophu nebibanjwe

Ngobuxhakaxhaka be Zoom

ngoMvulo, 04 KuCanzibe 2020 ngo **09:00**

1. OPENING AND WELCOME / *OPENING EN VERWELKOMING* / UVULO NOLWAMKELO

The Executive Mayor, Cllr M Booysen, opened the meeting and welcomed everyone present.

2. SILENT PRAYER / *STILLE GEBED* / UMTHANDAZO OTHULEYO

A moment of silence was observed.

3. ATTENDANCE OF MEMBERS / *BYWONING VAN LEDE* / AMALUNGU AKHOYO

3.1 MEMBERS: PRESENT / *LEDE: TEENWOORDIG* / AMALUNGU: AKHOYO

Cllr / *Rdl* / Ceba M Booysen	Executive Mayor
Cllr / *Rdl* / Ceba RE Spies	
Cllr / *Rdl* / Ceba I Stemela	
Cllr / *Rdl* / Ceba JP Johnson	
Cllr / *Rdl* / Ceba KS Lose	
Cllr / *Rdl* / Ceba RH Ruiters	
Cllr / *Rdl* / Ceba E Meyer	
Cllr / *Rdl* / Ceba JC Lambaatjeen	

AMPTENARE / *OFFICIALS* / AMAGOSA

Mr M Stratu	Municipal Manager
Ms B Holtzhausen	Executive Manager Corporate Services
Mr C Africa	Executive Manager Community Services
Mr JW de Jager	Executive Manager Financial Services
Mr L Menze	Executive Manager Planning & Economic Development
Mr JG Daniels	Executive Manager Roads and Transport Services
Mr T Loliwe	Strategic Manager: Office of the Municipal Manager
Mr S Maqekeni	Manager: Integrated Support Services & Legal Compliance

Ms N Davids	Manager: Legal Services
Mr B Desha	Snr Interpreter/ Translator / Committee Officer
Ms R Matthews	Acting Senior Committee Officer

3.2 MEMBERS: ABSENT WITH LEAVE / *LEDE: AFWESIG MET VERLOF* / AMALUNGU: ABEKWIKHEFU

None / *Geen* / Azikho

3.3 MEMBERS: ABSENT WITHOUT LEAVE / *LEDE: AFWESIG* SONDER VERLOF / AMALUNGU: ANGEKHO KWIKHEFU

None / *Geen* / Azikho

4 NOTING THE PROVISIONS OF SCHEDULE 1 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, ACT 32 OF 2000 / *KENNISNAME VAN DIE VOORSKRIFTE VAN SKEDULE 1 (GEDRAGSDKODE VIR RAADSLEDE) VAN DIE PLAASLIKE REGERING MUNISIPALE STELSELSWET, WET 32 VAN 2000* / UQWALASELO LWEZIBONELELO ZOLUHLU 1 (INDELA YOKUZIPHATHA KOCEBA) ZE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, ACT 32 OF 2000

Noted / *Kennis* / Ithathelwe ingqlelo

5. DISCLOSURE OF INTERESTS BY COUNCILLORS AND OFFICIALS / *VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE* / UKUCHAZWA NGOKUBANOMDLA NGOCEBA KUNYE NAMAGOSA

None / Geen / Azikho

6. COMMUNICATIONS BY THE EXECUTIVE MAYOR / *MEDEDELINGS DEUR DIE UITVOERENDEBURGEMEESTER* / UNXIBELELWANO LUKA SODOLOPHU

None / *Geen* / Azikho

7. COMMUNICATIONS BY THE MUNICIPAL MANAGER / *MEDEDELINGS DEUR DIE MUNISIPALE BESTUURDER* / UNXIBELELWANO LOMPHATHI MASIPALA

None / *Geen* / Azikho

8. INTRODUCTION OF NEWLY APPOINTED STAFF / *BEKENDSTELLING VAN NUWE PERSONEEL* / UKWAZISWA KWABASEBENZI ABASANDOKUQASHWA

(As per report on page 19-26)

9. CONFIRMATION OF MINUTES: 20 APRIL 2020/ *BEKRAGTIGING VAN NOTULE GEDATEER: 20 APRIL 2020* / UKUQINISEKISWA KWEMIZUZU: 20 KUTSHAZIMPHUZI 2020 (pg 6-18)

RESOLVED

That the Executive Mayoral Committee approves the minutes of the Special Executive Mayoral Committee meeting dated 20 April 2020.

BESLUIT

Dat die Uitvoerende Burgemeesterskomitee die notule van die Spesiale Uitvoerende Burgemeesterskomiteevergadering gedateer 20 April 2020, goedkeur.

ISIGQIBO

Sesokuba yeKomiti Kasodolophu liphumeze imizuzu yentlanganiso yeKomiti Kasodolophu yangomhla 20 KuTshazimphuzi 2020.

10. MINUTES OF SECTION 79 COMMITTEES (FOR NOTIFICATION) / *NOTULES VAN ARTIKEL 79 KOMITEES (VIR KENNISNAME)* / IMIZUZUZ YEKOMITI KASODOLOPHU KUNYE NEZINYE IKOMITI ZOMHLATHI 79 (ITHATHELWE INGQALELO)

None / *Geen* / Azikho

11. STANDING ITEMS / *STAANDE ITEMS* / IMIBA EMISIWEYO

11.1 APPOINTMENTS, SERVICE EXITS AND LABOUR RELATIONS INFORMATION FOR APRIL 2020 / *AANSTELLINGS, UITDIENSTREDINGS EN ARBEIDSVERHOUDINGE INLIGTING VIR JANUARIE 2020* / ABAQASHIWEYO, ABASHIYE UMSEBENZI KUNYE NEMICIMBI YEZABASEBENZI KUCANZIBE YOMQUNGU 2020 (1045343)

Refer: Report (9/3/1) dated 21 April 2020 from the Executive Manager: Corporate Services (B Holtzhausen) / Manager Human Resources (N Klaas) (pg 19-26)

RESOLVED TO RECOMMEND TO COUNCIL

That the information on the appointments, service exits and labour relations matters for April 2020, be noted.

BESLUIT OM BY DIE RAAD AAN TE BEVEEL

Dat kennis geneem word van die aanstellings, uitdienstredings en arbeidsverhoudinge inligting vir April 2020.

ISIGQIBO SOKUNDULULA KWIBHUNGA

Sesokuba ulwazi ngokuqashwa, ukuphuma kwinkonzo kunye nemicimbi yezabasebenzi kwinyanga KuTshazimphuzi 2020 kuthathelwe inqgalelo.

MATTERS FOR CONSIDERATION / *SAKE VIR OORWEGING* / IMIBA EKUFUNEKA IQWALASELWE

12 ITEMS FROM THE EXECUTIVE MAYOR / *ITEMS VOORGELÊ VANAF DIE UITVOERENDE BURGEMEESTER* / IMIBA ESUKA KUSODOLOPHU OBEKEKILEYO

12.1 REPORT: SECTION 52 – RESPONSIBILITIES OF MAYOR / *VERSLAG: ARTIKEL 52 VERANTWOORDELIKHEDE VAN DIE BURGEMEESTER* / INGXELO: U MHLATHI 52 - UXANDUVA LUKA SODOLOPHU (1045722)

Refer (6/18/7) dated 22 April 2020;Report from the Executive Mayor (pg 27-80)

RESOLVED TO RECOMMEND TO COUNCIL

1. That Council notes the quarterly report on the implementation of the budget and the financial affairs of the municipality for the year to date and the quarter ending 31 March 2020.
2. That Council notes that tabling of the report more than 30 days after the last day of the quarter is not non-compliance to the MFMA, due to the timeline provisions of the MFMA Exemption Notice dated 30 March 2020.

BESLUIT OM BY DIE RAAD AAN TE BEVEEL

1. *Dat die Raad kennis neem van die kwartaalverslag rakende die implementering van die begroting en die finansiële posisie van die munisipaliteit vir die jaar tot datum en die kwartaal geëinding 31 Maart 2020.*

2. *Dat die Raad kennis neem dat die voorlegging van die verslag meer as 30 dae na die laaste dag van die kwartaal, nie nie-nakoming van die Munisipale Finansiële Bestuurswet is nie, weens die tydlynbepalings van die vrystellingskennis gedateer 30 Maart 2020.*

ISIGQIBO SOKUNDULULA KWIBHUNGA

1. Sesokuba iBhunga lithathele ingqalelo ingxelo yekota ngokumiselwa kolwabiwo-mali kunye nemicimbi yezemali zomasipala zonyaka uzakuthi ga ngoku kunye nexesha eliphela ngomhla 31 kweyoKwindla 2020.

2. Sesokuba iBhunga lithathele ingqalelo ukuthiwa thaca kwengxelo ngaphezu kwentsuku ezi 30 emveni kosuku lokugqibela lwekota akuhambelani ne MFMA,ngenxa yamaxesha amiswe Sizaziso se MFMA sokugqithiselwa sangomhla 30 kweyoKwindla 2020.

13 ITEMS FROM THE MUNICIPAL MANAGER */ ITEMS VANAF DIE MUNISIPALE BESTUURDER / IMIBA ESUKA KUMPHATHI MASIPALA*

13.1 REPORT – REVISED/ADJUSTED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN OF 2019/2020/*VERSLAG – HERSIENDE/AANGEPASTE DIENSLEWERINGS EN BEGROTINGSIMPLEMENTERINGSPLAN VIR 2019/2020*/INGXELO-UQWALASELO/ULUNGELELWANISO LONIKEZELO LWENKONZO KUNYE NESICWANGCISO SOKUMISELWA KOLWABIWO-MALI LUKA 2019/2020(1044603)

Refer (9/11/1) dated 14 April 2020;Report from the Municipal Manager (MG Stratu) / Manager Performance Management (IG Saaiman) (pg 81-98)

RESOLVED TO RECOMMEND TO COUNCIL

That Council approves the revised/adjusted Service Delivery and Budget Implementation Plan for the 2019/2020 financial year.

BESLUIT OM BY DIE RAAD AAN TE BEVEEL

Dat die Raad die hersiende/aangepaste Dienslewering en Begrotings Implementeringsplan vir 2019/2020 goedkeur.

ISIGQIBO SOKUNDULULA KWIBHUNGA

Sesokuba iBhunga liphumeze uqwalaselo/ulungelelwaniso Lonikezelo Lwenkonzo kunye Nesicwangciso Sokumiselwa koLwabiwo-Mali lonyakamali ka 2019/2020.

13.2 REPORT ON THE STATUS OF LITIGATION CASES: LEGAL SERVICES / *VERSLAG RAKENDE DIE STATUS VAN DIE LITIGASIE-SAKE: REGSDIENSTE* / INGXELO NGESIMO SAMATYALA EZIMANGALAO: ICANDELO LEZOMTHETHO

Refer (14/11/1) dated 04 April 2020;Report from the Municipal Manager (MG Stratu) / Manager Legal Services (N Davids) (pg 99-103)

RESOLVED TO RECOMMEND TO COUNCIL

That Council takes note of the litigation report.

BESLUIT OM BY DIE RAAD AAN TE BEVEEL

Dat die Raad kennis neem van die litigasie-verslag.

ISIGQIBO SOKUNDULULA KWIBHUNGA

Sesokuba iBhunga lithathele ingqalelo ingxelo yesimangalo.

13.3 DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF COUNCILLORS: RETROSPECTIVELY FROM 1JULY 2019 / *BEPALING VAN BO-PERKE VAN SALARISSE, TOELAES EN VOORDELE VAN RAADSLEDE: TERUGWERKEND VANAF 1 JULIE 2019/* UKUQWALASELA KWEBAKALA LEMIVUZO EPHEZULU, IZIBONELELO NEENGENELO ZOOCEBA: UKUSUSELE NGOMHLA 1 KWEYEKHALA 2019

Refer (6/9/11/1) dated 24 April 2020;Report from the Municipal Manager (MG Stratu) (pg 104-126)

RESOLVED TO RECOMMEND TO COUNCIL

1. That the contents of Notice no. 475 promulgated by Government Gazette No 43246 of 24 April 2020 be noted,
2. That it be noted that Notice no. 475 promulgated by Government Gazette No 43246 of 24 April 2020 takes effect from 1 July 2019.
3. That the increase, excluding the provision for personal security and housing for the Executive Mayor and Speaker, as gazetted and budgeted for on a grade 5 municipality, be approved for the 2019/20 financial year backdated from 1 July 2019.
4. That it be noted that the payment of the proposed salaries and allowances to Councillors will take effect, after the Minister has pronounced his consent.

5. That it be noted that when a councillor fails to submit the required details pertaining to special risk insurance cover, such a councillor will forfeit the benefits associated with the special risk insurance cover.

BESLUIT OM BY DIE RAAD AAN TE BEVEEL

1. *Dat kennis geneem word van Kennisgewing nr. 475 afgekondig by Staatskoerant Nr. 43246 gedateer 24 April 2020.*
2. *Dat kennis geneem word dat Kennisgewing nr. 1426 afgekondig by Staatskoerant Nr. 43246 gedateer 24 April 2020 terugwerkend op 1 Julie 2019 implementeerbaar is.*
3. *Dat die verhoging, uitsluitend die voorsiening van persoonlike sekuriteit en behuising aan die Uitvoerende Burgemeester en Speaker, ingevolge die bepalings van die kennisgewing en die raad se begroting ten opsigte van 'n graad 5 munisipalieit, goedgekeur work met terugwerkend vanaf 1 Julie 2019.*
4. *Dat kennis geneem word dat die betaling van die voorgestelde salarisse en voordele aan raadslede geimplementeer word nadat goedkeuring vanaf die Minister goedkeuring verleen het.*
5. *Dat kennis geneem word dat indien 'n raadslid nalaat om inligting soos benodig vir die risikoversekering te verskaf, sodanige raadslid die voordele verbonde aan die spesiale risikoversekering, sal verbeur.*

ISIGQIBO SOKUNDULULA KWIBHUNGA

1. Sesokuba umongo weSaziso no. 475 esibhengezwe Kwincwadi Karhulumente No 43246 sangomhla 24 uTshazimpunzi 2020 sithathelwe ingqalelo.
2. Sesokuba kuthathelwe ingqalelo ukuba iSaziso no. 475 esibhengezwe Kwincwadi Karhulumente No 43246 sangomhla 24 uTshazimpunzi 2020 simiselwe ukususela ngomhla 1 kweyeKhala 2019.
3. Sesokuba uchatha, ngaphandle kwezibonelelo zokuba nonogada kunye nesibonelelo sendlu sika Sodolophu kunye Nosomlomo, njengoko kubhengeziwe nakulwabiwo-mali lwebakala 5 lomasipala, uphunyezwe kunyakamli ka 2019/20 ngembuyekezo esusela ngomhla 1 kweyeKhala 2019.
4. Sesokuba kuthathelwe ingqalelo ukuba intlawulo yesiphakamiso semivuso kunye nezibonelelo zooceba, izakumiselwa emveni kokuba uMphathiswa evakalise imvume yakhe.

5. Sesokuba kuthathelwe ingqalelo ukuba xa uceba esilela ukunikezela incukacha ezifanelekileyo ngokuphathelene nesiqinisekiso ngokusengciphekweni okukhethekileyo, loceba uyakuphulukana nezibonelelo ezayamaniswa nesiqinisekiso sokhuseleko olwayamanisa nokhuseleko lokusengciphekweni.

14 ITEMS FROM THE FINANCIAL SERVICES DEPARTMENT / *ITEMS VANAF DIE FINANSIËLE DIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZEMALI

14.1 NONE / *GEEN* / AZIKHO

15 ITEMS FROM THE CORPORATE SERVICES DEPARTMENT / *ITEMS VANAF DIE KORPORATIEWE DIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZOLAWULO

15.1 NONE / *GEEN* / AZIKHO

16 ITEMS FROM THE COMMUNITY SERVICES DEPARTMENT / *ITEMS VANAF DIE GEMEENSKAPSDIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZOLUNTU

16.1 **REPORT ON THE DISTRICT FOOD BANK MODEL / *VERSLAG INSAKE DIE DISTRIK VOEDSELBANK MODEL* / INGXELO NGOHLOBO LWEBANKI YOKUTYA YESITHILI**
Refer (10/1/3/4) dated 22 April 2020: Report from the Executive Manager: Community Services (C Africa) (pg 127-133)

RESOLVED TO RECOMMEND TO COUNCIL

1. That Council takes note of the proposed District Food Bank Model.

2. That further investigations be done on the development and management of the District Food Bank model.

3. That a final report be submitted to Council for finalization.

BESLUIT OM BY DIE RAAD AAN TE BEVEEL

1. Dat die Raad kennis neem van die voorgestelde Distriksvoedsel Bank Model.

2. Dat verdere ondersoek gedoen word ten opsigte van die ontwikkeling en bestuur van so `n Distrik Voedsel Bank Model.

3. Dat 'n finale verslag aan die Raad voorgelê word vir finalisering.

ISIGQIBO SOKUNDULULA KWIBHUNGA

1. Sesokuba iBhunga lithathele ingqalelo isiphakamiso Sohlobo Lwebanki Yokutya Yesithili.

2. Sesokuba kwenziwe uphando banzi ngokumiselwa kunye nolawulo lohlobo Lwebanki Yokutya Yesithili.

3. Sesokuba ingxelo epheleleyo inikezelwe kwiBhunga ukuze iqunkunjelwe.

17. ITEMS FROM THE ROADS AND TRANSPORT PLANNING SERVICES DEPARTMENT / *ITEMS VANAF DIE PAAIE EN VERVOER BEPLANNINGSDIENSTE DEPARTEMENT* / IMIBA YESEBE LENKONZO ZENDLELA KUNYE NEZICWANGCISO KWEZOTHUTHO

17.1 NONE / *GEEN* / AZIKHO

18. ITEMS FROM THE PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT / *ITEMS VANAF DIE BEPLANNING EN EKONOMIESE DIENSTE DEPARTEMENT* / IMIBA YESEBE LEZOCWANGCISO KUNYE NOPHUHLISO LOQOQOSHO

18.1 NONE / *GEEN* / AZIKHO

19. MOTIONS OF EXIGENCY / *DRINGENDE MOSIES* / IMIBA ENGXAMISEKILEYO

19.1 NONE / *GEEN* / AZIKHO

20. NOTICES OF MOTIONS / *KENNISGEWING VAN MOSIES* / ISAZISO SEZIPHAKAMISO

20.1 NONE / *GEEN* / AZIKHO

21. IN CLOSED SESSION / *IN GESLOTE SESSIE* / KWI-SASHONI YASEKHUSINI

21.1 NONE / *GEEN* / AZIKHO

CLOSURE / *SLUITING* / UQUKUNJELO

The meeting closed at 09:53 / *Die vergadering sluit om* 09:*53* / Intlanganiso ivalwe nge 09:52.

……..

EXECUTIVE MAYOR
CLLR M BOOYSEN

……..
DATUM / *DATE* / UMHLA

BACK TO AGENDA

APPOINTMENTS, SERVICE EXITS AND LABOUR RELATIONS INFORMATION FOR JUNE 2020 / *AANSTELLINGS, UITDIENSTREDINGS EN ARBEIDSVERHOUDINGE INLIGTING VIR JUNIE 2020* / ABAQASHIWEYO, ABASHIYE UMSEBENZI KUNYE NEMICIMBI YEZABASEBENZI KWINYANGA YESILIMELA 2020 (1055881)

(9/3/1)

9 June 2020

REPORT FROM THE EXECUTIVE MANAGER: CORPORATE SERVICES (B HOLTZHAUSEN) / MANAGER: HUMAN RESOURCES (N KLAAS)

PURPOSE OF THE REPORT

To report on the appointments, service exits and labour relations matters for June 2020.

BACKGROUND

The Human Resource Department is responsible for the management of discipline and other labour related issues in the organization. One of the responsibilities of the department includes the appointment of employees and service exits in the organization. This report will therefore, focus on the following:

APPOINTMENTS: JUNE 2020

The following employees were appointed permanently in June 2020 and their conditions of service and benefits implemented accordingly:

NR	DEPARTMENT	DESIGNATION	STATION	NAME	RACE & GENDER	FROM DEMOGRAPHIC AREA
1	OFFICE OF THE MM DEPT	SENIOR INTERNAL AUDITOR	GEORGE	GN RWAYI	A/F	PLETTENBERG BAY
2	CORPORATE SERVICES DEPT	ADMINISTRATOR	GEORGE	BC BOOYSEN	C/F	OUDTSHOORN
3	COMMUNITY SERVICES DEPT	PROJECT COORDINATOR	GEORGE	NE LOSE	A/M	PLETTENBERG BAY

SERVICE EXITS: JUNE 2020

NR	DEPARTMENT	DESIGNATION	STATION	NAME	RACE & GENDER	REASON	TERMINATION DATE
1	COMMUNITY SERVICES DEPARTMENT	SENIOR ENVIRONMENT HEALTH PRACTITIONER	OUDTSHOORN	PA CROUS	W/M	MEDICALLY BOARDED	30 JUNE 2020

EMPLOYMENT EQUITY STATISTICS

APPOINTMENTS

The following appointments were made for the period June 2020.

NR	DEPARTMENT	DESIGNATION	STATION	NAME	RACE & GENDER	EMPLOYMENT EQUITY
1	OFFICE OF THE MM DEPT	SENIOR INTERNAL AUDITOR	GEORGE	GN RWAYI	A/F	In line with employment equity
2	CORPORATE SERVICES DEPT	ADMINISTRATOR	GEORGE	BC BOOYSEN	C/F	Appointment done via placement
3	COMMUNITY SERVICES DEPT	PROJECT COORDINATOR	GEORGE	NE LOSE	A/M	Appointment done via placement

SUMMARY OF EMPLOYMENT EQUITY BREAKDOWNS: JUNE 2020

The total sum of employees appointed for June 2020 is three (3) of which the breakdown is as follows:

- African Male 1
- African Female 1
- Coloured Male 1

LABOUR RELATIONS: JUNE 2020

DISCIPLINARY HEARING					
NO	DEPARTMENT	DATE	NATURE OF DISCIPLINARY HEARING	PROGRESS MADE	OUTCOMES
1.	Community Services	May 2020.	Gross Insubordination, theft, in possession	In process.	Three officials charged, hearing date 25 & 28 May 2020. Awaits outcome on or before 15 June 2020.

2.	Roads	21 Aug 2019	Spreading of false statements	In process	Will resume after the lockdown, when officials return to work.
3.	Community Services	28 Jun 2019	Unfair labour Practise- the supervisor instructed the aggrieved party to lift heavy stuff while he is aware of the injury.	In Process	Will resume after the lockdown, when officials return to work.
4.	Roads	21 October 2019.	Unfairly discriminated- the aggrieved party is acting as a superintendent, and he was not shortlisted, when the post was advertise.	In Process	Will resume after the lockdown, when officials return to work.
5.	Corporate Services	12 December 2019	Unfair Labour Practice	In Process	Will resume after the lockdown, when officials return to work.
6.	Roads Services	04 February 2020	Unfair labour practise	In process	Will resume after the lockdown, when officials return to work.
INCAPACITY CASES					
NO	**DEPARTMENT**	**DATE**	**NATURE OF INCAPACITY**	**PROGRESS MADE**	**OUTCOMES**
1.	Roads	21 Feb 2019	Hip injury	In process	Employee services terminated based on medical incapacity.
2.	Roads	19 Mar 2019	Musculoskeletal problems	In process	Awaits report from Rheumatologists by 30 June 2020.
3.	Roads	26 Mar 2019	Sleeping Disorder	In process	Will resume after the lockdown, when officials return to work.

4.	Roads	13 May 2019	Back injury	In process	Awaits report from the specialist by 30 June 2020.
5.	Roads	12 Jun 2019	Ankle injury	In process	Will resume after the lockdown, when officials return to work.
6.	Roads	21 August 2019	Sleeping Disorder	In process	Will resume after the lockdown, when officials return to work.
7.	Roads	04 Dec 2019	Back injury	In process	Will resume after the lockdown, when officials return to work.
8.	Roads	08 October 2019.	Skin Condition	In process	Will resume after the lockdown, when officials return to work.

DISPUTES					
NO	**DEPARTMENT**	**DATE**	**NATURE OF DISPUTE**	**PROGRESS MADE**	**OUTCOMES**
1.	Planning and Development	15 Mar 2018	Transportation of Night shift employees as per the BCEA.	In process	Memo in circulation and awaits feedback by 30 June 2020.
INFORMAL COUNSELLING					
NO	**DEPARTMENT**	**DATE**	**NATURE OF COUNSELLING SESSION**	**PROGRESS MADE**	**OUTCOMES**

CONTRACT APPOINTMENTS: JUNE 2020

None.

FINANCIAL IMPLICATIONS

As per budget for each position

RELEVANT LEGISLATION

Constitution of Republic of South Africa, 1996

Basic Conditions of Employment Act, Act 56 of 2003

Labour Relations Act, Act 66 of 1995

UITVOERENDE OPSOMMING:

Die doel van die verslag is om 'n opsomming te gee van permanente en kontrak aanstellings, hoe die aanstellings gelyke indiensnemings doelwitte bevorder, aantal amptenare wat uitdiens getree het en 'n oorsig oor verwante arbeids aangeleenthede vir die periode 01 – 30 Junie 2020.

RECOMMENDATION

That the information on the appointments, service exits and labour relations matters for June 2020, be noted.

AANBEVELING

Dat kennis geneem word van die aanstellings, uitdienstredings en arbeidsverhoudinge inligting vir Junie 2020.

ISINDULULO

Sesokuba ulwazi ngokuqashwa, ukuphuma kwinkonzo kunye nemicimbi yezabasebenzi kwinyanga yeSilimela 2020 luthathelwe inqgalelo.

BACK TO AGENDA

INAUGURATION OF NEW COUNCILLORS: GARDEN ROUTE DISTRICT COUNCIL: CLLRS GL. BOEZAK, CLLR I.C.KRITZINGER, CLLR X. MATYILA, CLLR W. T. HARRIS / *INHULDIGING VAN NUWE RAADSLEDE: RDL GL. BOEZAK, RDL I.C.KRITZINGER, RDL X. MATYILA, RDL W. T. HARRIS* / UKUFUNGISWA KOOCEBA: IBHUNGA LESITHILI SE GARDEN ROUTE: UCEBA GL. BOEZAK, I.C.KRITZINGER, X. MATYILA, W. T. HARRIS

(4/2/9)

22 JUNE 2020

REPORT FROM MUNICIPAL MANAGER (MONDE STRATU)

PURPOSE OF THE REPORT

To inform Council of the replacement of Councillor T Van Rensburg who ceased to hold office as Councillor on the Garden Route District Council effective 20 May 2020, Councillor I Stemela who ceased to hold office as Councillor on the Garden Route District Council effective 01 June 2020, the late Cllr N. C. Jacob who passed away on 18 March 2020 and Cllr T. Fortuin who ceased to hold office in the Garden Route District Council on 01 June 2020.

BACKGROUND

Vacancies occurred on Garden Route District Council as a result of the resignations of Councillors T Van Rensburg, I stemela, T Fortuin and the passing of Cllr. N.C Jacob.

Item 11(1)(a) of Schedule 2 of the Municipal Structures Act, 1998 Act 117 of 1998, provides as follows;

"11 Filling of vacancies

(1)(a) If a councillor elected from a party list ceases to hold office, the chief electoral officer, must subject to item 13, declare in writing the person whose name is on top of the applicable party list to be elected in the vacancy."

Section 13 of the said Act reads as follows;

"13 Filling of vacancies and changing the order

(1) A party may supplement, change or increase its list at any time, provided that if a councillor elected according to a party list, ceases to hold office, the party concerned may supplement, change or increase its list by not later than 21 days after the councillor has ceased to hold office. The vacancy must be filled as soon as the party in question has supplemented, changed or increased its list, but not later than 14 days expiry of the 21-day period."

The Provincial Independent Electoral Commission was informed of these vacancies as prescribed by item 11 of Schedule 2 of the Municipal Structures Act, Act 117 of 1998.

The Independent Electronic Commission has advised Council of the following replacement Councillors:

1. **Cllr. Gerald Leonard Boezak** (ID No. 821209 5161 082) being the Councilor for the Democratic Alliance (DA), has been declared elected to the Garden Route District Council with effect from 20 May 2020.
2. **Cllr. Iona Christena Kritzinger** (ID No 560804 0019 089) being the Councillor for the Democratic Alliance DA), has been declared elected to the Garden Route District Council with effect from 02 June 2020.
3. **Cllr. Xola. Matyila** (ID No 730724 5762 085) being the Councillor for the African National Congress (ANC), has been declared elected to the Garden Route District Council with effect from 10 June 2020.
4. **Cllr. Wilbert. Terence. Harris** (ID No 660805 5174 084) being the Proportional Representative for the Independent Civic Organisation of South Africa (ICOSA) has been declared elected to the Garden Route District Council with effect from 11 June 2020.

RELEVANT LEGISLATION

Schedule 2 of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998).

RECOMMENDATIONS

1. That cognizance be taken of the notices from the IEC.

2. That the following Councillors be inaugurated as Councillors of the Garden Route District Council:

   2.1 Cllr. Gerald Leonard Boezak, be inaugurated with effect from 20 May 2020.

   2.2 Cllr. Iona Christina Kritzinger, be inaugurated with effect from 02 June 2020.

   2.3 Cllr. Xola Matyila, be inaugurated with effect from 10 June 2020.

   2.4 Cllr. Wilbert Terence Harris, be inaugurated with effect from 11 June 2020.

3. That Cllrs Gerald Leonard Boezak, Iona Christina Kritzinger, Xola Matyila and Wilbert Terence Harris be requested to take the Oath of Office, as required in terms the Municipal Structures Act, 1998.

AANBEVELINGS

1. *Dat kennis geneem word van die kennisgewings van die OVK.*

2. *Dat die volgende Raadslede ingehuldig word as Raadslede van die Garden Route Distriksmunisipaliteit:*

   2.1 Rdl Gerald Leonard Boezak, ingehuldig word met ingang vanaf 20 Mei 2020.

   2.2 Rdl Iona Christina Kritzinger, ingehuldig word met ingang vanaf 02 Junie 2020.

   2.3 Rdl Xola Matyila, ingehuldig word met ingang vanaf 10 Junie 2020.

   2.4 Rdl Wilbert Terence Harris, ingehuldig word met ingang vanaf 11 Junie 2020.

3. *Dat Rdle Gerald Leonard Boezak, Iona Christina Kritzinger, Xola Matyila en Wilbert Terence Harris versoek word om 'n eed van die kantoor te neem, soos vereis ingevolge die Wet op Munisipale Strukture, 1998.*

IZINDULULO

1. Sesokuba Kuthathwe inqgalelo isaziso se IEC.

2. Esokuba ooCeba abalandelayo bafungiswe njengooCeba beBhunga LoMasipala Wesithili se Garden Route.

   2.1 uCeba. Gerald Leonard Boezak, afungiswe ukususela from 20 May 2020.

   2.2 uCeba. Iona Christina Kritzinger, afungiswe ukususela ngomhla we 02 June 2020.

   2.3 uCeba. Xola Matyila, afungiswe ukususela ngomhla 10 June 2020.

   2.4 uCeba. Wilbert Terence Harris, afungiswe ukususela ngomhla 11 June 2020.

3. Sesokuba uCeba Gerald Leonard Boezak, Iona Christina Kritzinger, Xola Matyila and Wilbert Terence Harris, bacengwe ukuba bathathe isifungo Se Ofisi Njengoko kufunwa yi Municipal Structures Act, 1998.

ANNEXURE

SOUTH AFRICA

Memorandum

To: The Municipal Manager: Garden Route District Municipality

From: G Abrahams

CC: B Heuvel; C Sampson; D Marco; B Mbeleni; K Simelane

The Municipal Manager: WC042 - Hessequa Local Municipality

Date: 20 May 2020

Re: **Replacement of Democratic Alliance (DA) Councillor to District Council: WC042 – Hessequa Local Municipality to DC4 – Garden Route District Council**

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

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Please note that **Gerald Leonard Boezak, ID No. 821209 5161 082,** being the councillor for the **Democratic Alliance (DA)** in **Hessequa Local Municipality**, has been declared elected to the **Garden Route District Council,** as prescribed in item 23 of Schedule 2 of the Municipal Structures Act, 1998 (Act. No. 117 of 1998).

Sincerely

G Abrahams
General Manager: Electoral Matters

Electoral Commission

Ensuring Free and Fair Elections

Commissioners: Mr V.G. Mashinini (Chairperson) | Ms J.Y. Love (Vice-Chairperson) | Dr N.P. Masuku | Mr M. Moepya | Judge D. Pillay
National Office: Election House, Riverside Office Park, 1303 Heuwel Avenue, Centurion, 0157 | P/Bag X112, Centurion, 0046
info@elections.org.za | www.elections.org.za
Tel (+27) 12 622 5700 | Fax (+27) 622 5784

ALLOCATION OF COUNCILLOR TO THE GARDEN ROUTE DISTRICT MUNICIPALITY

RESOLUTION

1. That the Council resolution dated 4 December 2018, be amended as follows:

1.1 That Councillor T Van Rensburg be removed as the allocated councillor for the Garden Route District Municipality and replaced by Councillor G Boezak.

1.2 That the effective date for the amendment will be 1 May 2020.

1.3 That the Council take note of the DA's updated list of allocations of a councillor to the Garden Route District Municipality.

1.4 That the updated list of allocations be distributed amongst the Administration.

1.5 That the Garden Route District Municipality be accordingly informed by the Administration.

2. That enquiries be made by the IEC about the process relating to the update of the list and that the Municipal Manager report back to Council once the information from the IEC has been received.

Proposer: Cllr T Van den Berg

Seconder: Cllr G Riddles

SOUTH AFRICA

Memorandum

To: The Municipal Manager: Garden Route District Municipality

From: G Abrahams

CC: B Heuvel; C Sampson; D Marco; B Mbeleni; K Simelane

The Municipal Manager: WC044 - George Local Municipality

Date: 02 June 2020

Re: **Replacement of Democratic Alliance (DA) Councillor to District Council: WC044 – George Local Municipality to DC4 – Garden Route District Council**

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

Please note that **Iona Christina Kritzinger, ID No. 560804 0010 089,** being the councillor for the **Democratic Alliance (DA)** in **George Local Municipality**, has been declared elected to the **Garden Route District Council,** as prescribed in item 23 of Schedule 2 of the Municipal Structures Act, 1998 (Act. No. 117 of 1998).

Sincerely

G Abrahams
General Manager: Electoral Matters

Electoral Commission

Ensuring Free and Fair Elections

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Tel (+27) 12 622 5700 | Fax (+27) 622 5784

Isaya Stemela

George

6530

Date: 01 June 2020

To: Garden Route District Municipal Council

CC: Municipal Manager

NOTICE OF RESIGNATION AS A COUNCILLOR AT THE GRDM

I hereby wish to tender my resignation as a councillor within the GRDM council with immediate effect.

I would like to thank council and administration for all the support given to me during my term of office at the GRDM.

Yours sincerely

Cllr Isaya Stemela

54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
Fax: 086 555 6303
E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: *A Kelem*
Reference: (4/2/4)
Date: *01 June 2020*

Provincial Electoral Officer
Independent Electoral Commission: Western Cape
The Bridge
1ste Floor, Unit 4
304 Durban Road
BELLVILLE
7530

By fax: 021 910 4965 and by email: JACOBSL@elections.org.za

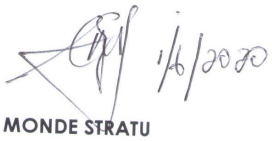
Sir

DECLARATION OF VACANCY WITHIN GARDEN ROUTE DISTRICT COUNCIL (DC 04):

In terms of section 11 of Schedule 2 of the Municipal Structures Act, 1998, Act 117 of 1998, I hereby wish to advise you that a vacancy has occurred on my council as a result of the cessation to hold office of a Democratic Alliance PR Councillor on the Garden Route District Council, Cllr Isaya Stemela.

Append hereto is a copy of Cllr I Stemela's (identity number 640301 5625 080) resignation letter dated 01 June 2020.

Yours faithfully



MONDE STRATU
MUNICIPAL MANAGER

cc Speaker, Cllr B Groenewald
Executive Manager: Corporate Services
Executive Manager: Financial Services

SOUTH AFRICA

Memorandum

To: The Municipal Manager: Garden Route Municipality

From: G Abrahams

CC: B Heuvel; C Sampson; D Marco; B Mbeleni; L Jacobs; K Simelane

The Municipal Manager: WC047 - Bitou Local Municipality

Date: 10 June 2020

Re: **Replacement of the African National Congress (ANC) Councillor to District Council: WC047 - Bitou Local Municipality to DC4 – Garden Route Council**

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

Please note that **Xola Matyila, ID No. 730724 5762 085,** being the councillor for the **African National Congress (ANC)** in **Bitou Local Municipality**, has been declared elected to the **Garden Route Council,** as prescribed in item 23 of Schedule 2 of the Municipal Structures Act, 1998 (Act. No. 117 of 1998).

Sincerely

G Abrahams
General Manager: Electoral Matters

Electoral Commission

Ensuring Free and Fair Elections

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4887 Primerose Crescent
Pacaltsdorp
George
6529
1 June 2020

Mr M G Stratu
Municipal Manager
Garden Route District Municipality

Dear Sir

RESIGNATION OF COUNCILLOR OF GARDEN ROUTE DISTRICT MUNICIPALITY

I Theresa Fortuin ID 7402240248089 would like to inform you that I resign as a councillor of Garden Route District Municipality with immediate effect.

Regards

T Fortuin
0846737003

SOUTH AFRICA

Memorandum

To: The Municipal Manager: Garden Route District Municipality

From: G Abrahams

CC: B Heuvel; C Sampson; D Marco; B Mbeleni; K Simelane

Date: 11 June 2020

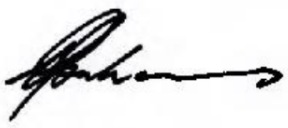
Re: **Replacement of Independent Civic Organisation of South Africa (ICOSA) PR Councillor Fortuin: DC4 – Garden Route District Council**

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

Please be advised that **Wilbert Terence Harris, ID No. 660805 5174 084,** being the candidate at the top of the party list for the **Independent Civic Organisation of South Africa (ICOSA)** has been declared elected to **Garden Route District Council,** as prescribed in item 11 of Schedule 2 of the Municipal Structures Act, 1998 (Act. No. 117 of 1998).

Councillor **Harris** replaces **Theresa Fortuin, ID No. 740224 0248 089,** who ceased to hold office of Councillor in the District Council.

Sincerely



G Abrahams
General Manager: Electoral Matters

Electoral Commission

Ensuring Free and Fair Elections

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BACK TO AGENDA

CONFERMENT OF ALDERMANSHIP ON SERVING COUNCILLORS/ *BEVESTIGING VAN RAADSHEER / RAADSDAME EER AAN DIENDENDE RAADSLEDE* / UNIKEZELO LOBUSIBONDA KOOCEBA BEBHUNGA

(4/1/1/3)

18 June 2020

REPORT FROM THE MUNICIPAL MANAGER (M STRATU)

PURPOSE OF THE REPORT

The purpose of this report is for Council to confer Aldermanship (The title of Alderman or Alderlady) on serving Councillors who qualify in terms of the criteria as contained in the policy approved by Council on 27 May 2020.

BACKGROUND / DISCUSSION

The Garden Route District Municipality (GRDM) Council approved the Conferment of Alderman/Alderlady honour policy on 27 May 2020. In terms of the Policy, the Executive Mayor, after approval from Council may confer the honour on any person and may make a posthumous conferral of the honour.

THE CRITERIA
The criteria for bestowing of the honour is as follows:

(1) Alderman/Alderlady honour will be conferred on a serving Councillor of the Garden Route District Municipality as follows:

(a) Any member of the Municipal Council becomes an Alderman/Alderlady upon commencement of his/her term as Mayor, Deputy Mayor or Speaker of the Council. (b) Any member who obtains a minimum of ten (10) points on the following scale:
(i) one (1) point for every year of service as a Councillor at one or more municipalities and it need not be continuous; and

(ii) one (1) additional point for every year of service as a member of the Mayoral Committee.

PRIVILEGES AND BENEFITS

The following privileges are awarded to Aldermen/Alderwomen:

(a) the provision of a special parking space in the municipal parking area on prior arrangement;

(b) theprovision of agendas even after retirement in electronic format if so required; (c) the Alderman/Alderlady is kept on municipal invitation lists;

(d) reserving of special seats at Council Meetings should a member so wish; (e) issuing of an Honorary certificate;

IMPLEMENTATION OF THE POLICY

Any current serving Councillor who is of the view that he/she qualifies for Alderman/Alderlady honour, should notify the Speaker in writing, and provide the necessary details. The Municipal Manager shall make a recommendation to Council, after having considered all the relevant details

The following list of serving Councillors who comply with the policy criteria and who therefore qualify for the conferment of Aldermanship have been received by the Municipal Manager from the Speaker's office:

COUNCILLOR	**PARTY**	**POINTS ACCUMUILATED**
MEMORY BOOYSEN	DA	As per criteria 5(10(a) of the policy
ROSINA RUITERS	DA	As per criteria 5(10(a) of the policy
BAREND GROENEWALD	DA	As per criteria 5(10(a) of the policy
PIET VAN DER HOVEN	ANC	24

FINANCIAL IMPLICATIONS

Any financial implication which will emanate as a result of the conferment of the honour will be managed within the limitations of the approved Medium - Tem Revenue and Expenditure Framework

RELEVANT LEGISLATION

The Constitution of the Republic of South Africa, Act No. 108 of 1996

Local Government Municipal Structures Act 117 of 1998

Local Government Municipal Systems Act 32 of 2000

RECOMMENDATION

That the title of Alderman or Alderlady be conferred on the following serving Councillors who all qualify in terms of the criteria as contained in the Policy for the conferment of the Alderman/Alderlady honour, and in the manner as contained in this report:

Memory Booysen (Executive Mayor) (DA)
Rosina Ruiters (Deputy Executive Mayor (DA)
Barend Groenewald (Speaker) (DA
Pieter Van der Hoven (Whip) (ANC)

AANBEVELING

Dat die titel van Raadsheer /Raadsdame eer op die diende Raadslede wie kwalifiseer in terme van die kriteria soos saam gevat in die beleid beleid rakende die bevestiging van Raadsheer Raadsdame eer:

Memory Booysen (Uitvoerende Burgemeester) (DA)
Rosina Ruiters (Uitvoerende Onder burgemeester) (DA)
Barend Groenewald (Speaker) (DA)
Pieter van der Hoven (Hoofsweep) (ANC)

IZINDULULO

Sesokuba iwonga lobubonda linikezelwe kooCeba beBunga ababekwe ngokusemthethweni ngemimiselo equlathwe kumgaqo-nqubo, isivumelwano nokunika imbeko osbonda ngokwendlela equlathwe kulengxelo:

Memory Booysen (Executive Mayor) (DA)
Rosina Ruiters (Deputy Executive Mayor (DA)
Barend Groenewald (Speaker) (DA
Pieter Van der Hoven (Whip) (ANC)

BACK TO AGENDA

REPORT – REQUESTED/SUGGESTED ADJUSTMENTS ON THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN OF 2019/2020 / *VERSLAG – AANVRAAG/VOORGESTELDE VERANDERINGE OP DIE DIENSLEWERINGS EN BEGROTINGSIMPLEMENTERINGSPLAN VIR 2019/2020 (1059782)*/INGXELO-INGCEBISO ZONGELELWANISO LONIKEZELO LWENKONZO KUNYE NESICWANGCISO SOKUMISELWA KOLWABIWOMALI LUKA 2019/2020 (1059782)

(9/11/1)

15 JUNE 2020

REPORT FROM THE MUNICIPAL MANAGER :(MG STRATU) / MANAGER PERFORMANCE MANAGEMENT :(MS IG SAAIMAN)

PURPOSE OF THE REPORT

The report is tabled to Council in terms of section 54 (1) (c) as required in terms of the Municipal Finance Management Act 56 of 2003.

BACKGROUND

Municipal Finance Management Act 56 of 2003

Section 54 (1) (c) *On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must –*

(c) consider and, if necessary, make any provisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;

The following adjustments are hereby presented for approval;

Planning and Economic Development

- TL19 Develop Garden Route Tourism Strategy and submit to Council by June 2020(to be removed, seeing that the Strategy was developed in 2018/2019and submitted to Council in June 2019)

- TL20 Develop SME Strategy(to be removed and deferred to 2020/2021 financial year, budget was cut and programmes had to be reprioritised)

- TL26 EPWP Strategy to be changed to the revision of the EPWP policy and the revision of the policy. This KPI must be developed on the Departmental SDBIP going forward(The Protocol Agreement is not yet signed by the National Department of Public Works with GRDM)

After approval, a newly revised SDBIP will be placed on our website for perusal

FINANCIAL IMPLICATIONS

No financial implication.

Adjustments dealt with internally

RELEVANT LEGISLATION

Municipal Finance Management Act, no.56 of 2003

UITVOERENDE OPSOMMING

Die veranderinge, soos hierbo aangevra, moet tesame met die Stelsel Beskrywings vir die Top Vlak ingelees word om sodoende die korrekte veranderinge teweeg te bring.

RECOMMENDATION

That Council approves the requested/suggested adjustments for the 2019/2020 financial year

AANBEVELING

Dat die Raad die aanvraag/voorgestelde veranderinge vir 2019/2020 goedkeur.

ISINDULULO

Sesokuba iBhunga luphumeze isicelo solwabiwo-mali, lonyaka mali ka 2019/20

BACK TO AGENDA

REPORT ON IRREGULAR, UNAUTHORISED AND FRUITLESS AND WASTEFUL EXPENDITURE IDENTIFIED IN 2018/19 FINANCIAL YEAR / *VERSLAG OOR ONREËLMATIGE, ONGEMAGTIGDE EN VRUGTELOSE UITGAWES IN 2018/19 FINANSIËLE JAAR* / INGXELO YENKCITHO ENXAMNYE NOMTHETHO, INKCITHO ENGAVUMELEKANGA KUNYE NENCITHO ENGENANGENISO KUNYE NENELAHLEKO KUNYAKA 2018/19 (1063326)

(4/1/2/4/1)

20 June 2020

REPORT FROM THE CHAIRPERSON OF MPAC (CLLR CN LICHABA)

PURPOSE OF THE REPORT

To provide the Council with a report on Irregular, Unauthorized as well as Fruitless and Wasteful Expenditure that were identified in 2018/19 financial year for write-off.

INTRODUCTION & BACKGROUND

- MPAC is an oversight committee of Council that is cautious not to interfere in the administrative processes of a municipality; they generally rely on reports submitted to it by the administration in order to execute its duties and functions. It is from these reports that it will provide its recommendations.

-

- As part of the MPAC oversight, we probe matters relating to unauthorised, irregular, fruitless and wasteful expenditure that has been identified. The aspect of these reports are dealt with from both a financial and non-financial point of view. The abovementioned types of expenditures are defined in the Local Government: Municipal Finance Management Act (MFMA) as follows:

-

***"fruitless and wasteful expenditure"**, means expenditure that was made in vain and would have been avoided had reasonable care been exercised,*

*''**unauthorised expenditure''**, in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes —*

(a) overspending of the total amount appropriated in the municipality's approved budget;

(b) overspending of the total amount appropriated for a vote in the approved budget;

(c) expenditure from a vote unrelated to the department or functional area covered by the vote;

(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of ''allocation'' otherwise than in accordance with any conditions of the allocation; or

(f) a grant by the municipality otherwise than in accordance with this Act;

AND

*''**irregular expenditure''**, in relation to a municipality or municipal entity, means—*

*(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of **this Act**, and which has not been condoned in terms of section 170;*

*(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of **the Municipal Systems Act**, and which has not been condoned in terms of that Act;*

*(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of **the Public Office-Bearers Act, 1998 (Act No. 20 of 1998)**; or*

*(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of **the supply chain management policy of the municipality** or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law,*

*In terms of section **section 32** (1) (a) (b) (c), without limiting liability in terms of the common law or other legislation-*

(a) political office-bearer of a municipality is liable for unauthorised expenditure if that office-bearer knowingly or after having been advised by the accounting officer of the municipality that the expenditure is likely to result In unauthorised expenditure, instructed an official of the municipality to incur the expenditure;

(b) the accounting officer is liable for unauthorised expenditure deliberately or negligently incurred by the accounting officer. subject to subsection

(c) any political office-bearer or official of a municipality, who deliberately or negligently committed, made or authorised an irregular expenditure, is liable for that expenditure; or

(d) any political office-bearer or official of a municipality who deliberately or negligently made or authorised a fruitless and wasteful expenditure is liable for that expenditure.

In terms of section 32(b), *a municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure is, after investigation by a Council committee, certified by the Council as irrecoverable and written-off by the Council.*

DISCUSSION

The municipality incurred Fruitless and Wasteful Expenditure, Irregular Expenditure as well as Unauthorized Expenditure. The table below indicates the type of Expenditure in each financial year as well as the value of the expenditure incurred.

Expenditure Type	Amounts (R)		
	Prior Years	2018/19	Total
Fruitless and wasteful	726 043	48 468	**774 511**
Unauthorised	-	18 609 403	**18 609 403**
Irregular	116 269 283	**43 920 520**	**160 189 803**

Subsequent to the issue of final audited outcomes for the two previous years, the Accounting Officer referred all of the above expenditures to the Internal Audit Section. The purpose of the referral was for an independent evaluation to advise the Accounting Officer on whether there was any deliberate or negligence in incurring such expenses. The Internal

Audit reports were presented to the Municipal Manager, MPAC and the Audit Committee. Further to that, the Office of the Municipal Manager also made presentation to MPAC on actions taken in addressing these expenditures.

1. FRUITLESS AND WASTEFUL EXPENDITURE

Prior years – R726 043

The R726 043 was part of the irregular expenditure that was written-off by Council in May 2018. The committee, after having considered this expenditure and noting that it was part of the R3 425 64, 21 that was approved by Council for write-off in 2017, has agreed that the interest part of this expenditure should also be written off.

The report to write-off councillors' debt served before MPAC in the meeting held on 29 August 2017. The Irregular expenditure was incurred because of travel claims submitted by councillors since 2006 to the amount of R3 425 641, 21 (including interest).

During that meeting, with the reference: MPAC 38/08/17 the following was resolved:

1. That approval be granted that the amount of R3 425 641.21 as at 30 June 2017 in respect of councillor outstanding debt, be written off.
2. That councillors are formally inducted on the resolution regarding their right to claim for travelling between their workplace and the George Head Office.
3. That a workshop be held will councillors on traveling and upper limits.

Council then wrote off this debt in a meeting held in May 2018; however, it was only written out of the debtors balance on the financial system, but it was not stipulated in the item to Council that a portion of it was also disclosed as fruitless expenditure at some point before 2011. Hence, it has been on our Annual Financial Statements all these years. The MPAC Committee confirms with the investigation by the IA that the propose fruitless and wasteful expenditure be written off as per Council resolution in May 2018.

Financial Year – 2018/19

The total amount of Fruitless and Wasteful Expenditure for 2018/2019 Financial year is R48 468. The amount is broken down in the table below:

No	Fruitless and wasteful expenditure	Amount (R)
1	George Lodge – accommodation for councillors	19 304
2	Safety Signs and Equipment – evacuation chairs	23 100
3	Interest paid to Creditors	6 064
Total		**48 464**

George Lodge (R19 304)

The expenditure relates to accommodation booked for Councillors for a Strategic Planning Session that was scheduled to take place on 26-27 February 2019. After reservations were made, the strategic session had to be postponed due to non-availability of councillors. The Western Cape Premier called an urgent Premier's Coordinating Forum, which led to the postponement of the event, as some Councillors had to attend.

Various efforts were made to explain the predicament to the hotel including meetings with their management; however, they refused to cancel the debt and ordered the municipality to pay. The payment had to be made to avoid a legal battle that would have been more than the actual debt.

After careful consideration, the committee recommends that this expenditure be written off as irrecoverable, as it was not caused deliberately by the officials involved in this procurement.

After discussions and deliberations the Committee came to the conclusion that this action was not done deliberate. However for the future and preventive measures, we need to tighten our contract management. The use of service providers (Tunimart) to make bookings on behalf of Council is essential.

Safety Signs and Equipment (R23 100)

GRDM purchased evacuation chairs on 26 June 2019. At the time of the year-end asset verification, these chairs had not been received by GRDM and were only received in August 2019, which falls in the 2019/20 financial year. The reason for the payment of services before receipt of the chairs was that the Service Provider refused to deliver the chairs without payment. After several consultations, management decided to make the payment.

After the payment was made, GRDM experienced problems with the service provider in delivering the evacuation chairs. A number of correspondences were sent to the service provider to no avail; it was only after the service provider was threatened with cancellation of the transaction that they responded. Their reason for the delay was that they had to order the chairs abroad and they eventually delivered them in August 2019. GRDM has since rated the service provider poorly and have not embarked on any business with them again.

As the chairs were received, although after year-end, this therefore does not fit the definition of fruitless and wasteful expenditure. The committee recommends that it be written off. To avoid re–occurrence of this, the committee advice management to start their procurement processes timely in order to allow suppliers sufficient time to delivered procured goods or services within the same financial year, where possible.

After discussions and deliberations the Committee came to the conclusion that this action was not done deliberate.

Interest paid to Creditors (R6 064)

The above amount relates to finance cost charged by American Express due to late payments by GRDM. A statement from American Express dated 04 January 2019 included the following note *"Your card account is continuously overdue. To avoid suspension of the*

card facilities please make payment with immediate effect." This statement also has an outstanding balance that is 60 days old.

-

Legislation requires that invoices be paid within 30 days of receipt. The Accounting Officer must take all reasonable steps to ensure that invoices are paid within 30 days. It would be difficult to identify the officials who might have caused these delays or failed to submit invoices to finance department on time, as this credit card was used for various to book accommodation and flights for various officials with the Institution. The committee was also informed that the credit card is no longer in use. Based on this the committee also recommend that the amount be written off.

After discussions and deliberations the Committee came to the conclusion that this action was not done deliberate and as part of the preventative measures the credit is no longer in use and that a service provider with the name of Tunimart has been appointed to deal with these type of matters.

2. <u>IRREGULAR EXPENDITURE</u>

The irregular expenditure identified amounted to R**160 189 803** and the breakdown was reported as follows:

Irregular Expenditure	**Prior Year**	**2018/2019 R**
Irregular expenditure current year		40 509 315
Deviations		5 335 569
SCM Reg 29(2) Composition of the BAC – current year		65 783 930
SCM Reg 29(2) Composition of the BAC – prior year	40 321 656	
SCM Reg 32 Contracts secured by other organs of state – current year		4 640 469
SCM Reg 32 Contracts secured by other organs of state – prior year	3 598 864	
TOTAL	**43 920 520**	**116 629 283**

The Irregular Expenditure of 2018/2019:

The R40 509 315 of Irregular expenditure was broken down as follows:

No.	Description	Amount
A	Non-compliance with Local Content Procurement requirements	481 505
B	Payment of Performance bonuses approved by Council, but paid prior to the adoption of the 2017/2018 Annual Report	702 697
C	Contracts above R10 million not advertised as prescribed in 2014/2015 – 2016/2017 financial years	39 152 971
D	Long term contracts exceeding one year not advertised for a minimum period as prescribed	172 142
TOTAL		**40 509 315**

Section A: Local Content (R481 505)

The R52 500 of the R481 505 is in relation to procurement of matrasses. When matrasses are procured, local content requirements must be considered. With this procurement, the advertisement of this tender did not include the local content requirements. The committee enquired from management as to the reasons for this omission. Management informed the committee that the project manager and BSC members were not aware that matrasses were categorized as part of furniture, by the Department of Trade and Industry. Only after the procurement process was finalised, the list of items under furniture category were classified by the department and unfortunately, the list included matrasses as furniture.

The balance of the above amount relates to multi-year tenders that were dealt with, by this committee, in the prior?? and recommendation to council was to write off. The committee will still recommend that the payments in relation to those contracts be written off as well.

-

Section B: Performance Bonuses (R702 697)

On 05 December 2018, Council approved the payment of the calculated performance bonuses for the 2017/2018 financial year, for Senior Managers. In that meeting, Council resolved that the payment of the bonuses be paid out after the tabling and adoption of the 2017/2018 Annual Report.

-

- The Annual Report was tabled to Council on 13 December 2018, the meeting discontinued after the tabling but prior to approving the Annual Report. This meeting reconvened on 19 December 2018 where the item was approved.

- The said performance bonuses were paid on 14 December 2018, meaning that payment was made before Council adopted the 2017/18 Annual Report, in contradiction to the Municipal Performance Regulation 8(1).
-
- After having considered and discussed this expenditure the committee found no deliberate action to cause this expenditure. Further to that, management explained various controls that are in place to ensure that this error will not re-occur. These controls were tested with the 2018/19 payment of performance bonuses.
-

Section C: Contracts above R10 million (R39 152 971)

This is the expenditure on multi-year tender that were awarded to various companies. Council wrote off this irregular expenditure in the past, however the municipality had to honor the contracts until end of the contract period. The breakdown of the expenditure in those contracts, for the year under review, is detailed below.

-

Tender Number	Award Date	Supplier	Item Description	Amount
R/08/15-16	30/06/2016	TIPPETON PLANT HIRE	Hire of machinery	R1 855 118,69
R/19/15-16	22/08/2016	TOTAL SOUTH AFRICA	Supply and delivery of unleaded fuel and diesel and lubricating oils	R11 457 491,65
R/08/15-16	30/06/2016	BITOU CIVILS	Hire of machinery	R1 471 162,73
R/08/15-16	30/06/2016	LETCA VERVOER	Hire of machinery	R434 142,66
R/08/15-16	30/06/2016	PHAKEME CONSTRUCTION	Hire of machinery	R4 898 390,85
R/08/15-16	30/06/2016	SOUTH CAPE PLANT HIRE AND CIVIL CONTRACTORS	Hire of machinery	R5 436 910,49
R/08/15-16	30/06/2016	VSV PLANT HIRE	Hire of machinery	R11 885 157,69

R/08/15-16	30/06/2016	Van Schalkwyk Vervoer	Hire of machinery	R1 714 596,15

The expenditure on the same contracts were written off in the previous financial year, the committee will recommend the same as the facts are also the same.

- **Section D: Long term contracts exceeding one year (R172 142)**
-
- These are also multi-year contractors and the expenditure on these contracts, for the past years were also tabled to MPAC and Council resolved to write off. The expenditure for the 2018/19 financial year, on these contracts, are shown on the table below.

Tender Number	Award Date	Supplier	Item Description	Amount
ITE/02/16-17	20/12/2016	G4S CASH SOLUTIONS (SA)	Daily collection and transport of cash from GRDM Offices to the Cash Centre of the bank	R127 781,02
ITE/13/17-18	15/11/2017	M SEC SECURITY SYSTEMS	Security monitoring and reaction services at Municipal Health offices in Mossel Bay	R7 191,50
ITE/35/16-17	17/05/2017	Nashua George/Zestirox	Repair/Service of printers and scanners	R37 169,70

- The SCM Regulations contain specific requirements for a competitive bidding process to be followed for the procurement of long-term contracts. These long-term contracts were not advertised for a minimum period as prescribed during the 2016/17 and 2017/18 financial years. These multi-year contracts have already been reported to Council in the prior years, the committee did not find any deliberate actions that caused the non-compliance.
-

Deviations (R5 335 569)

This relates to non-compliance with Supply Chain Management Regulation 13(c) that requires that the Municipality should request a declaration of interest ("DOI") from service providers, when calling for written quotation and bids.

Summary of finding/non-compliance causing expenditure to be irregular:

- Management explained that in the 2017/18 Auditor General report, the AG indicated that they do not expect there to be a DOI in the event of an emergency deviation (refer COMAF 15 of 2017/18) before the deviation is approved. A number of these transactions refers to emergency deviations.

- There were also instances relating to services on assets for which there was only one supplier who acts as agent for the specific brand/product that was purchased. Awarding the work to a non-accredited supplier would have been poor asset management (i.e. non-compliance to the MFMA), as it would have cost Council more and potentially risked the loss of the warranty. In each instance, the supplier was requested to complete the DOI as required by SCM Reg 13(c), but the response was late. Due to the priority of efficient service delivery, transactions were entered into and continuous follow-up was done until the completed DOI was obtained.

- There were also deviations that were approved before the DOI could be obtained although every effort was made to obtain the DOI, but for a number of reasons, suppliers do not respond and at some point, a decision then has to be made. In no instance did Council suffer any financial loss.

The committee did not find any deliberate actions that caused the non-compliance and acknowledge the internal control processes that were enhanced that illustrates that management is committed to ensure compliance to legislation.

SCM Reg. 29(2) Composition Of The Bac – R65 783 930 (2018/2019) And R40 321 656 (2017/18)

For the 2018/19 statutory audit, the Office of the Auditor General's technical department issued a clarification regarding the interpretation and application of SCM Regulation 29(2) regarding the composition of the Bid Adjudication Committee (BAC). Membership to the committee requires, amongst others, the CFO, as well as a Senior SCM Practitioner.

In the past, due to capacity constraints, the CFO was regarded to also fulfill the requirement of the Senior SCM Practitioner. However, the current clarification stated that these must be two different officials. It was therefore concluded that the BAC was not constituted as per Regulation 29(2) and this non-compliance resulted in all formal tenders to be considered irregular expenditure.

This non-compliance did not result in any loss to Council, as the award would not have been granted to a different bidder.

- The Manager: SCM attended the BAC meetings in an advisory capacity, the irregular expenditure is purely because the Manager: SCM not having been appointed as a formal member of the BAC. Therefore, the committee did not find any deliberate actions that caused the non-compliance.

SCM Reg. 32 Contracts Secured By Other Organs of State – Current Year (R4 640 469) And Prior Year (R3 598 864)

National Treasury issued Circular 96 in July 2019 to municipalities that elaborates on the principles captured in regulation 32 of the SCM Regulations when procuring goods or services from contracts secured by other organs of state.

The legal interpretation states that the Accounting Officer of the original contracting organ of state is willing to forfeit a portion of its contract, in terms of contract value and quantity that which has not already been utilised, to the Accounting Officer who is requesting to procure under that contract.

In addition, the following two court cases provided rulings on the interpretation of SCM Regulation 32:

- Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group vs Amathole District Municipality [2016] (East London Court)

- Kwaduduza Municipality vs Skilful 1169 CC and Another [2018]

A number of Reg 32 procurements were identified on which expenditure was incurred during the 2018-19 financial year where no evidence was submitted indicating that any portion of these contracts equals a portion of the original contract that was forfeited by the other organ of state.

In addition, when auditing the regulation 32 contracts entered into during 2018/19 the following differences were found:

- Any expenditure, from inception of the contract, incurred on the above contracts, or on any other similar contracts on which expenditure was incurred during the 2018-19 financial year, and which is not incurred on a portion forfeited by the other organ of state, was regarded by the office of the Auditor General as irregular expenditure.

- Management disagrees with the finding, as there is no non-compliance evident. Management is confident that they have applied Regulation 32 correctly and that the Auditor-General erred in the interpretation and/or understanding of the application of case law, specifically in terms of jurisdiction of a High Court judgement. Also, the legality and enforceability of the provisions of MFMA Circular 96 are not retrospectively applied. This is confirmed by the recent Judgment against the Office of the Auditor-General on a similar matter. Therefore, we did not find any deliberate actions that caused the non-compliance.

Having deliberated and considered this and the recommendations of Internal Audit, the committee is of the view that this was not deliberate nor negligence.

To prevent the re-occurrence of the above, management should consider refraining doing procurement through SCM Regulations 32 as this will always be regarded as irregular by the Office of the Auditor General, given their interpretation of the regulation and Circular 96.

3. UNAUTHORISED EXPENDITURE

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The following Unauthorised Expenditure was disclosed in the 2018/19 Annual Financial Statements ("AFS"):

Unauthorised Expenditure	**2018/19 R**
Unauthorised expenditure current year – Operating	18,014,649
Unauthorised expenditure current year – Capital	594,754
Total	**18,609,403**

The bulk of overspending as can be seen from the table below, relates to Roads Department the reasons are provided in the report.

Unauthorised expenditure by vote	**2019 Actual**	**2019 Budget**	**2019 Variance**	**2019 Unauthorised**
	R	**R**	**R**	**R**
Operating				
Vote 1 - Executive and Council	49,105,530	46,981,360	(2,124,170)	(2,124,170)
Vote 6 – Health	34,548,046	33,580,866	(967,180)	(967,180)
Vote 8 - Sport and Recreation	13,186,948	12,766,613	(420,334)	(420,334)
Vote 13 – Environment Protection	5,417,644	3,2584,576	(1,833,069)	(1,833,069)
Vote 14 - Roads Agency Function	175,079,896	162,410,000	(12,669,896)	(12,669,896)
	385,685,379	**398,403,376**	**12,717,998**	**(18,014,649)**
Capital				
Vote 1 - Executive and Council	161,525	29,800	(131,725)	(131,725)
Vote 2 - Budget and Treasury Office	135,294	42,000	(93,294)	(93,294)
Vote 3 - Corporate Services	2,579,820	2,428,300	(151,520)	(151,520)
Vote 4 - Planning and Development	218,214	-	(218,214)	(218,214)
	5,308,015	**10,623,379**	**5,315,364**	**(594,754)**

From the review and the explanations above, we did not find any deliberate actions that caused the overspendings that constitutes unauthorised expenditure. The following points are noted:

- the total capital expenditure for 2018/19 financial year did not exceed the total capital budget for the year as approved by Council;
- the over-expenditures in the listed votes were funded by savings from other departments;
- the purchases of all assets were adequately approved by the necessary delegated authorities;
- the list of assets purchased in 2018/19 are all assets that are deemed to be operationally necessary for the provision of services by Garden Route DM; and
  - Council did get the full benefit of the assets purchased
  -

- However, the Office of the CFO should ensure that controls are implemented to prevent these votes overspending as this may have a negative impact to the users of the financial statement.

The Internal Audit Section/Department further conceded on the report that, they did not find any actions from officials deemed to meet the definition of an "offence" as per s173 of the MFMA and they recommend that the unauthorized expenditure be written off by Council.

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- In case of the unauthorised expenditure of R12,669,896 from Roads Department, this was due to the timing of communication from the Department of Transport and Public Works on the allocation of funds and projects to be received. This communication was received in March 2019 while the final adjustment budget was approved on 25 February 2019. No further adjustments to the budget could be made.

Having deliberated and considered this and the recommendations of Internal Audit, the committee is of the view that this was not deliberate nor negligence. However, the enhancement and control measures to prevent this unathosirsed expedentirue must be put in place to prevent it from happening in the 2019/2020 financial year.

RELEVANT LEGISLATION

- The Municipal Finance Management Act, No.56 of 2003,
- Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings

RECOMMENDATIONS

1. That the Council take note of the content of the report.
2. That Council write off the Irregular Expenditure amounting to **R160 189 803.**
3. That Council write off the Fruitless and Wasteful Expenditure amounting to **R774 511**.
4. That Council write off the Unauthorised Expenditure amounting to R**18 609 403**.
5. That the preventative measures as indicated by MPAC must be implemented and its implementation must be monitored by Management.

AANBEVELINGS

1. *Dat die Raad kennis neem van die inhoud van die verslag.*
2. *Dat die Raad die Onreëlmatige uitgawes ten bedrae van **R160 189 803**, afskryf.*
3. *Dat die Raad die Vrugtelose Uitgawes ten bedrae van **R774 511**, afskryf.*
4. *Dat die Raad die Ongemagtigde Uitgawes ten bedrae van **R18 609 403**, afskryf.*
5. *Dat die voorkomende maatreëls soos aangedui deur MPRK geïmplementeer word en die implementering daarvan deur bestuur gemonitor moet word.*

IZINDULULO

1. Sesokuba iBhunga lithathethele inqgalelo umongo wengxelo
2. Sesokuba IBhunga licime inkcitho engavumelekanga esisixa **R160 189 803.**

3. Sesokuba lBhunga licime inkcitho enelahleko esisixa **R774 511.**
4. Sesokuba iBhunga licime inkcitho engenangeniso esisixa **R18 609 403.**
5. Sesokuba amanyathelo ezokhuseleko njegokuphawulwa yiMPAC funeka emisilelwe kwaye ukumiselwa kwawo funeka eqwalaselwe ngabaphathi.

BACK TO AGENDA

DEBT WRITE-OFF REPORT 2019/20: QUARTER 4 / *SKULD AFSKRYWINGSVERSLAG 2019/20: KWARTAAL 4* / INGXELO YOKUCINYWA KWETYALA 2019/20 / IKOTA YESINE (1054906)

(8/3/1/1)

5 June 2020

REPORT FROM EXECUTIVE MANAGER: FINANCIAL SERVICES (J-W DE JAGER) / MANAGER: INCOME,BANK RECONS,EXPENDITURE & RENUMERATION (J STANDER)

PURPOSE OF THE REPORT

To obtain Council approval to write-off outstanding debtor accounts.

BACKGROUND / DISCUSSION

1. Debt Expired in terms of the Prescription Act:

There are seventeen accounts whose debt is to be written off, as it is older than three years and in terms of the Prescription Act the debt is expired and due for write-off. Please refer to Annexure A for the full detail and the actual financial implication in respect of the 2019/20 financial year.

2. Uneconomical to recover:

There are five accounts whose debt write-off is required as it would be uneconomical to recover in terms of individuals who are unemployed to repay the funds owed and a company which has closed down and is no longer operating. Please refer to Annexure A for the full detail and the actual financial implication in respect of the 2019/20 financial year.

3. Interest charged on Government debtors not paid

There were four municipal requests received to write off interest remaining on debtor account balances. In terms of Section 62 (1) of the Local Government Municipal Finance Management Act, 2003 (No 56), the Municipality must have and implement a Credit Control and Debt Collection Policy.

Section 32 states that payments in vain will be classified as Fruitless and Wasteful Expenditure. Therefore, municipalities requested the Council of Garden Route DM to approve the write-off of their interest, which were billed on outstanding amounts. These municipalities did pay their principal debt and the balance remaining on their accounts is the interest portions, which will be Fruitless and Wasteful Expenditure for them if they continue to pay it. Please refer to Annexure A for the full detail and the actual financial implication in respect of the 2019/20 financial year.

4. Interest charge on Private debtors not paid

A company request for the write-off of interest remaining on their account balance. The billing run levied interest automatically on the balance outstanding however payment was received from the company for their principal debt. Please refer to Annexure A for the full detail and the actual financial implication in respect of the 2019/20 financial year.

5. Memorandum of Agreements in place with local B-Municipalities for Fire Services

Two fire accounts in respect of Knysna and Mossel Bay Municipalities are included for write-off as there is a signed mutual assistance agreement in place between the Fire Departments. These accounts have been recommended for write-off by the Fire Department. Please refer to Annexure A for the full detail and the actual financial implication in respect of the 2019/20 financial year.

6. Roads pensioners who terminated their medical aid with outstanding balances remaining after 3 years:

There are Roads pensioners who passed away and the recovery of cost is uneconomical. There are also pensioners whose debt expired in terms of the Prescription Act for 3 years. Please refer to Annexure A for the full detail and the actual financial implication in respect of the 2019/20 financial year.

Additional remarks

In compliance with accounting rules (GRAP statements), the vast majority of these interest debts has already been provided for as "bad debt" in the 2018/19 financial statements. This means that if Council was to approve the request of the write-off of this interest debt, the impact on the 2019/20 income statement will be R 376 581,67 as the rest was already expensed in prior years in order to comply with GRAP statements regarding the recoverability of debt.

FINANCIAL IMPLICATIONS

Reduction in debtors: R 518 152,50

Reduction in provision for bad debt in 2018/19: (R 141 570,83)

Net loss in 2019/20 financial year: R 376 581,67

RELEVANT LEGISLATION

Local Government: Municipal Finance Management Act, No 56 of 2003

Garden Route District Municipality Credit Control and Debt Collection Policy

UITVOERENDE OPSOMMING

Garden Route Distriksmunisipaliteit se beleid wat handel met kredietbeheer en skuldinvordering bepaal dat debiteureskuld wat uitstaande is vir langer as 3 jaar wat as oninbaar geag word, aan die Raad voorgelê moet word vir afskrywing. Rekeninge is steeds uitgestuur in 'n poging om dit in te vorder, maar sonder sukses. Daar word dus aanbeveel dat hierdie rente (op skuld reeds afgeskryf) ook afgeskryf word. Daar is tans 'n verifikasie proses tussen Finansies en Brandweer om te verseker dat huidige rekeninge oorhandig word vir invordering aan Regsdienste sodra al die bevestigingsinligting op die rekening ontvang is om te verseker rekeninge is wel invorderbaar om Vrugtelose en Verkwistende Uitgawes te verhoed op regskoste.

Daar is tans rekeninge vir betaling utistaande wat deur debiteure betaalbaar is omdat slegs die hoofskuld vereffen is. Hierdie rekeninge se sluitingsbalanse bestaan uit rente wat gehef is op die agterstallige balanse voordat die hoofskuld vereffen is. Die rente gehef op debiteurerekeninge sluit munisipalitiete in wie versoek het om nie die rente te betaal nie omdat dit geklassifiseer sal word as Vrugtelose en Verkwistende Uitgawes indien die betaling van rente op hul rekening sou voortgaan. Dus word hierdie renteheffingskulde ook voorgelê aan die Raad vir afskrywing.

RECOMMENDATION

That Councils approves the write-off of debtors balances outstanding per category with a total of R 518 152,50.

AANBEVELING

Dat die Raad goedkeuring verleen vir die afskrywing van debiteure met balanse uitstaande per kategorie met 'n totaal van R 518 152,50.

ISINDULULO

Sesokuba iBhunga liphumeze ukucinywa kwamatyala angekahlawulwa ngokwebakala nafikelela kwi R 518 152,50.

ANNEXURES

Annexure A: Schedule of Debtor Write-Off Debt

Annexure A: Consolidated Debt Write-Off Report for GRDM (part 1) and Roads (part 2) Debtors

Quarter 4 2019/20 GRDM and Roads Debtors to be included in Write-off Report:

Debt Write-Off per:

A. Debtor Type:

Company:	Debtor Type:	Amount to include in Write-Off request:	Debt already included in Provision for Impairment 2018/19 AFS:	Actual financial implication for 2019/20 Debt write-off:
GRDM	Fire Debtor	139 356,95	104 834,10	34 522,85
GRDM	Medical Debtor	51 001,94	36 560,95	14 440,99
GRDM	Collab Licence Fee	856,35	-	856,35
GRDM	Waste Management	10 921,50	175,78	10 745,72
Roads	Medical Debtor	316 015,76	-	316 015,76
		518 152,50	**141 570,83**	**376 581,67**

B. Write-off Category:

Company:	Debt Category:	Amount to include in Write-Off request:	Debt already included in Provision for Impairment 2018/19 AFS:	Actual financial implication for 2019/20 Debt write-off:
GRDM	MOA in place for Fire Services	15 841,96	15 467,05	374,91
GRDM	Uneconomical to pursue the debt for hand over cost recovery	51 001,94	36 560,95	14 440,99
GRDM	Debt Expired in terms of the Prescription Act for debt older than 3 years classified as prescribed debt	82 312,64	80 018,29	2 294,35
GRDM	Department requested interest to be written-off as they would have to declare payment of such interest as Fruitless and Wasteful Expenditure	18 726,49	9 348,75	9 377,74
GRDM	Municipality requested interest to be written-off as they would have to declare payment of such interest as Fruitless and Wasteful Expenditure	11 777,85	175,78	11 602,07
GRDM	Interest on Outstanding Debt after capital portion was settled	204,32	-	204,32
GRDM	Insurance claim period expired - Time delay in Fire Department finalising their account	22 271,54	-	22 271,54
Roads	Debt Expired in terms of the Prescription Act for debt older	298 531,99	0	298 531,99
Roads	Debtor passed away without estate having funds to settle	17 483,77	0	17 483,77
		518 152,50	**141 570,83**	**376 581,67**

GRDM 2019/20: Q4 Debt Write-off:

ACCNO	VAN	VOORNAME	V	Total due by 15 June 2020:	Debtor Type:	Incident Date:	Amount to include in Write-Off request:	Debt already included in Provision for Impairment 2018/19 AFS:	Actual financial implication for 2019/20 Debt write-off:	Write-off Category:	Evidence File Reference for 2019/20 March Debt Write-Off:
37000809	MOSSELBAY MUNISIPALITY			13 543,58	Fire Debtor		13 543,58	13 232,75	310,83	MOA in place for Fire Services	G/Q4-1
39000136	JOUBERT	JEANETTE	JR	20 955,17	Medical Debtor		20 955,17	7 303,62	13 651,55	Uneconomical to pursue the debt for hand over cost recovery	G/Q4-2
39000150	WILLIAMS	MARY	M	30 046,77	Medical Debtor		30 046,77	29 257,34	789,43	Uneconomical to pursue the debt for hand over cost recovery	G/Q4-3
39001122	MULLER		P	71 970,43	Fire Debtor	08122016	71 970,43	69 964,36	2 006,07	Debt Expired in terms of the Prescription Act for debt older than 3 years classified as prescribed debt	G/Q4-4
39001123	KNYSNA MUNICIPALITY			2 298,38	Fire Debtor	Memo received t	2 298,38	2 234,31	64,07	MOA in place for Fire Services	G/Q4-5
84000167	VAN NIEKERK	PIETER	P	10 342,21	Fire Debtor	06022016	10 342,21	10 053,93	288,28	Debt Expired in terms of the Prescription Act for debt older than 3 years classified as prescribed debt	G/Q4-6
84000239	DAFF	DAFF	D	18 726,49	Fire Debtor	09012018	18 726,49	9 348,75	9 377,74	Department requested interest to be written-off as they would have to declare payment of such interest as Fruitless and Wasteful Expenditure	G/Q4-7
84000273	BITOU MUNICIPALITY	THE MUNICIPAL		553,73	Collab Licence Fee		553,73	-	553,73	Municipality requested interest to be written-off as they would have to declare payment of such interest as Fruitless and Wasteful Expenditure	G/Q4-8
84000277	KNYSNA MUNICIPALITY	THE MUNICIPAL		302,62	Collab Licence Fee		302,62	-	302,62	Municipality requested interest to be written-off as they would have to declare payment of such interest as Fruitless and Wasteful Expenditure	G/Q4-9
84000319	GEORGE MUNICIPALITY			193,03	Waste Management		193,03	-	193,03	Municipality requested interest to be written-off as they would have to declare payment of such interest as Fruitless and Wasteful Expenditure	G/Q4-10

GRDM 2019/20: Q4 Debt Write-off:

ACCNO	VAN	VOORNAME	V	Total due by 15 June 2020:	Debtor Type:	Incident Date:	Amount to include in Write-Off request:	Debt already included in Provision for Impairment 2018/19 AFS:	Actual financial implication for 2019/20 Debt write-off:	Write-off Category:	Evidence File Reference for 2019/20 March Debt Write-Off:
84000321	MOSSELBAY MUNICIPALITY			6 231,84	Waste Management		6 231,84	-	6 231,84	Municipality requested interest to be written-off as they would have to declare payment of such interest as Fruitless and Wasteful Expenditure	G/Q4-11
84000322	HESSEQUA MUNICIPALITY			4 496,63	Waste Management		4 496,63	175,78	4 320,85	Municipality requested interest to be written-off as they would have to declare payment of such interest as Fruitless and Wasteful Expenditure	G/Q4-12
84000328	JOMALIC BOERDERY			83,82	Fire Debtor	07052019	83,82	-	83,82	Interest on Outstanding Debt after capital portion was settled	G/Q4-13
84000343	GOUWS		CH	22 271,54	Fire Debtor	30092018	22 271,54	-	22 271,54	Insurance claim period expired - Time delay in Fire Department finalising their account	G/Q4-14
84000368	KRANE	HEIDE		120,50	Fire Debtor	19102019	120,50	-	120,50	Interest on Outstanding Debt after capital portion was settled	G/Q4-15
	TOTAL DEBT:						**202 136,74**	**141 570,83**	**60 565,91**		
	TOTAL NUMBER OF ACCOUNTS:				**15**						

GRDM Debt Write-Off per:

A. Debtor Type:

Debtor Type:							Amount to include in Write-Off request:	Debt already included in Provision for Impairment 2018/19 AFS:	Actual financial implication for 2019/20 Debt write-off:
Fire Debtor							139 356,95	104 834,10	34 522,85
Medical Debtor							51 001,94	36 560,95	14 440,99
Collab Licence Fee							856,35	-	856,35
Waste Management							10 921,50	175,78	10 745,72
							202 136,74	**141 570,83**	**60 565,91**

B. Write-off Category:

Debt Category:			Amount to include in Write-Off request:	Debt already included in Provision for Impairment 2018/19 AFS:	Actual financial implication for 2019/20 Debt write-off:
MOA in place for Fire Services			15 841,96	15 467,05	374,91
Uneconomical to pursue the debt for hand over cost recovery			51 001,94	36 560,95	14 440,99
Debt Expired in terms of the Prescription Act for debt older than 3 years classified as prescribed debt			82 312,64	80 018,29	2 294,35
Department requested interest to be written-off as they would have to declare payment of such interest as Fruitless and Wasteful Expenditure			18 726,49	9 348,75	9 377,74
Municipality requested interest to be written-off as they would have to declare payment of such interest as Fruitless and Wasteful Expenditure			11 777,85	175,78	11 602,07
Interest on Outstanding Debt after capital portion was settled			204,32	-	204,32
Insurance claim period expired - Time delay in Fire Department finalising their account			22 271,54	-	22 271,54
			202 136,74	**141 570,83**	**60 565,91**

Reduction in debtors:	202 136,74
Reduction in provision for bad debt in 2018/19:	141 570,83
Net loss in 2019/20 financial year:	**60 565,91**

Roads 2019/20: Q4 Debt Write-off:

ACCNO	VAN	VOORNAM	VO(	Total due by 15 June 2020:	Debtor Status:	To be handed over in June 2020:	Debtor to be included in write-off report:	Category	File Reference Q4:
6000068	VAN ROOYEN		D	2 136,49	Inactive, passed av	Debtor passed away befo	Yes	Debtor passed away without estate having fu	R9
6000084	CLAASSEN	RACHEL	RJJ	13 788,49	Inactive, resigned	Debtor passed away befo	Yes	Debtor passed away without estate having fu	R19
6000092	BRITS		JJ	22 205,67	Inactive, resigned	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R1
6000093	JACOBS		HJ	2 581,88	Inactive, resigned	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R22
6000094	JANTJIES		J	23 661,10	Inactive, resigned	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R2
6000098	TESANA			14 491,86	Inactive, resigned	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R3
6000099	MEINTJIES	REDUWAN	R	6 659,65	Inactive, resigned	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R4
8400094	MUNISIPALITEIT KNY	IRIS NORTIER		21 467,92	Non-Active	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R10
8400205	VERVOER SAMWU LE			3 089,91	Non-Active	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R8
8400207	SENTRALE KAROO DN			44 238,71	Non-Active	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R11
8400208	JORDAAN		FH	13 177,86	Inactive	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R12
8400211	TERBLANCHE	LOURENS	L	23 815,59	Non-Active	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R13
8400222	OVERBERG DEPT WA			2 789,74	Non-Active	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R7
8400224	DIE MEYER FAMILIE T	TRUST		43 843,60	Non-Active	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R14
9000002	HARKER		J.C.	15 996,13	Non-Active	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R15
9000035	CROUSE	SOPHIA	S	774,16	Non-Active	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R6
9000054	MARAIS		J.S.	672,08	Inactive, resigned	Debtor passed away befo	Yes	Debtor passed away without estate having fu	R
9000072	VAN ZYL		E.C.	1,01	Non-Active	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R5
9000091	KUNANA		J.	10 679,78	Inactive, resigned	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R16
9000104	TOLL	GILBERT	G	10 783,72	Inactive, resigned	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R17
9000119	THOMAS		A	1 456,15	Inactive, resigned	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R24
9000127	BRUINERS		JA	886,71	Inactive, resigned	Debtor passed away befo	Yes	Debtor passed away without estate having fu	R21
9000128	BOTHA		F	33 919,15	Inactive, resigned	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R18
9000130	JANSEN		F	2 898,40	Inactive, resigned	Older than 3 years	Yes	Debt Expired in terms of the Prescription Act	R20

Total debt to be included in write-off:		**Yes**	**316 015,76**

Debt Expired in terms of the Prescription Act for debt older than 3 years classified as prescribed debt			**298 531,99**
Debtor passed away without estate having			**17 483,77**
			316 015,76

Reduction in debtors:	316 015,76
Reduction in provision for bad debt in 2018/19:	0
Net loss in 2019/20 financial year:	**316 015,76**

BACK TO AGENDA

DEVIATION REPORT: IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR THE PERIOD 01 MAY 2020 TO 31 MAY 2020/ *AFWYKINGSVERSLAG: IMPLEMENTERING VAN DIE VOORSIENINGSKANAALBELEID VIR DIE PERIODE 01 MEI TOT 31 MEI 2020* / INGXELO YOTENXO: UKUMISELWA KOMGAQO WOLAWULO LWENCITHO KWIXESHA UMHLA 01 KUCANZIBE 2020 UYAKUTSHO KUMHLA WE 31 KUCANZIBE 2020 (1053733)

(9/8/2)

04 June 2020

REPORT FROM THE EXECUTIVE MANAGER FINANCIAL SERVICES (J–W DE JAGER)

PURPOSE OF THE REPORT

To inform the Council of the deviations approved for the period 1 May 2020 to 31 May 2020.

BACKGROUND / DISCUSSION

Section 36 of the Municipal Supply Chain Regulation states:

2) *A supply chain management policy may allow the accounting officer –*
   a) *To dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –*
      i) *In an emergency*
      ii) *If such goods or services are produced or available from a single provider only;*
      iii) *For the acquisition of special of special works of art or historical objects where specifications are difficult to compile;*
      iv) *Acquisition of animals for zoos; or*
      v) *In any other exceptional case where it is impractical or impossible to follow the official procurement processes;*
   b) *To ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.*

3) *The accounting officer must record the reasons for any deviations in terms of sub regulation (1) (a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements."*

Section 114 of the Municipal Finance Management Act, Act 56 of 2003 states:

(1) If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the accounting officer of the municipality or municipal entity must, in writing, notify the Auditor General, the relevant provincial treasury and the National Treasury and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

(2) Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.

FINANCIAL IMPLICATIONS

The total deviations for the period 1 May 2020 to 31 May 2020 amounts to ***R692 456.95*** *(*VAT included). Refer to ***Annexure A***

MAIN EXPENDITURE FOR DEVIATION IN MAY 2020

TREND ANALYSIS BASED ON SUCCESSIVE MONTH TO MONTH COMPARISON

DEVIATION REPORT AS PER S36 OF THE SCM REGULATIONS			
March / April 2020		**May-20**	
Department	**Amount**	**Department**	**Amount**
Community Services	47 063,90	Community Services	525 051,74
Corporate Services	228 689,00	Corporate Services	0,00
Financial Services	0,00	Financial Services	0,00
Office of the MM	4 104,50	Office of the MM	0,00
Planning and Economic Development	9 458,71	Planning and Economic Development	0,00
Roads and Transport Planning Services	50 198,53	Roads and Transport Planning Services	167 405,21
Normal Deviations	339 514,64	**Total Deviations**	**692 456,95**
Covid Pandemic	1 030 977,95		
Total Deviations	**1 370 492,59**		

RELEVANT LEGISLATION

The Preferential Procurement Policy Framework, Act 5 of 2000.
Preferential Procurement Regulation, 2017
The Municipal Finance Management Act, Act 56 of 2003.
The Municipal Supply Chain Regulations (30 May 2005)
Council's Supply Chain Management Policy.

UITVOERENDE OPSOMMING

Om die Raad in te lig rakende die goedgekeurde afwykings vir die periode 1 Mei 2020 tot 31 Mei 2020.

RECOMMENDATIONS

1. That the implementation of Section 36 of the Municipal Supply Chain Regulation in terms of the deviations for the period 1 May 2020 up to 31 May 2020, be noted.

2. That it be noted that in terms of Section 114 of the Municipal Finance Management Act, Act 56 of 2003, there was no approval of tenders not recommended in the normal course of implementing Supply Chain Management policy of a municipality.

AANBEVELINGS

1. *Dat die kennis geneem word van die implementering van Artikel 36 van die Voorsieningskanaal beleid in terme van die afwykings vir die periode van* 1 Mei 2020 tot 31 Mei 2020.

2. *Dat kennis geneem word dat in terme van Artikel 114 van die Munisipale Finansiale Bestuurswet, Wet 56 van 2003, daar geen goedkeuring was van tenders wat toegeken is in die normale implementering van die Voorsieningskanaalbeleid van die munisipaliteit nie*.

IZINDULULO

1. Sesokuba ukumisela koMhlathi 36 Wemiqathango Yomthetho Wezencitho zoMasipala kutyeshelo ukususela kumhla 1 kuCanzibe 2020 uyakutsho kumhla 31 kuCanzibe (2020), kuthathelwe ingqalelo.

2. Sesokuba ngokwemiqathango yoMhlathi (114) yoLawulo Lwezemali zikaMasipala, uMthetho 56 wango (2003), uthathelwe ingqalelo ukuba akukhange kuphunyezwe zinikisi maxabiso ezingandululwanga kwinkqubo efanelekileyo ekumiselweni kwencitho yomgaqo wolawulo lomasipala.

ANNEXURES

Annexure A: Deviations as per section 36 of the SCM regulations

APPROVED DEVIATIONS								
ANNEXURE: A DEVIATIONS AS PER SECTION 36 OF THE SCM REGULATIONS								
Community Services								
Item No	**Ref Nr**	**Name**	**Req Date**	**Deviation Category**	**Deviation Motivation**	**Deviation Approval Date**	**Payment Amt**	**Order Number**
1	1045702	The Cut and Mow specialist	2020-04-22	Impractical Procurement Process	Strip and Quote – impractical to obtain quotation after supplier has opened machine to ascertain problem.	2020-05-05	3 864,00	C0002472
2	1046313	J& B Auto Spares	2020-04-29	Impractical Procurement Process	Only service provider on the list of emergency suppliers, identified for the lock down period, that was available to perform this work and therefore no extra quotes could be obtained at the time.	2020-05-12	7 061,00	C0002447
3	1046327	J&B Auto Spares	2020-04-29	Emergency	Only service provider on the list of emergency suppliers, identified for the lock down period, that was available to perform this work and therefore no extra quotes could be obtained at the time.	2020-05-11	20 527,50	C0002400
5	1046800	Afrishore lifting	2020-04-30	Emergency	Decontamination stock. Only suppliers that have stock available after lock down. Needed to address emergency actions required to decontaminate.	2020-05-15	12 684,50	C0002537

6	1048304	Valley Containers VIP Office Container	2020-05-12	Impractical Procurement Process	It is impractical to remove the current container and obtain three quotes. Reasons are: There are electricity, data and telephone connections made to the container that will have to be uninstall and reconnected again. The same with the alarm system installed in the current container. The removal and delivery cost of the new container won't be cost effective and It will inflate the proposed quote making any other service provider more expensive than the current vendor.	2020-05-27	2 242,50	C0002507
7	1035018	Afrox	2020-03-19	Single Supplier	Payment for Afrox for the rental of the Oxygen Cylinders installed at the Fire department and utilised by the Garden Route District Fire and Rescue for hazmat operations.	2020-05-11	12 259,00	C0002446
8	890110	DTM Nissan	2020-01-21	Impractical Procurement Process	Strip and Quote – impractical to obtain quotation after supplier has opened machine to ascertain problem.	2020-05-07	10 289,63	C0002422
9	893332	Working on fire	2020-01-22	Emergency	For emergency aerial support to extinguish fires in the district.	2020-05-04	451 629,61	C0002423
10	1045144	Tyres and Treads	2020-04-21	Emergency	For replacement of Tyres of Fire vehicles. Tyres and treads was the only supplier willing to help during the Covid 19 lockdown.	2020-05-12	4 494,00	C0002448

Roads Services								
Item No	**Ref Nr**	**Name**	**Req Date**	**Deviation Category**	**Deviation Motivation**	**Deviation Approval Date**	**Payment Amt**	**Order Number**
12	1047092	Ubertech	2020-05-04	Emergency	The changing of hardware (Scanners) is to have the ability to use access cards in stead of only the finger print due to the Coronavirus. The reason for emergency is that currently all offices with public access is a high risk in unauthorised access availability as gates and doors are left open because access is only available via finger scanners. Another reason for the application of the emergency clause is for the safety of Council's personnel and property that is at stake.	2020-05-19	132 607,70	R0001691
13	1045349	Xerox	2020-04-21	Single Supplier	The contract expired but we are still using the machine. Renewal hampered by COVID 19 lockdown.	2020-05-19	4 877,51	R0001682
14	1044803	GENELA SECURITY TRAINING & PROJECTS PTY LTD	2020-04-22	Emergency	Security Services at Riversdale Depot. Due to the Covid 19 pandemic the lockdown was extended therefore an additional security guard is required to ensure safety of our assets and the premises during this period.	2020-05-20	29 920,00	R0001688
						TOTAL	**692 456,95**	

BACK TO AGENDA

COST CONTAINMENT REPORTING – QUARTER 3 OF 2019/20/ *KOSTE INPERKINGSVERSLAG – KWARTAAL 3 VAN 2019/20* / UMGAQO WOKUNCIPHISA INDLEKO-IKOTA YESITHATHU KA 2019/20 (1048592)

(6/18/7)

13 May 2020

REPORT FROM THE EXECUTIVE MANAGER: FINANCIAL SERVICES (J–W DE JAGER)

PURPOSE OF THE REPORT

The purpose of this report is to table to Council the measures implemented and aggregate amounts saved in quarter two of the current financial year through the implementation of cost containment measures.

BACKGROUND

On 23 July 2019, Council approved the GRDM Cost Containment Policy in order to comply with the new legislation that was issued on 7 June 2019.

Section 17 of the policy stipulates the following pertaining to disclosures of cost containment measures:

17.1 Cost containment measures applied by the municipality must be included in the municipal in-year budget report and annual cost savings must be disclosed in the annual report.

17.2 The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritization of cost savings, on the implementation of the cost containment measures must be submitted to the municipal council for review and resolution. The municipal council can refer such reports to an appropriate council committee for further recommendations and actions.

17.3 Such reports must be copied to the National Treasury and relevant provincial treasuries within seven calendar days after the report is submitted to municipal council.

National Treasury further issued MFMA Circular No.97 which prescribed a template for quarterly reporting of cost savings realised from implementation of cost containment measures – please refer to Annexure A for the cost savings at GRDM in quarter 3 of 2019/20 in this regard.

It should be noted that various cost-cutting measures were already incorporated in the budget process for 2019/20 and therefore the issuing of the Municipal Cost Containment Regulations did not have an impact on all expenditure types addressed in the Regulations.

The most significant savings are with regards to events that were budgeted for, but are now prohibited in the Regulations and GRDM Cost Containment Policy.

All savings will be re-prioritised in the adjustment budget process in order to either fund projects that were not included in the approved budget due to the limited funds available, or to cover possible revenue-shortages (e.g. late opening and operation of the regional landfill site)

In terms of the Cost Containment Regulations, no additional savings were identified in quarter 3. However, a number of cost savings were identified for the adjustment budget to serve at Council on 27 May 2020 in order to cover revenue-shortages – most notably interest revenue from investments that are lower due to decrease in interest rates, as well as the delay in the regional landfill site becoming operational.

FINANCIAL IMPLICATIONS

Year-to-date savings due to cost containment measures: R1.295m

RELEVANT LEGISLATION

Local Government: Municipal Finance Management Act, 2003 - Municipal Cost Containment Regulations, 2019

GRDM Cost Containment Policy

UITVOERENDE OPSOMMING

Op 23 Julie 2019 het die Raad die GRDM Koste Inperkingsbeleid goedgekeur. Afdeling 17 van die beleid bepaal dat daar op n gereeld basis verslag gedoen word aan die Raad oor die besparings wat identifiseer is as gevolg van die implementering van die bogenoemde beleid. Verwys na Bylae A in die verband – die formaat van die verslagdoening is deur Nasionale Tesourie voorgeskryf via Omsendskrywe No. 97.

RECOMMENDATION

That Council notes the measures implemented and aggregate amounts saved in quarter three of the current financial year through the implementation of cost containment measures.

AANBEVELING

Dat die Raad kennis neem van die besparings soos identifiseer in kwartaal drie van die huidige finansiële jaar as gevolg van die implementering van die GRDM Koste Inperkingsbeleid.

ISINDULULO

Sesokuba ipBhunga lithathele ingqaleloimiqathango yokumiselwa kunye nemali eziye zongiwa kwikoqa yesithathu yonyakala mali omileyo ngokumisela indlela zokonga zokunciphisa indleko.

ANNEXURES

Annexure A: MFMA Quarterly Report – Cost Containment savings Quarter 3 of 2019/20

Measures	Cost Containment In-Year Report					
	Budget	Q1	Q2	Q3	Q4	Savings
	R'000	R'000	R'000	R'000	R'000	R'000
Use of Consultants						
No significant savings identified, as budgeted amount established using principles that were already in line with new Cost Containment Policy						
Vehicle used for political office-bearers						
No budget for purchase of new vehicle used for political office-bearers in period under review.						
Travel and subsistence						
No significant savings identified, as budgeted amount established using principles that were already in line with new Cost Containment Policy						
Domestic accommodation						
No significant savings identified, as budgeted amount established using principles that were already in line with new Cost Containment Policy						
Sponsorships, events and catering						
LED: Transnet Port Festival	R500 000	-	n/a	n/a	n/a	R500 000
LED: Eden Festival of Action	R20 000	-	n/a	n/a	n/a	R20 000
LED: Events	R500 000	-	n/a	n/a	n/a	R500 000
Tourism: Saxophone Festival Herold Meander	R20 000	-	n/a	n/a	n/a	R20 000
Tourism: Calitzdorp Winter Festival	R25 000	-	n/a	n/a	n/a	R25 000
Tourism: Promotional Items	R180 000	-	n/a	n/a	n/a	R180 000
Municipal Health: Informal food traders catering	R50 000	-	n/a	n/a	n/a	R50 000
Communication						
No significant savings identified, as budgeted amount established using principles that were already in line with new Cost Containment Policy						
Other related expenditure items						
No significant savings identified, as budgeted amount established using principles that were already in line with new Cost Containment Policy						
TOTALS	**R1 295 000**	**-**	**n/a**	**n/a**	**n/a**	**R1 295 000**

BACK TO AGENDA

EXTENSION OF CONTRACTS AND SERVICE LEVEL AGREEMENTS OF SERVICE PROVIDERS RELATING TO ALL FINANCIAL SERVICES AND TRANSACTIONAL SYSTEMS FOR AN EXTENDED PERIOD OF 2 (TWO) YEARS / VERLENGING VAN KONTRAKTE EN DIENSVERSKAFFINGS OOREENKOMSTE KRAGTENS FINANSIËLE EN TRANSAKSIONÊLE SISTEME VIR 'N VERDERE TYDPERK VAN 2 (TWEE) JAAR / UKWANDISWA KWEZIVUMELWANO ZOTYIKITYO KUNYE NEZIVUMELWANO ZAMABAKALA ENKONZO ZABANIKEZELI BENKONZO NOKWAYAMANISWA NENKONZO ZONKE ZEZEMALI KUNYE NORHUNGELWANO LWENKQUBO IXESHA LEMINYAKA 2(EMIBINI) (1052638)

(8/2/3)
25 May 2020

REPORT FROM THE EXECUTIVE MANAGER: CORPORATE SERVICES (B HOLTZHAUSEN) / ICT MANAGER (K NIEUWOUDT)

PURPOSE OF THE REPORT

To request the Council's approval to extend the current service providers' contracts and Service Level Agreements for an additional 2 (two) years for the period 01 July 2020 to 30 June 2022.

BACKGROUND/DISCUSSION

Garden Route District Municipal Council was forced to change financial systems in terms of mSCOA Regulations as of 01 July 2017. The situation that GRDM found itself in, was that the provider at that stage Fujitsu informed Council on 19 April of 2017 that our then financial system would not be able to become compatible in terms of the minimum requirements prescribed by mSCOA regulations.

GRDM was forced to negotiate in good faith with Vesta Technical Services (PTY) Ltd and enter into an agreement of 3 years, 01 July 2017 to 30 June 2020 using the transversal tender provided by National Treasury being the RT25/2016 process. This process contains a clause enabling both parties to negotiate an extension to the contract period to a maximum of 60 months. This enables

GRDM to extend the current contract which expires on 30 June 2020 for 2 more financial years to end 30 June 2022.

In the three years of implementation and configuration of the current financial services, the GRDM used other systems to reach compliancy in terms of mSCOA. Examples include:

- the use of the Archive and Workflow system to handle the administrative tasks of the supply chain process; and
- the Payday payroll system was also chosen to interact with the financial system rather than use a non-mature system offered by the financial service providers. The company Ubertech also provides services related to these systems in terms of security and availability.

Several meetings between internal and external parties were held to discuss the process to be followed in renewing these systems. Lessons learned from the challenges experienced with the implementation of the current financial system and the difficulties to become mSCOA compliant forced management to reconsider changing of the financial and related systems again weighed very high in the discussions.

The ICT Steercom resolved to support the strategic approach to continue with the current systems. Through various forums with fellow municipalities and the Provincial Treasury it is clear that at this stage there is no financial system that does not still have development needs to ensure compliance with mSCOA (which National Treasury is continuously updating through the issuing of new versions of the chart), especially relating to full integration. It was therefore concluded that strategically GRDM should continue with the current systems as is possible under the RT25/2016 tender of National Treasury

Council has made a significant investment in this financial system. The investment made by Council for the past 3 (three) financial years being 2017/18, 2018/19 and to date in 2019/20 are made up as follows:

- Core Financial Systems
    - R 3 762 196
- Payroll Systems
    - R 1 069 480
- Supporting systems
    - R 2 687 772

The total financial monetary investment made since 01 July 2017, date of mSCOA compliancy deadline to date amounts to **R 7 519 448.** This does not account for internal man-hours and effort. Due to the financial constraints currently in the municipality and in Government as a whole, financial systems cannot be changed every 3 years and the financial system will be used for the foreseeable future unless there is a significant event that takes place.

At a meeting held on 05 February 2020, it was resolved that:

"That GRDM aligns all contracts with an extension of 2 years for the Council's approval."

This decision means that a Section 116 deviation in terms of the Municipal Finance Management Act, No. 56 of 2003 needs to be followed.

FINANCIAL IMPLICATIONS

Approximate figures as the CPI pricing for the outer years are not known.

- **Vesta Technical Services (PTY) Ltd.**
    - Licensing Fees:
        - 2020/2021 – R 1 563 240
        - 2021/2022 - R 1 719 585
    - On-Site Support
        - 2020/2021 – R 544 800
        - 2021/2022 – R 599 280
- **Payday Services**
    - Licensing Fees:
        - 2020/2021 – R 277 599
        - 2021/2022 - R 298 974
    - On-Site Support
        - 2020/2021 – R 119 856
        - 2021/2022 – R 129 085

- **Business Engineering**
    - Licensing Fees:
        - 2020/2021 – R 215 000
        - 2021/2022 - R 215 000
    - On-Site Support

- 2020/2021 – R 990 360
- 2021/2022 – R 1 049 785

- **Ubertech CC**
  - On/Off. Site Support and Services
    - 2020/2021 – R 135 473
    - 2021/2022 – R 141 163

Total contract value over the 2 (two) years amounts to R 7 999 200.

RELEVANT LEGISLATION

Municipal Finance Management Act, No. 56 of 2003 SECTION 116
Municipal Systems Act, No. 32 of 2000
Municipal Systems Amendment Act, No. 44 of 2003.
Municipal Structure Act, No. 117 of 1998

UITVOERENDE OPSOMMING

Om die Raad se goedkeuring te versoek om die huidige diensverskaffers se kontrakte en diensvlakooreenkomste vir 'n addisionele 2 (twee) jaar vir die periode 01 Julie 2020 tot 30 Junie 2022 te verleng.

Garden Route Distriksraad was gedwing om finansiële stelsels te verander ingevolge mSCOA-Regulasies vanaf 1 Julie 2017. Die situasie waarin GRDM hom bevind het, was dat die diensverskaffer op daardie stadium Fujitsu die Raad op 19 April 2017 ingelig het dat ons destydse finansiële stelsel nie geskik sou wees in terme van die minimum vereistes wat deur mSCOA-Regulasies voorgeskryf word nie.

RECOMMENDATIONS

1. That the current Service Level Agreement that is expiring on 30 June 2020 be extended for a further 2 years to align the extension of the transversal tender RT25-2016 to expire on 30 June 2022.
   a. Vesta Technical Services (PTY) Ltd.
   b. Payday Services
   c. Business Engineering

d. Ubertech CC

2. That the provisions of section 116 of the Municipal Finance Management Act 56 of 2003 be noted.

3. That the systems status be evaluated at least 6 (six) months before the expiring of the proposed SLA to decide on the way forward. The 6 (six) month period is proposed to allow for adequate time for investigations and possible changing of systems be it required.

AANBEVELINGS

1. *Dat die huidige diensvlakooreenkomste wat op 30 Junie 2020 verval, met nog twee jaar verleng word om die verlenging van die transversale tender RT25-2016 in lyn te bring om op 30 Junie 2022 te verval.*
    a. Vesta Technical Services (PTY) Ltd.
    b. Payday Services
    c. Business Engineering
    d. Ubertech CC

2. *Dat daar kennis geneem word van die bepalings van Artikel 116 van die Wet op Munisipale Finansiële Bestuur 56 van 2003.*

3. *Dat die stelselstatus geëvalueer word ten minste 6 (ses) maande voor die verstryking van die voorgestelde SLA rondom die besluit oor die pad vorentoe. Die tydperk van 6 (ses) maande word voorgestel om voldoende tyd vir ondersoeke en moontlike verandering van stelsels moontlik te maak, indien nodig.*

IZINDULULO

1. Sesokuba Isivumelwano Sebakala lenkonzo esikhoyo nesifikelela esipheleni ngomhla 30 kweyeSilimela 2020 sandiswe ngeminyaka emi 2 ukulungelelanisa isiniki maxabiso sendibaniselwano se RT25-2016 nesizakufikelela esipheleni ngomhla 30 kweyeSilimela 2022.
    a. Vesta Technical Services (PTY) Ltd.
    b. Payday Services
    c. Business Engineering

d. Ubertech CC

2. Sesokuba izibonelelo zomhlathi 116 Womthetho 56 wango 2003 Wolawulo Lwemali zoMasipala zithathelwe ingqalelo.

3. Sesokuba isimo esikhoyo senkqubo sihlengahlengiswe ubuncikane iinyanga ezintandathu phambi kokuphelelwa kwesivumlelwano esiphakanyisiweyo se SLA ukuthabatha isigqibo sokuqhubekeka. Ixesha lenyanga ezintandathu liphakanyiswe ukunikezela ixesha elaneleyo lokwenza uphando kunye nendlela yokusebenzisa enye inkqubo ukuba kufanelekile.

APPENDIX

Annexure A: Minutes of meeting held 11 December 2019
Annexure B: Minutes of meeting held 31 January 2020
Annexure C: Minutes of meeting held 05 February 2020

Minutes of a
Expiration of Contracts & SLA Meeting
held in the ICT Committee Room
on **Wednesday, 11 December 2019** at **08h30**

TEENWOORDIG / PRESENT / ABAKHOYO

Ms B Holtzhausen	:	Corporate Services
Mr JW de Jager	:	Financial Services
Mr J Stander	:	Financial Services
Mr K Nieuwoudt	:	ICT
Mr R Alberts	:	ICT
Mr S Damons	:	ICT
Nadiema Davids	:	Legal Services
Ms M Powell	:	ICT

APOLOGIES

Sinekaya Maqekeni – Legal Services
Louise Hoek – Finance Services
Tebello Mpuru – Finance Services

1	**OPENING AND WELCOME** Mr Alberts welcome all present and said that he was at a Collaborator Usergroup meeting and that one of the key points was the renewal of the licenses. He said that they had a Phoenix Usergroup sometime ago and is still waiting for the minutes where he asked that they give us National Treasury's point of view. He said that in the meantime they realised that our contracts and Service Level Agreements will expire on 30 June 2020. He said that we need to plan the process going forward. • Business Engineering (Collaborator) Mr Alberts mentioned that BE is somewhat different from the other contracts as of the shared services. He said that they went on a regional effort where a license agreement between the various municipalities in the GRDM was signed. BE realised that in their license agreement they never put in any escalation which leads to us still paying a license fee today as what we paid 13 years ago. Mr Alberts asks in terms of SCM what is the process of going forward. He said that Support is based on what the municipalities need are and BE is the only Service Provider that can give support.

- Vesta (Phoenix)

Mr Alberts read a section from a circular for NT.
"The duration of the service level agreement entered into by and between the appointed system vendors and a municipality will be for a period not exceeding 60 (sixty) months from date of signing the service level agreement subject to the provisions of Section 33of the MFMA."

He said that as we may extend the current contract, not exceeding 5 years. He said that we are signed at this moment at 3 years, and it was discussed at the user group. He said that if we decided to renew it for another 2 years, there are some processes that need to be followed.

- Payday

He said that we have a license and support agreement.

- Wispernet

Mr Alberts said that on Wispernet, we go out on a tender every 3 years. He said that Wispernet is so involved now that to change the Service Provider will be an effort.

- Esri

He said that Esri is also a Sole Supplier – Service Provider with a license and support agreements.

- State-Owned Organisations and National Treasury contracts in place

Mr K Nieuwoudt

Mr Niewoudt said that we will not change the core systems of the organisation such as the Phoenix, Collaborator, Payday just to name a few. He said that we have to look at the contracts and service level agreement to see how and what can do with the due dates for next year. He said that in the past it was a deviation process.

He said that why tender, if you know that the supplier is a sole supplier, like in the case of Esri. He also said that we have to look at extensions on some of our own systems and processes and why tender if you know the service provider is a single supplier, thinking about the costs involved. Mr Nieuwoudt said that we have to start the tender processes, as it took us at least 4 – 6 months to complete.

Mr S Damons

Mr Damons states that we need to renew the licenses because in the past the licenses was desktop-based, and now the licenses are internet-based and if it expired, the service provider stops the services immediately. Mr Damons said that he did the processes early to avoid deviations, but only Esri tendered.

	Mr K Nieuwoudt said that if we are not going to change systems in the near future, why go out on tender as it is a waste of money. He said that we want to follow the correct SCM procedures and stay within the SCM law, but if there is an SCM regulation like state-owned organisations that we can use, we have to use that. Mr JW de Jager said that not one of the mentioned suppliers is stated-owned. Regarding impractical processes he suggests that a report be written to the ICT Steercom, Audit Committee etc. to get oversight and state that this is the situation in ICT and we would like to stay within the SCM regulations and get the committee's support. He said that, ICT should present a strategy of the systems GRDM uses, and that we want to stay with these service providers for the next eg. 3 years and to get the support from the ICT Steercom, Audit Committee and also submit the relevant proof, if the service providers is sole suppliers or not. He aid that we have to do a due diligence on other systems, put the proof in the report and send the report for comments to the relevant roleplayers whereafter ICT would write recommendations on each system. **RESOLUTION:** 1. That ICT presents a strategy/ report to the ICT Steercom of all the systems currently in use. 2. That the report is circulated to the relevant roleplayers for comments. 3. That ICT write their recommendation on each system as to why we want to stay with current service providers and the benefits thereof. 4. That the report is submitted to the ICT Steercom for approval, Mancom, Audit Committee & Council for notification.

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VOORSITTER / CHAIRPERSON **DATE**

Minutes of meeting
Discussion: Deviations & Contracts
held in the Council Chambers
on **Friday, 31 January 2020** at **07h30**

TEENWOORDIG / PRESENT / ABAKHOYO

Ms. B Holtzhausen	:	Corporate Services
Mr. JW de Jager	:	Financial Services
Mr. J Stander	:	Financial Services
Mr. T Mpuru	:	Financial Services
Mr. K Nieuwoudt	:	ICT
Mr. R Alberts	:	ICT
Mr. M Stevens	:	ICT
Mr. S Maqekeni	:	Legal Services
Ms. M Powell	:	ICT

1	**INTRODUCTION** Mr. K Nieuwoudt welcomed all present. He said that we need 3 things to do urgently when we do deviations. He said that Mr. S Maqekeni offered his help with the deviations processes.
2.	**PRESENT / APOLOGIES** See attached attendance register.
3.	**DISCUSSION** **DEVIATIONS IN RESPECT OF SERVICE PROVIDES OF SYSTEMS DUE FOR RENEWAL 1ST OF JULY** As background, Mr. Nieuwoudt referred to systems such as Collaborator, Phoenix, Payday, etc. He said as from today we have to start working on the renewal of the agreements. He said we have to look at the following aspects with the help of Legal Services and Supply Chain. • The wording of deviations • Reason for deviations • Type of deviations

	Mr. S Maqekeni refers to the renewal fo the licenses and the support services, renewed into one deviation. He referred to the previous reason for deviating. Mr. M Stevens read the previous reason from Payday which was approved by management as follows: *" The deviation is in respect of Section 36 item (1) (a) (ii) of the Supply Chain Management Policy. Payday Software System is the owner and sole supplier of the Payday System and is also the only supplier that can maintain the Payroll system. The current mSCOA process also dictates when a new compliant financial system must be in place (1 July 2017). The mSCOA Steering Committee approved the systems Phoenix (financial), Collaborator (SCM and workflow) and Payday (Payroll and HR). It is therefore recommended that the request for the deviation for 3 years, the 2017/2018 to 2019/2020 financial year regarding the extension of the existing contract be supported and approved. The ICT Steercom recommended that all SLA's that has an impact on mSCOA can be renewed for a 3 year period."* Mr Maqekeni said that he don't think that there is an issue with the wording, but that you have to give as much detail as possible. He said AG wants is to see that you don't just deviate purposely and that you have a plan going forward. Refering to this instance, he said that this links to the various systems which are integrated with each other and you cannot just change it. He said that the reason is valid. The issue of a plan going forward, is to spell out that the systems are interacting with each other and the processes are interlink with each other. Mr de Jager explain the differences between impractical and single suppliers. He said the correspondence from NT referred to integrated systems and if you are going to change systems, you have to get permission from Jan Hattingh from NT. Mr Alberts said that he was task to do a report to Mancom regarding the systems and that it will outline a strategy. Mancom then approve the strategy due to systems that is so intertwined and interdependent that it does not make sence to change systems, therefore it's impractical process. Cost implications will be set out as well in the strategy. Ms Holtzhausen raise the point of business continuity which can have a major impact on business operations per se, and that risk and cost implications also be taken into consideration. Mr Alberts ask that instead of a 3 year tender if it is possible to extend the tender for 5 years. Mr Nieuwoudt explained that all the core systems are integrated with each other and that he support the request for a 5 year tender as if it is a 3 year tender, in the 2nd year we have to start this process all over again. **RESOLVED:** • That a report with a strategy be send to Mancom for approval, which will be attached to the deviation as a impractical process. • That the option of a 5 year tender be explorerd.

3.1	**RENEWAL OF CELLULAR / LANDLINE SERVICES WITH TELKOM / BUSINESS CONNECTION IN RESPECT OF EITHER /OR MSA BETWEEN NATIONAL TREASURY / TELKOM OR AS PER SUPPLY CHAIN POLICY MAKING USE OF TELKOM/ BUSINESS CONNECTION AS "ANOTHER ORGAN OF STATE.** • MSA between Garden Route and Telkom (Garden Route DM MSA) • MSA between National Treasury and Telkom (MSA Telkom National Treasury) • Garden Route Supply Chain Policy with reference to Paragraph 33 Mr. Nieuwoudt referred to the Mancom decision of 9 December 2019, where Mancom decided to use Telkom / BCX as an organ of state-specific and alternative for going out on tender for other respected ICT Services and the use of Telkom as part of the MFA between Telkom and Government as an alternative for going out on tender for Landlines / Cellular & Data, Services. Mr Nieuwoudt said that the ICT Section was tasked to assist with the Landline and Cellular Services contracts soon coming to an end and to look at a possible combination of these Services. With the further investigation on this it was found that Telkom who is the current Service Provider in both instances contracted with Government represented by National Treasury to supply these Service to Government / Municipal entities. The CFO requested that Telkom/BCX be invited with the specific objective to get more information on the objectives of cost savings regarding Voice /data/ landlines. Mr Nieuwoudt emphasise that it be noted that ICT's role in this is purely of a technical nature and that ICT is not the Project owners. He request that ownership and responsibilities be clearly identified going forward. **RESOLVED:** • That the MSA between Telkom and Government represented by National Treasury be send to Legal & SCM for scrutiny. • That Telkom/BCX be invited with the specific objective to get more information on the objectives of cost savings regarding Voice /data/ landlines. • That management decide who is getting devices based on their responsibilities.

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VOORSITTER / CHAIRPERSON **DATE**

Minutes of meeting
Discussion: Vesta Technical Services / PhoenixERP SLA Renewal Meeting
held in the Gourikwa Committee Room
on **Wednesday, 5 February 2020** at **09h00**

TEENWOORDIG / PRESENT / ABAKHOYO

Mr. A Yaxley	:	Business Engineering/Vesta
Mr. P de Bruin	:	Business Engineering/Vesta
Ms. C du Plessis	:	Business Engineering
Mr. J Stander	:	Financial Services
Mr. T Mpuru	:	Financial Services
Ms. L Hoek	:	Financial Services
Mr. R Alberts	:	ICT
Ms. M Powell	:	ICT

1	**INTRODUCTION** Mr. R Alberts welcomed all present and give the meeting over to Mr. P de Bruin from Business Engineering / Vesta.
2.	**APOLOGIES** Apologies: Mr. JW de Jager
3.	**DISCUSSION** Mr. de Bruin said that there are 2 items that need to be discussed, nl. SLA & Asset Management. **ASSET MANAGEMENT** Ms. Hoek said that they would like to start with the Asset Register by next week. Mr. Yaxley said with minor adjustments, he can get the verifications to work. He said that he only needs 2 fields to import to balance the asset register. Ms. Hoek said that they have 2 Market Demand scanners that they can use. Mr. Yaxley said that they are prepared to buy the scanners at a deappreciated value. Ms. Hoek said that the scanners are as good as new and it was part of a package they bought from MD.

	Mr. Mpuru asks about the option of swapping the scanners. He said that we were in agreement with Vesta and MD was contracted by Vesta. He said that we are the victims in the middle of a feud between Vesta & MD and we are sitting with assets that we cannot use. Mr de Bruin said that they have decided to swap the devices, but it will be on backorder for at least 2 weeks. In the meantime, they will give GRDM 2 loan units to meet their targets until they receive their backorder to swap the devices. Ms. Hoek ask where the asset list will be loaded on? MR Yaxley said that he needs the fields for verification. Ms. Hoek said that they need fields eg. Room no., Asset no., Serial no., List of missing assets, etc. Mr. Yaxley asks if they can have a session on the verification of assets by tomorrow. A meeting and demonstration with her assets department will be arranged on Thursday at 14h00. She also requests training for herself and her team on the asset management system. Mr. Alberts confirmed that the Asset Register will be on the Collaborator Server and the database will be on the sequel server. The mobile app will be on the current mobile interface which will interact with the web services. Ms. Hoek also requested training on the devices. Mr. Alberts read a response from the CFO. *"The situation must be managed as a matter of urgency, we need a system to test, Vesta to provide an implementation plan with deadlines and we must agree who pays for what if deadlines are not met and we must make use of other consultants again."* Referring to the response from the CFO, Mr Alberts said that in matter of the 2 systems, GRDM and Roads, we are in a process of merging the 2 trail balances (TB's)for implementation from 1st July 2020 onwards. He said that the Bank Recons is being dealt with in the latest release upgrade. Debtors systems – he said that we still need assistance from Jan du Toit to fix errors on a monthly basis during the month-end processes.

After 2 years the option to reject changes in the Masterfile has not been delivered, but he said that the latest release will speak to that. On the Masterfile, Mr Mpuru said that he could not reject projects if it was captured incorrectly. He said that there is no rejection process. Mr Alberts suggests that it be tested after the implementation of the new release.

Mr. Yaxley said that if they cannot satisfy GRDM, they will pay for Falcrum being implemented through Mubesko. He said that they will not pay for Market Demand. He said that they will integrate the data and it will not cost anything additional.

Helpdesk – Mr. Alberts said that the Vesta helpdesk was upgraded and we still not have access to lock helpdesk tickets. Mr. Yaxley will follow up.

Resolved:

- That a session is arranged between Ms. L Hoek & team and Mr. A Yaxley for Thursday, 6 Feb 2020 at 14h00 for the verification of assets.
- That, if the client (GRDM) is not satisfied with the services, Vesta will pay for Falcrum implementation through Mubesko.

SLA RENEWAL MEETING

Mr. Alberts said that for discussion purposes we must keep in mind that the current SLA is for 3 years with the option to the extend to 5 years. He said that the feeling is that we not likely to change systems in the near future.

Mr de Bruin said that the renewal of the SLA with the extension can only happen within the criteria that are stipulated in the RT25. He said that the purpose of the discussion is that we in agreement with that, because the renewal is what comes from the previous agreement, that we go on with the next two periods and stipulates the costs. He said that it must be kept in mind that it is not a new contract negotiation.

Mr. Alberts asks if we can discuss another approaches if it comes up in a strategic session, what the implications will be if we don't renew our contract but rather

	renegotiate for a longer period. Mr de Bruin suggest that if GRDM decides not to change their financial system, that they should go out on a tender for professional services for the maintenance of their financial system. He said then they can do a Section 33 advertisement to say that thy want this contract for the next 5 – 6 years. With this, anyone can submit a bid and they can do away with the RT25 Extention. He said, keeping this in mind, 90% of the other services which are not product specific, are professional services eg. Debtors systems, providing a service with helpdesk, etc. He said that this is an alternative option that they should consider if SCM and Council agree with their approach. He also said that the easiest thing, for now, is to extend the RT25 as per tender requirement which is less complicated. He said that there is a letter from NT that said although the RT25 agreement has expired, they allow customers to extend to a maximum of 5 years, which is an additional 2 years. **RESOLVED:** That Vesta draws up the letter of extension with a cost implication. That GRDM aligns all contracts with an extension of 2 years for the Council's approval.

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VOORSITTER / CHAIRPERSON **DATE**

BACK TO AGENDA

PROPOSAL FOR ADJUSTMENT OF PERK MOTOR SCHEME / *VOORSTEL VIR WYSIGING VAN PERK MOTORSKEMA* / ISIPHAKAMISO SOLUNGELELWANISO LWESIBONELELO SEZOTHUTHO SE PERK (10530128)

(9/2/5)

1 June 2020

REPORT FROM THE EXECUTIVE MANAGER: CORPORATE SERVICES (B HOLTZHAUSEN) / ACTING MANAGER: HUMAN RESOURCES (ADV S MAQEKENI)

PURPOSE OF THE REPORT

To seek approval on the Perk Motor Scheme Policy.

BACKGROUND

Various meetings took place since last year with the relevant parties and labour to obtain their inputs into the proposed changes on the Perk Motor Scheme Policy. Discussions took place at MANCOM, LLF and Policy Workshop. The policy served at Council and they referred it back on 24 January 2020 for further consultation, which was resolved and the policy is submitted again as labour and the involved parties support the policy. No further disagreements were raised.

According to the present approved policy of Council the fix cost of the allowance was based on the salary of the official but due to the non-availability of tariffs it was not adjusted since 2001, therefor the need for adjustment. Council adjusted the running cost since 2001 to compensate for not adjusting the fix cost but these tariffs included compensation for fix cost that encourage driving. Labour requested that the adjusted policy be implemented over a period of time. Attached as Annexure A is the proposed Perk Motor Scheme Policy with changes marked in red.

FINANCIAL IMPLICATIONS

The fix cost will increase yearly in accordance with the approved salary adjustment and the running cost will reduced over two years to the proposed tariffs. Based on the first 5 months of the current financial year there will be a saving of approximately R400 000.00 in the 2020/21 financial year.

RELEVANT LEGISLATION

Basic Conditions of Employment Act, Act 56 of 2003

UITVOERENDE OPSOMMING:

Die doel van die verslag is om die voorgestelde wysigings op die Perk Motorskema Beleid te bespreek vir goedkeuring.

RECOMMENDATIONS

1. That the proposed changes on the Perk Motor Scheme Policy, be approved with effect from 1 July 2020.

2. That the running cost be implemented at 50% of the Department of Transport Private tariff for the 2020/2021 financial year and from 2021/2022 as per the proposed policy.

AANBEVELINGS

1. *Dat die voorgestelde wysigings op die Perk Motorskema Beleid goedgekeur word met ingang vanaf 1 Julie 2020.*

2. *Dat die loopkoste geimplementeer word teen 50% van die Departement van Vervoer Privaat tarief vir die 2020/2021 en vanaf 2021/2022 soos per die voorgestelde beleid.*

IZINDULULO

1. Sesokuba inguqu eziphakanyiswe kuMgaqo Wesibonelelo Ngezothutho, Uphunyezwe ukususka 01 July 2020.

2. Sesokuba Indleko ezifikelela ku 50% Zesebe lezothutho ne rafu zonyakamali 2020/2021 ukuya 2021/2022 Zimiselwe Njengesiphakamiso soMgaqo-nkqubo

DRAFT MOTOR VEHICLE ALLOWANCE SCHEME POLICY

1. PURPOSE

To reimburse employees which use their own transport in order to fulfill his or her duties as an employee of Garden Route District Municipality District Municipality. With the view to fairness and equity to the employee within the capacity of Council.

2. DEFENITIONS

Council	means Garden Route District Municipality, represented by the Municipal Manager as Category 4 Local Authority with the salary scale of a Category 4 Local Authority.
Enclosed area	means the area within 10 kilometer radius of the work station of an employee.
Employee	means a person permanently appointed on the Organisational Structure of Garden Route District Municipality who receives remuneration in the form of a basic salary and other benefits and participates in the scheme; means the owner of the vehicle who is in possession of a valid driver's license and receives a vehicle allowance.
Municipal Manager	means the accounting officer and duly authorized to enter into an agreement,
Official transport	transport provided by Council.
Scheme	means the vehicle allowance scheme of Garden Route District Municipality for T-grades 14 and higher / personal-to-incumbent post levels 1 to 4 and T13PTI.
Sub-Scheme A	Rates are only inclusive of fuel.
Sub-Scheme C	Rates are only inclusive of maintenance.
Vehicle	means the type of transport utilized on a permanent basis for the execution of duties.

3. APPROVED

Mayoral Committee 347/04/13
Council Resolution DC46/08/08

4. POLICY

4.1 SCOPE OF APPLICATION

4.1.1 This policy on vehicle allowance scheme shall be observed by Garden Route District Municipality;

4.1.2 This policy will apply to ALL applicants who qualify for participation in accordance with the criteria of the scheme.

4.2 CRITERIA FOR PARTICIPATION

ALL employees appointed on a permanent basis at Garden Route District Municipality on T-grades 14 and higher / personal-to-incumbent post levels 1 to 4 and T13 shall qualify for participation in the vehicle allowance scheme.

4.3 CALCULATION OF ALLOWANCE

4.3.1 Council shall pay to participating employees in the scheme an allowance based upon the said criteria;

4.3.2 The allowance payable will consist of two components and calculated in accordance with council's resolution/policy:
4.3.2.1 Fixed cost and
4.3.2.2 Running cost

4.3.3 Garden Route District Municipality pays an employee a monthly vehicle allowance based upon distances travelled within the enclosed area without any proof of kilometers;

4.3.4 The level of the allowance for each post level in 4.3.3 shall be based upon the following table:

TASK GRADES & PERSONAL-TO-INCUMBENT (PTI):

Task Grade	Kilometers
T16 & higher includes post level 1PTI	850
T15 includes post level 2PTI	750
T14 includes post level 3PTI	650
T13PTI includes post level 4PTI	550

4.3.5 The fixed and running cost as per item 4.3.2 is based upon the annual salary of an employee (revised annually on the 1st of July):

- T16 and higher, will be 25% of the top notch of T16
- T15 will be based on the top notch of T15 and 750 km's (27% of T15 top notch x 750km/850km)

- T14 will be based on the top notch of T14 and 650 km's (29% of T14 top notch x 650km/850km)
- PTI's and T13PTI will be based on the top notch of T13 and 550 km's (31% of T13 top notch)

4.3.6 Garden Route District Municipality pays an employee in addition only running costs for any official distances travelled outside the enclosed area on the Department of Transport tariffs based on the sum of sub-scheme A and sub-scheme C.
4.3.7 An employee must record distances travelled in 4.3.6.

4.4 EXCLUSIONS

4.4.1 Travelling from home to work station will not be calculated as official traveling;
4.4.2 The employee may not utilize official transport;
4.4.3 NO private vehicle shall be permitted in the municipal workshop and personnel of the municipal workshop may not work on private vehicles;
4.4.4 Claims must be submitted regularly on a monthly basis (before the 10th) and must be authorized by the supervisor (delegations);
4.4.6 Employees participating in the vehicle allowance scheme will not be entitled to official parking facilities as result of their participation in this scheme, but will be dealt with in accordance with Council's Parking Policy.
4.4.7 The employee is responsible for insurance, repairs, maintenance, petrol and all other expenses incurred during the use of the vehicle, including traffic fines.

4.5 INSURANCE

4.5.1 The employee must supply proof of updated insurance to Council.
4.5.2 The employees shall be responsible for their own insurance.

4.6 AVAILABILITY OF VEHICLES

4.6.1 Participating in the scheme bind the employee contractually to provide his own transport in order to fulfill his duties as employee of Garden Route District Municipality;
4.6.2 If his vehicle breaks down and as a result is unavailable for use, it shall be the employee's responsibility to provide a suitable replacement vehicle at his own cost.

4.7 TERMS AND CONDITIONS

4.7.1 The employer and the employee hereby states that an employment relationship currently exist between the parties hereto;
4.7.2 The employee agrees and accepts the terms and conditions of this policy;
4.7.3 The failure of the employee to comply with this policy will be dealt with in terms of the disciplinary procedures;
4.7.4 The male refers to the female.

5. PROCESS

5.1 PROCEDURES FOR PARTICIPATION

5.1.1 Human Resources enter into consultation with the employee regarding rules and regulations of the policy;
5.1.2 The head of department finance is responsible for the budgeting and reporting to the Municipal Manager.

5.1.3 The employee shall complete the Motor Vehicle Allowance Agreement and provide the following relevant information:
5.1.3.1 Copy of valid driver's licence
5.1.3.2 Copy of registration certificate
5.1.3.3 Proof of insurance including insurance amount and value
5.1.3.4 Other information requested by HR

BACK TO AGENDA

PROPOSAL FOR DRAFT ESSENTIAL USERS MOTOR SCHEME POLICY / *VOORSTEL VIR ESSENSIELE MOTORSKEMA BELEID* / ISIPHAKAMISO SOYILO LOMGAQO WESIBONELELO SEZOTHUTHO ESIFANELEKILEYO (1053133)

(9/2/5)

1 June 2020

REPORT FROM THE EXECUTIVE MANAGER: CORPORATE SERVICES (B HOLTZHAUSEN) / ACTING MANAGER: HUMAN RESOURCES (ADV S MAQEKENI)

PURPOSE OF THE REPORT

To seek approval on the proposed Essential Users Motor Scheme Policy.

BACKGROUND

Various meetings took place since last year with the relevant parties and labour to obtain their inputs into the Essential Users Motor Scheme Policy; MANCOM during November 2019; LLF and Policy Workshop. The policy served at Council and they referred it back on 24 January 2020 for further consultation, which was resolved and the policy is submitted again as labour and the involved parties support the policy. No further disagreements were raised.

Attached as Annexure A is the proposed Essential Users Motor Scheme Policy to be adjusted with the proposed recommendations:

1. That all officials that will be required to use their private vehicle for official's purposes be remunerated up to a maximum of a 1600 cc vehicle as per essential motor vehicle tariffs.

2. All officials/labour representatives km travelled be calculated at the running and fixed costs up to 1166 per Month and thereafter only at the running costs tariffs.

FINANCIAL IMPLICATIONS

As per 2019/2020 salary budget applicable for positions participating in the scheme.

RELEVANT LEGISLATION

Basic Conditions of Employment Act, Act 56 of 2003

UITVOERENDE OPSOMMING:

Die doel van die verslag is om die voorgestelde Essensiele Motorskema Beleid te bespreek en te oorweeg vir goedkeuring.

RECOMMENDATION

1. That the proposed Essential Users Motor Scheme Policy, be approved from 1 July 2020.

2. That the South African Local Government Bargaining Council (Western Cape Region) be advised of the deviation from the official scheme.

AANBEVELINGS

1. *Dat die voorgestelde Essensiele Motorskema Beleid goedgekeur word met ingang vanaf 1 Julie 2020.*
2. *Dat die Suid-Afrikaanse Plaaslike Regering Bedingingsraad (Wes-Kaap Streek) ingelig word van die afwyking vanaf die amptelike skema.*

IZINDULULO

1. Sesokuba isiphakamiso soyilo Lomgaqo Wesibonelelo Esifanelekileyo Sezothutho uphunyezwe Usuka 01 July 2020.

2. Sesokuba SALGB unikwe ingcaciso malunga nokuphambuka okusuka kwinqgubo esemthethweni .

DRAFT MOTOR SCHEME FOR ESSENTIAL USERS POLICY

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1. INTRODUCTION, DEFINITIONS, ACRONYMS AND ABBREVIATIONS

1.1 Introduction

The Essential Motor Allowance Scheme is a car allowance paid to employees whose job requires them to use their private vehicles for work on a daily and continuous basis. The allowance is paid in monthly instalments. In addition to the allowance, reimbursement is made for necessary business kilometres travelled.

1.2 Definitions

Term	Definition
Fixed capital costs	A vehicles fixed cost values (which are inclusive of VAT) and include the depreciation on the vehicle's value, comprehensive insurance and the licensing of the vehicle as defined in the AA tables.
Running costs	Vehicle maintenance costs regarding servicing, repairs, tyres and lubrication and fuel as defined in the AA tables and linked to the norm vehicle.
Ad Hoc Scheme	An allowance to pay an employee, other than an employees on the Essential Motor Allowance Scheme who is required to occasionally use his/her private motor transport in the performance of any specific duty.
Essential Motor Allowance	Essential Motor allowance means an operational allowance attached to a specific position ("designated essential user position") in accordance with the requirements and criteria provided in this system and procedure and guidelines and paid monthly to the incumbent of such position when the incumbent complies with criteria in the system and procedure for receiving the allowance. The allowance is linked to a designated essential user position and not to the employee or incumbent of such position.
"Delegated Authority"	Means the person authorised to take decisions in accordance with the Municipality's System of Delegations as amended from time to time.
Duties	The work, functions, tasks attached to a position via an approved job description.
Designated essential user position	A position to which an essential user allowance may be attached.

Official kilometres	Kilometres travelled to execute duties attached to a position and exclude kilometres from home to normal place of work. Official kilometres include after-hour call-out trips where the employee has to travel from his home to a location where his services are required in which case payment is based calculated on the minimum distance between the employee's home and place of duty and back.
Usage	Means the permanent daily continuous use of a vehicle and/or the number of official kilometres travelled.
Leave	Means: • the annual leave and/or sick leave entitlement as per the SALGBC Main Collective Agreement; • for the purpose of clause 9.3, the annual leave and sick leave entitlement under (a) as well as approved absences on official business, maternity leave and suspension on full pay and • injury on duty leave; and family responsibility leave.
Norm Vehicle Price	The retail purchase price as on 1 July of each year as determined by the SALGBC of the following standard vehicles 1400cc or 1600cc LV or a 1600cc or 2000cc LDV, whichever is appropriate and approved by the relevant Municipality for work purposes on the AA tables which forms the basis for calculations of the essential
Normal Place of Work	Location where an employee ordinarily report for work each day.

1.3 **Acronyms**

Acronym	Definition
AA	Automobile Association of South Africa
LDV	Light Delivery Vehicle
LV	Light Vehicle 4-door Sedan of Hatchback
EUA	Essential User Allowance
EUP	Essential user position
EMAS	Essential Motor Allowance Scheme

2. PURPOSE AND SCOPE

2.1 The purpose of the Essential Motor Allowance Scheme (hereinafter referred to as "the EMAS") is to provide:

2.1.1 For an operational allowance to be attached to a position where the execution of the functions and duties of such position necessitate the daily and continuous use of a vehicle and where the Municipality cannot provide an appropriate Municipality owned or leased vehicle; and

2.1.2. For the payment of the allowance to the incumbent of a designated essential user position where the individual employees, in terms of the provisions of this system and procedure, provide and use their private vehicles for the execution of the duties attached to such position.

- This system and procedure applies to:
  - Positions to which an essential user allowance is attached in accordance with this system and procedure and where the Municipality is unable to provide an appropriate alternative source of transport for the conducting of the duties attached to the position; and
  - Incumbents of positions to which an essential user allowance is attached and who provide their private vehicles for official use provided that such incumbents are permanent employees.

- This system and procedure does not apply to:
  - Any position where the employees are required to drive a vehicle with Municipality identification and/or a special purpose vehicles.
  - Employees on fixed term contracts.
  - As a general rule employees working in the uniformed departments are issued with official vehicles.

3. REFERENCE DOCUMENTS

3.1 Labour Relations Act (Act 66 of 1995, as amended)
3.2 Income Tax Act
3.3 Basic Conditions of Employment Act (Act 75 of 1997, as amended)
3.4 Municipal Systems Act (Act 32 of 2000, as amended)
3.5 Municipal Finance Management Act (Act 56 of 2003, as amended)

4. PRINCIPLES

4.1. To provide a cost effective way to deal with transport needs for service delivery
4.2. A EUA is linked to a position and not a person.
4.3. A EUA is not a condition of service but an operational allowance attached to a specific position and payable to an employee providing and using his/her private vehicle for the execution of official duties.
4.4. A EUA shall not be recommended for the purpose (explicitly or otherwise) of providing additional income, a fringe benefit, perk or hand-out to employees
4.5. No employee in any position shall be entitled to claim a position to be designated a EUP or a EUA as a right.
4.6. A Municipality must require the availability of an appropriate essential norm vehicle for the position identified when filling such a position.

5. AUTHORITY FOR APPROVAL OF A DESIGNATED EUP AND EUA

5.1 Where the duties of a position require an employee to make use of transport to perform his/her official duties, the delegated authority may approve to attach a EUA to the position and pay an EUA to such employee for the use of his/her private vehicle, subject to the criteria and provisions of this system and procedure. The Employer in terms of delegated authority reserves the right to adjust, review withdraw or terminate the allowance should the criteria or conditions under which the EUA was approved not be met.

5.2 Once a position is approved as designated EUP by the delegated authority in terms of the provisions of this system and procedure, an EUA may be attached to such position and the incumbent may receive the EUA if the incumbent meets the applicable criteria and conditions as set out in this system and procedure.

6. MAIN PROVISIONS

6.1 CRITERIA FOR A DESIGNATED EUP

6.1.1 The duties attached to a position must require, on a permanent basis, the daily and continuous use of a vehicle for the execution of the duties attached to the position, in order to ensure a high level of service delivery.

6.1.2 There must be no appropriate dedicated Council owned vehicles (including pool vehicles) or leased vehicles available which can be used on a dedicated or shared basis for the purpose referred to in clause 6.1.1 or operational circumstances must render the use of an official pool vehicle impractical or uneconomical;

6.1.3 The duties attached to the position shall not require the use of a specialised or functional vehicle or a vehicle with a Municipality logo or markings or specific fittings on it;

6.1.4 There must be sufficient provision in the budget for payment of the EUA;

6.1.5 Utilising a private vehicle and payment of an EUA must be considered the most cost effective, efficient and economical way of providing transport to perform the duties attached to the position. In this regard the delegated authority should inter alia consider the following aspects:

6.1.5.1 How is the department currently dealing with the transport need?

6.1.5.2 Is there an existing Municipal vehicle in use?

6.1.5.3 Is there replacement or an additional vehicle?

6.1.5.4 Is a specialised or functional vehicle with specific fittings or a vehicle with the Municipality's logo and/or markings required?

6.1.6 The incumbent of the position must travel a minimum of 600 official kilometres per month, monitored over a period of 6 (six) months prior to application for or approval of a position as designated EUP:

6.1.6.1 Where a previously designated EUP becomes vacant, the previous usage can be used for approval of an EUA subject to the review provisions in clause 7.2;

6.1.6.2 Where the position is newly created, the usage must be established prior to approval of the position as a designated EUP;

6.1.6.3 Periods of approved leave shall be discounted for the purpose of calculating the 6 month period referred to herein;

6.1.6.4 Running costs only, will be paid for kilometres per month exceeding 1166 km in any given month;

6.1.7 Notwithstanding the provisions of clause 6.1.6, the **Municipality Manager** may, upon receipt of a written motivation from an Section 56 Manager, approve specific positions as exceptions to which a lower monthly kilometre requirement and pro rata lower allowance can be attached provided that the Municipal Manager may only consider such lower monthly kilometre requirement and associated lower EUA if the request meets the following conditions:

6.1.7.1 The position requires the daily and continuous use of a vehicle but the geographical work area inhibits the incumbent to meet the 600 minimum official kilometre requirement on a monthly basis;

6.1.7.2 Similar duties are done by various incumbents in defined geographical areas across the Municipality (i.e. health inspectors, building inspectors);

6.1.7.3 The position is part of a group of positions of the same designation and grade to which an essential user allowance is attached;

6.1.7.4 The incumbent, although responsible for a defined (unique) operational area, could rotate to positions in other areas to which an essential user allowance is attached and vice versa;

6.1.7.5 The deviation from the standard 600 official kilometre requirement should not be more than 50% less than the standard requirement i.e. not less than 300 kilometres.

6.2. VEHICLE AND OTHER CRITERIA FOR RECEIPT / PAYMENT OF EUA

6.2.1 A vehicle used in terms of the provisions of this system and procedure shall be required, by the employee's Section 56 Head of Department, to be suited to the duties and functions generally attached to the employee's position, e.g. if the duties and functions attached to the position require the use of an LDV, the employee cannot purchase a sedan.

6.2.2 The employee acknowledges that a municipal vehicle will not be at his disposal and that his own vehicle will be available for official duties during working hours.

6.2.3 If a vehicle, in respect of which a EUA is paid, is unavailable for use, it shall be the employee's responsibility to provide a suitable replacement vehicle, at the employee's own cost, failure which will result in the allowance being ceased for the period that the employee's vehicle is unavailable.

6.2.4 Employees receiving an EUA shall be required to meet the maintenance/repair costs of their vehicles.

6.2.5 Employees whose positions do not qualify for an EUA but are required to use their vehicles for official Council purposes will be paid an ad hoc allowance.

6.2.6 Private vehicles, including vehicles of employees receiving an EUA, shall not be serviced or repaired in a municipal workshop and employees of a municipal workshop shall not work on such vehicles.

6.2.7 Employees receiving an EUA will not be entitled to official parking facilities by reason of their participation in this scheme.

6.2.8 Employees receiving an EUA must ensure that accessories that would normally have been installed in the vehicle by the Municipality, e.g. a two way radio and antenna, are installed at the cost of the Municipality and must be barcoded in accordance with the Asset Management policy of the Municipality, where applicable. Accessories must be removed once the EUA has been terminated and must be returned to the Municipality.

6.2.9 The employer may install a tracking device for purposes of monitoring employees' official kilometres.

7. PROCEDURE FOR APPROVAL OF AN EUP AND EUA

7.1 FIRST APPROVAL

7.1.1. Where a transportation need is identified in a department, a comprehensive motivation is to be drawn up by the Line Manager to get the position designated as an EUP using the principles and criteria as contained in this system and procedure. This motivation is to be submitted to the delegated authority. All the relevant documents are to be submitted with the motivation (i.e. prescribed form, log sheets, budget provision, recommendation and a statement by the Line Manager that all the provisions contained in the system and procedure have been met).

7.1.2. If proof of compliance with the provisions of clause 6.1.6 (minimum of 600 official kilometre travel per month) is not available, the following procedure must be followed:

7.1.2.1. The delegated authority must approve the request as per clause 7.1.1 in principle where after the incumbent will be requested by the Line Manager to keep and submit log sheets of official trips for a period of 6 months in order to assess whether the employee fulfils this requirement.

7.1.2.2. The employee may utilise a Council owned or Council leased vehicle during this period in the event that the employee does not yet own a vehicle.

7.1.2.3. Accurate log sheets are to be kept of official distances travelled, on a format prescribed by the Municipality and the log sheets as well as reports to be checked and verified by the Line Manager on a monthly basis.

7.1.2.4. During these 6 months the incumbent will be paid an ad-hoc allowance in terms of the ad hoc allowance system and procedure based on the official distances travelled and reflected in the approved log sheets. It is the responsibility of the Line Manager to request the payment of the Ad hoc Allowance.

7.1.2.5. Upon completion of the 6 months and if the incumbent complies with this requirement as well as all the other requirements in the system and procedure, the Line Manager must re-submit the motivation to the delegated authority.

7.1.3. The motivation submitted or re-submitted (as the case may be) by the Line Manager will be assessed by the delegated authority to ensure that the criteria contained in this system and procedure are met, including the availability of funds on the budget. If considered favourably, the delegated authority will approve as such, and the position will then be classified as an EUP.

7.1.4. Once formally approved, the delegated authority is to advise the Payroll and Personnel Administration department accordingly who will then implement the EUA after checking the application for correctness against the system and procedure. Implementation to follow the first of the month following approval.

7.1.5. Advertisements for filling of positions may include reference to EUP and EUA as a requirement attached to the position provided that any review process in terms of clause.

7.2 RENEWAL OF EXISTING EUP AND/OR EUA

7.2.1 Essential User allowances shall be formally reviewed in terms of the general provisions and criteria in this system and procedure when a position becomes vacant or annually as determined by the Municipality.

7.2.2 The Line Manager shall review the original motivation for the allowance and, if still required, shall submit a motivated request for renewal to the delegated authority for approval. This shall include supporting motivation, including the kilometre and continuous usage report.

7.2.3 Line Managers shall submit motivations for renewal of EUA two months in advance of the expiry date of the four year cycle period, to ensure that the renewal process allows for seamless service delivery.

7.2.4 In instances where an EUA has been withdrawn, such applications shall be treated as new requests, requiring a six month monitoring period prior to the approval of the allowance, to ensure that the usage are indeed within the scope of the system and procedure.

8. CONDITIONS AND REQUIREMENTS FOR MONITORING AND MAINTAINING OF AN EUA

8.1. Allowances are all allocated on the basis of a four year cycle (clause 11.1.4) subject to continuously meeting the requirements for receiving such allowance.

8.2. Vehicle usage shall be monitored to ensure that the employee continues to meet the required levels of usage in order to qualify for the allowance.

8.3. The calculation on usage shall discount any periods of approved paid leave – i.e. these shall be excluded from the calculating usage requirements.

8.4. Monitoring of vehicle usage will be conducted at 6 monthly intervals. Heads of Departments are therefore required to ensure that records, reflecting official trips and distances travelled of vehicles participating in the Scheme are in use and kept up to date at all times.

8.5. When calculating the average usage (as envisaged in clause 9.3), any period of approved leave must be discounted. The following formula will be applied to calculate the average over a six month period, less the leave. The total kilometre usage over six months to be multiplied by [130/ (130 - the number of approved days leave)]/6 for employees on a five day work week. This is based on there being on average 130 working days over a six month period. In the case of employees working a six day week, this figure shall be 156 days.

{130/ 130 – leave days} x {total amount of km travelled during six month period / 6}

8.6. The average monthly vehicle usage of employees participating in the scheme shall at any point in time be ascertained by dividing the total number of kilometres travelled during the preceding six months by 6 (six) in order to arrive at the average travelled per month ("the average monthly usage"). Any deviation can be investigated and the employer may, depending on the outcome of such investigation, be entitled to exercise the right conferred on it in terms of clause 9 below.

8.7. Monitoring shall include ensuring that no unnecessary trips are undertaken in order to achieve the necessary usage.

9. REDUCTION, WITHDRAWAL OR TERMINATION OF ALLOWANCE

9.1. To retain an EUA qualifying employees are required to meet all the requirements in the system and procedure on an on-going basis. Failure to meet any of these requirements could result in the allowance being partially or wholly withdrawn or terminated in terms of the procedure as provided for in this system and procedure.

9.2. There are various reasons for employees no longer meeting the criteria and requirements attached to the EUA. These include:

9.2.1. Promotion to a position which is not classified as a designated essential user position and where the functions attached to the position do not require the incumbent to utilise a vehicle on a daily or continuous basis;

9.2.2. Temporary secondment to a project, position or function which does not require continuous and daily use of a vehicle;

9.2.3. Long term chronic illness exceeding a month in length and injury on duty leave;

9.2.4. Permanent change(s) to the nature of the employees' current position and or duties, which has resulted in a regular usage below the level required by the scheme;

9.2.5. Employee failing to perform their regular duties as required by the position;

9.2.6. Incorrect allocation of allowance where the usage may have been increased over a period to justify the allocation of the allowance. This shall apply to any allowance where an employee consistently fails to meet the minimum requirements of the Scheme following the approval of the allowance;

9.2.7. Where an employee, notwithstanding the provisions of clause 8 above fails to meet the usage criteria for reason of a temporarily nature (for example reduction of work as result of economic factors).

9.3. In each of the above cases, the following procedure shall be followed:

9.3.1. Employees who are transferred, move laterally to a new position or promoted to a higher position, shall be made aware prior to accepting the appointment that their Essential User Allowance shall start again on an ad hoc basis ~~cease within a period of six months following the appointment or at the end of their four year cycle, whichever is soonest~~. ~~The notice period shall run from the date of the appointment and shall be provided in writing to the employee.~~

9.3.2. Employees who are temporarily seconded to a project, position or function which does not require usage of a vehicle shall retain their current allowance as a secondment allowance until expiry of the four year cycle, should this occur while they are still in their seconded position. Such employees will only be considered for a new essential user allowance on returning to their original position.

9.3.3. In cases of long term incapacitating illness and injury on duty leave, each case shall be considered on its merits and Human Resources shall make recommendations to the delegated authority on whether the allowance will be retained or withdrawn. However, in instances where the four year cycle expires, the allowance shall not be considered for renewal until the employee is fit to return to their normal functions

9.3.4. In cases of a permanent change to the functions or geographic area related to a position, the employee shall be given six months written notice that the allowance shall be withdrawn or expire at the end of the four year cycle, whichever is soonest.

9.3.5. In cases of a drop in usage which arises out of an employee failing to perform their duties (i.e. not linked to a permanent change in the function) the manager shall consider whether action should be taken in relation to poor performance. The allowance shall be withdrawn with immediate effect.

9.3.6. In cases where an employee does not meet the usage criteria in any one month, the manager shall consider the reason for this and if it is for a reason of temporarily nature, the manager shall recommend and the delegated authority shall consider and approve one of the following actions:

9.3.6.1. The employee shall receive a reduced allowance for those months during which the employee does not qualify for the allowance. The reduced allowance shall be calculated on a pro rata basis on the difference between the required minimum of 600 kilometres or as determined by the Municipality as per clause 6.1.7.5 and the actual usage; or

9.3.6.2. The withdrawal of the allowance subject to a six

month notice period or the cancellation of the allowance on conclusion of the four year period of funding, whichever period is sooner.

9.4. Employees whose allowance is withdrawn may be considered for inclusion on the Scheme at a later date when the qualifying and usage criteria are once again met. Such application shall not be dealt with as a renewal, but as a new application.

9.5. Employees must submit a claim for usage, irrespective of whether they are using their normal vehicle or whether they are using a replacement vehicle for when their normal vehicle is in for repairs. Failure to provide an alternative vehicle shall be considered a serious breach of system and procedure as will failure to submit monthly usage records. Either failure could result in the withdrawal of the allowance.

10. RECLAIMING OF FUNDS

10.1 The Municipality shall reclaim funds from employees' remuneration where the investigation has shown the allowance to be wrongfully allocated. The relevant Section 56 Manager shall be accountable for ensuring the reclaiming of funds where required.

10.2. Where usage has dropped due to other factors, the Municipality shall terminate the allowance as described above, but shall not reclaim from the employee.

11. CALCULATION AND PAYMENT OF EUA

11.1 Fixed (capital) costs

11.1.1 Participating employees shall be eligible for fixed capital costs that are equivalent to 100% of the monthly AA tariff for fixed costs, based on the retail purchase price on 1 July of each year of the norm vehicles as defined, listed on the AA tables, rounded off to the nearest AA column amount.

11.1.2 The fixed costs will only be paid to a maximum of 1166 km per month. Running cost only will be paid for kilometres per month exceeding 1166km as per clause

11.1.3 The allowance payable in respect of fixed capital costs shall incorporate the following elements-

11.1.3.1 annual insurance relating to the norm vehicle concerned,

11.1.3.2 interest, and

11.1.3.3 depreciation

11.2 Running Costs

11.2.1 Participating employees shall also be eligible for running costs which are payable in accordance with the AA tariffs with regard to, fuel and maintenance for the respective norm cc engine size for actual official kilometres travelled.

11.2.2 Incumbents of EUP's are subjected to the same calculation criteria irrespective of position or level, subject only to the respective norm vehicle.

12. ADJUSTMENTS TO ALLOWANCE

The elements comprising the fixed capital and running cost allowance will be adjusted once per annum on 1 March to be implemented from 1 July by the Western Cape Division of the SALGBC.

13. ROLES & RESPONSIBILITIES

13.1 Human Resources will advise line managers on system and procedure and procedure interpretation.

13.2 Line Managers will be responsible for undertaking the monthly monitoring. Line Managers shall also be responsible for investigating reasons for non-compliance, withdrawal of allowances where indicated and reclaiming any funds.

13.3 Section 56 Managers shall be accountable for the overall implementation of the Essential User Scheme within their Directorates and shall ensure that their managers manage the scheme within the parameters of the system and procedure

13.4 That the South African Local Government Bargaining Council (Western Cape Region) be advised of the deviation from the official scheme.

14. PROCEDURE FOR ADMINISTRATION OF PARTICIPATION IN THE ESSENTIAL USERS MOTOR SCHEME

14.1 The employee shall complete the Essential Users Agreement and provide the following relevant information:

- 14.1.2 Copy of valid driver's licence
- 14.1.3 Copy of registration certificate
- 14.1.4 Proof of insurance including insurance amount and value
- 14.1.5 Other information requested by HR

BACK TO AGENDA

DRAFT REMUNERATION AND CONDITIONS OF SERVICE POLICY / *VOORGESTELDE VERGOEDING EN DIENSVOORWAARDE BELEID* / UYILO MOMGAQO WEZIBONELELO KUNYE NESIMO SEZENKONZO (1054424)

(9/2/5)

5 June 2020

REPORT FROM THE EXECUTIVE MANAGER: CORPORATE SERVICES (B HOLTZHAUSEN) / MANAGER: HUMAN RESOURCES (N KLAAS)

PURPOSE OF THE REPORT

To discuss the proposed Remuneration and Conditions of Service Policy and consider it for approval.

BACKGROUND

Attached as Annexure A is the proposed Remuneration and Conditions of Service Policy, which is a new policy and forms part of the conditions as prescribed in the Conditions of Service Collective Agreement and legislation.

Specific processes are involved to manage the conditions of service, benefits, employee risk claims and Collective Agreements of the Municipality. Uniformity is essential for a variety of sector processes such as wage bargaining, comparative understanding of workforce establishment levels and organisational form. The alignment of the organisational structure, Internal Task Job Evaluation processes and implementation of annual salary and wage adjustments is also part of the conditions of service.

FINANCIAL IMPLICATIONS

As per salary budget.

RELEVANT LEGISLATION

Basic Conditions of Employment Act, Act 56 of 2003

Main Collective Agreement

Conditions of Service Collective Agreement

UITVOERENDE OPSOMMING:

Die doel van die verslag is om die voorgestelde Vergoeding en Diensvoorwaarde Beleid te bespreek en te oorweeg vir goedkeuring.

RECOMMENDATION

That the proposed Remuneration and Conditions of Service Policy be approved.

AANBEVELING

Dat die voorgestelde Vergoeding en Diensvoorwaarde Beleid goedgekeur word.

IZINDULULO

Sesokuba isiphakamiso Somgaqo Wezibonelo kunye Nesimo Senkonzo uphunyezwe.

ANNEXURE

REMUNERATION AND CONDITIONS OF SERVICE POLICY

REMUNERATION AND CONDITIONS OF SERVICE POLICY

Date Approved:	**DD MM YYYY**	Council Resolution (DC No):	DC ????/??/??

1. DEFINITIONS

All definitions used in this policy are defined in the Main Collective Agreement of the South African Local Government Bargaining Council (SALGBC), unless stated otherwise with the relevant definition.

Words indicating the masculine gender shall include the feminine gender.

Council *-"means Garden Route District Municipality"*

Day *– "means Monday to Friday, excluding public holidays, unless indicated otherwise by the context"*

Earnings threshold (as per Collective Agreement on Conditions of Service) – *"means the top notch of the salary scale (T-grade) within which the Basic Conditions of Employment Act, 1997 earnings threshold determination falls, as amended from time to time"*

Employee *– "means any person, excluding an independent contractor who works for another person or for the State and who receives, or is entitled to receive, any remuneration"*
(as per Employment Equity Act 55 of 1998) *– "(b) means any other person who in any manner assists in carrying on or conducting the business of an employer"*

Employer *-"means Garden Route District Municipality"*

Essential job requirement *for the purposes of this policy is the skills, knowledge or experience that are necessary to perform a job as defined in the Job Description*

Expanded Public Works Programme (EPWP) *– "means a programme to provide public or community assets or services through a labour intensive programme initiated by government and funded from public resources"*

Fixed term contract employee *for the purposes of this policy is a person who is employed on a contract that includes an agreement detailing the relationship between the employer and employee, which is determined by an objective condition that creates no false expectations of renewal of the contract, and is based on a specific duration or time frame with dates or the completing of a specific task, project or event, other than the normal agreed retirement age.*

Full-time Councillor *– "means a councillor who has been elected or appointed to an office which has been designated as full-time in terms of Section 18(4) of the Structures Act"*

IMATU *– means "the Independent Municipal and Allied Trade Union"*

Job Description (as defined in the Task Memorandum of Understanding) *– "means a job description, as contemplated in section 66 of the MSA, describing the content, duties, reporting lines and other specifications of a position or job"*

Municipality *– "means Garden Route District Municipality"*

Office Bearer *– "means the elected president, deputy president, vice-president, chairperson, vice-chairperson, treasurer or secretary of the Trade Unions"*

Official *– "means a full-time employee of IMATU, SAMWU or SALGA"*

Part-time Councillor *– "means a councillor other than a full-time councilor"*

People with disabilities/special needs (as per Employment Equity Act 55 of 1998) *– "means people who have a long-term or recurring physical or mental impairment which substantially limits their prospects of entry into, or advancement in employment"*

Placement (as per Skills Development Act 97 of 1998) *- "means placing an individual in a placement opportunity, with due regard to the Code of Good Practice on the Integration of Employment Equity in Human Resources Policies and Practices in terms of the Employment Equity Act, 1998 (Act 55 of 1998)"*

Placement Opportunity (as per Skills Development Act 97 of 1998) *– means any opportunity for work or learning that could be offered to an individual and includes a vacancy for employment, an opportunity for self-employment, a learning programme and community service"*

Position (as defined in the Task Memorandum of Understanding) *– "means an individual position on the staff establishment of a Municipality which is occupied by an individual employee"*

Reasonable accommodation (as per Employment Equity Act 55 of 1998) *- "means any modification or adjustment to a job or to the working environment that will enable a person from a designated group to have access to or participate or advance in employment"*

Recognition of Prior Learning (as defined by South African Qualifications Authority (SAQA) *– "is a process whereby people's prior learning can be formally recognized in terms of registered qualifications and unit standards, regardless of where and how the learning was attained. RPL acknowledges that people never stop learning, whether it takes place formally at an educational institution, or whether it happens informally"*

Registered Medical Practitioner (as per Collective Agreement on Conditions of Service) *– "means a person entitled to practice as a medical practitioner in terms of section 17 of the Medical Dental and Supplementary Health Services Professions Act, 1974 (Act 56 of 1974)"*

Regulation of Non-Standard Employment and General Provisions (as per Labour Relations Amendment Act, 2014, Section 198 (b-d) -

Section 198B – Fixed term contracts with employees earning below earning threshold
Section 198C – Part-time employment of employees earning below earning threshold
Section 198D – General provisions applicable to sections 198A to 198C

Remuneration (as per Employment Equity Act 55 of 1998) *- "means any payment in money or in kind, or both in money and in kind, made or owing to any person in return for that person working for any other person, including the State"*

Representative Trade Union *– "means the Trade Unions parties to this Policy, IMATU and SAMWU"*

SALGA *–"means the South African Local Government Association"*

SAMWU – *"means the South African Municipal Workers' Union"*

Section 79 Committee *– "means a committee of the municipal council established in terms of Section 79 of the Structures Act"*

Seasonal Employee *– "means an employee who is employed to work a full season, of not less than a continuous period of six months and who should qualify for all benefits in terms of employment conditions, except housing and pension benefits"*

Suitably qualified person (as per Employment Equity Act 55 of 1998) *– "means a person contemplated in sections 20(3) and (4);*
20 (3) a person may be suitably qualified for a job as a result of any one of, or any combination of that person's-
(a) formal qualifications;
(b) prior learning;
(c) relevant experience; or
(d) capacity to acquire, within a reasonable time, the ability to do the job.
20 (4) when determining whether a person is suitably qualified for a job, an employer must-
(a) review all the factors listed in subsection (3); and
(b) determine whether that person has the ability to do the job in terms of any one of, or any combination of those factors."

Senior Management *– "shall be those employees employed as head of department, deputy head of department and director or such post as determined by the relevant Division of the Council; and excludes Section 56 and Section 57 Managers"*

Shop Steward *– "means a Trade Union representative as defined in the Act"*

TASK *– "means* shall mean Tuned Assessment of Skills and Knowledge"

Temporary Employee *– "means an employee appointed for a specified period of time or to complete a specified task in terms of his contract of employment and which includes a casual employee"*

Trade Unions *– "means either IMATU and/or SAMWU" - refers to a trade union or employee association recognized by Eden District Municipality*

Upper Limits *– "means the applicable total remuneration package as contained in a Government Notice "*

Workplace *– "means the employer"*

1. LEGAL AND POLICY FRAMEWORK

Municipal Systems Act, Act 32 of 2000
Municipal Structures Act, 1998 (Act 117 of 1998)
Municipal Finance Management Act
Labour Relations Act, 1995
Basic Conditions of Employment Act, 1997
Employment Equity Act, 1998
The Bill of Rights in the Constitution
The Promotion of Access to Information Act, Act no 2 of 2000
The Protection of Personal Information Act, Act no 4 of 2013
Main Collective Agreement
Collective Agreement on Conditions of Service
Salary and Wage Collective Agreement
Leave Policy
Task Job Evaluation Policy
Policy on Awards (Gifts) for long Service and Retirement
Recruitment and Selection Policy
Overtime Policy
Perk Motor Scheme Policy
Essential User Motor Scheme Policy
Subsistence & Travel Policy
Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)
Remuneration of Non-official members: Commissions & Committees of Inquiry, and Audit Committees: Treasury Regulations 20.2.2
Ministerial Determination 4: EPWP: Government Gazette No.9745
EPWP Policy
Guidelines for Implementation of Municipal Finance Management Internship Programme (MFMIP)
Regulations on appointment and Conditions of employment of Senior Managers

2. INTRODUCTION

Remuneration involves financial compensation granted by Garden Route District Municipality to its Permanent-, Contract-, Expanded Public Works Programme employees, Councillors, Commissions & Committees of Inquiry and Audit Committees for execution of designated duties and predetermined performance targets. This includes the basic salary and any bonus or other economic benefits receive during employment. Remuneration plays a critical role in attracting, motivating & retaining high calibre Employees, Councillors, Commissions & Committees of Inquiry and Audit Committees; and strives to reinforce, encourage and promote superior and exceptional performance necessary for the fulfilment of the municipal mandate.

Garden Route District Municipality is committed to ensuring that equitable remuneration is paid to all. In order to attract and retain scarce and critical skills as well as facilitating the development and growth of an engaged workforce, it is the municipality's aim to maintain fair and competitive remuneration consistent with sector practices and all applicable regulations and collective agreements governing compensation of Permanent-, Contract-, Expanded Public Works Programme employees, Councillors,

Commissions & Committees of Inquiry and Audit Committees, Interns and Students in the local government sector.

Garden Route District municipality apply remuneration in accordance with the intrinsic value of employees' work in terms of capabilities and performance, which reflects the dynamics of the labour market and the context and environment in which our professional workforce operate. It aligns at all times to the strategic direction and specific value drivers of the Garden Route District.

Specific processes are involved to manage the conditions of service, benefits, employee risk claims and Collective Agreements of the Municipality.
Uniformity is essential for a variety of sector processes such as wage bargaining, comparative understanding of workforce establishment levels and organisational form.
The alignment of the organisational structure, Internal Task Job Evaluation processes and implementation of annual salary and wage adjustments is also part of the conditions of service.

4. OBJECTIVES

- Ensuring compliance with labour legislation by providing clear guidelines and transparency of remuneration granted to all different types of employees, councillors and audit committee members whom are accountable for good governance, as well as efficient & remarkable service delivery to the broader Garden Route District.
- Ensure imperative financial compensation of all different types of employees, councillors and audit committee members for the fulfilment of their employment obligations.
- Maintain a transparent payroll recording system to comply with the requirements of the Auditor General; in order to effectively contribute to the accountable administering of government grants and funds, as well as the prevention of fruitless and wasteful expenses.
- Constructive planning & time management to ensure the execution of the basic conditions of service by ensuring timely monthly salary and interem payments to all different types of employees, councillors and audit committee members.
- Ensure that the Payroll system is maintained and continuously updated with latest system formulas as well as formulas and tables to accurately calculate the different benefits and allowances.
- Provide authentic remuneration and accounting service to all different types of employees, councillors and audit committee members and ensure the discretion of confidential & sensitive information and documentation relating to individual salaries to maintain a mutual trustworthy and approachable, but professional relationship.
- Remuneration policy and practices must support the vision, mission, strategies and objectives of the municipality.
- Remuneration is an important factor that influence employee behaviour and must therefore be managed in such a way that it contributes to a motivating work climate.
- Ensure accurate balancing and timely monthly payment of third parties deductions; especially PAYE, UIF & Skills contributions as per SARS regulations

and legislation in order to create & submit accurate EMP'501 reconciliation statement of council to SARS, as well as create and provide accurate Tax certificates/IRP5's to all different types of employees, councillors and audit committee members at the SARS Tax year-end.

- Manage & implement annual salary and wage increase adjustment on the payroll system after the calculation and processing of different salary scales & upper limits. Provide adjusted/latest salary scales to the different sections of Human Resources.
- Implement and apply the relevant Collective Agreements, Policies, Government gazette, Treasury regulation and MFMA; pertaining to the conditions of service and benefits of remuneration to all different types of employees, councillors and audit committee members.
- Manage and implement the seamless integration of Phoenix and Payday systems in order to comply with MSCOA requirements.
- implementation and compliance with legislation, collective agreements and policies;
- implement and coordinate a reward system aligned with the municipal culture, operating procedures, values and objectives.
- Advise management, staff, trade unions and external stake holders on relevant Legislation, Collective Agreements on Conditions of Service and Benefits and Policies.
- Advising management, staff, trade unions and external stake holders on Legislation, Collective Agreements and Policy aspects.
- Formulate and maintain policies related to Legislation and Collective Agreements in line with Council's goals and objectives.
- Ensure the Policies are in compliance with all relevant Legislation, Guidelines, Collective Agreements and framework of Council.
- Implement the relevant Collective Agreements and policies pertaining to Conditions of Service and Benefits.
- Ensure that these policies are reviewed regularly.
- Ensure that the implementation objectives of relevant policies and collective agreements are met through continuous monitoring and evaluation.

5. APPLICATION OF THIS POLICY

All Permanent-, Contract-, Expanded Public Works Programme employees, Councillors, Commissions & Committees of Inquiry and Audit Committees, Interns and Students of Garden Route District Municipality are subject to the provisions of this policy.

6. INTERNAL EQUITY

Remuneration practices support internal equity, taking cognizance of individual employee contribution. Individual remuneration levels shall be based on the 'worth' of an employee's role to the municipality. The 'worth' referred to is determined by the size and complexity of the employee's role in the municipality and the demonstrated competency to perform the role. Employees of a similar worth (i.e. positions with similar size and complexity, performed at a similar level) should therefore be remunerated a similar rate, regardless of non-value adding measures such as tenure, association etc.

The size and complexity of a position is determined through a valid Job

Evaluation System – TASK in the case of Garden Route District Municipality, providing that remuneration differentiation between employees should be based on criteria that are fair and objective. Performance for Senior Managers is measured through the established and approved Performance Management system and policy.

7. INTITUTIONAL ARRANGEMENTS

7.1 Salary scale – Permanent employees, Temporary contract- and Fixed Term contract employees

The Category of the municipality, currently a Category 4, is determined by SALGA and is linked to the salary scales.

Annual salary increases are confirmed by SALGA with the Salary and Wage Collective Agreement.

7.2 Upper Limits in terms of the Grade for Eden District Municipality's Councillors, Municipal Manager and Senior Managers

Garden Route District Council is currently deemed to be a Grade 5 municipality as determined per Government Gazette. Remuneration levels of Councillors and Senior Managers are aligned with this determination.

7.3 Salary Payment Date

Payment will take place the 25th of every month or the preceding Friday, should the 25th falls over a weekend or on a Monday.

In the event of a public holiday occurring on a Monday, but the 25th falls on the following Tuesday, payment will take place on the preceding Friday.

December salary payments will be on the date in accordance with Council's decision annually.

All approved documentation and claims must be submitted to the Remuneration office on or before the 10th of each month, to allow proper verification and ensure timely salary payments.

7.4 Overpayment / Repayment

Garden Route District Municipality reserves the right to recover from the employee's or councillor's remuneration any overpayment owed by the employee or councillor. The recovery will take effect after consultation with the employee or councillor including:-

7.4.1 The following of a fair procedure during which the employee or councillor is given reasonable opportunity to show reason why the recovery should take place;

7.4.2 The total amount of the recovery does not exceed the actual amount overpaid;

7.4.3 No single deduction from the employee's or councillor's monthly remuneration will exceed one quarter of the cash portion of an employee's or councillor's monthly remuneration, provided that if an employee or councillor has resigned or an employee has retired, then the full amount overpaid will be recovered.

7.5 Deductions

7.5.1 Statutory Deductions

7.5.1.1 Garnishee orders

Garden Route District Municipality will make garnishee order deductions from an employee's or a councillor's monthly remuneration in compliance with the legal requirements relating to garnishee orders. The court orders for garnishees will be delivered by a messenger of the court or by registered postage to the *Employee Assistance Programme Practitioner* whom will inform the employee or the councillor about such deductions and will submit the court orders to the Remuneration office for implementation.

No cancellation of garnishee orders, which are already implemented, will be made without a court order. The court order for the cancellation will be delivered to the Employee Assistance Programme Practitioner for submission to the Remuneration office for execution.

7.5.1.2 Agent Appointment (AA88) - Outstanding monies due by Taxpayer

Garden Route District Municipality will make Agent Appointment deductions from an employee's and a councillor's monthly remuneration in compliance with the legal requirements of the Tax Administration Act. The Receiver of Revenue will issue AA88's via Easyfile system to Garden Route District Municipality for the Remuneration office to execute the deduction, online completion, - submission and payment thereof.

Remuneration office will inform employees and councillors about the AA88 deduction and encourage these taxpayers to resolve their tax affairs with the Receiver of Revenue Services, to prevent further AA88 deductions.

7.5.1.3 Tax Directives and IT88L (Outstanding Assessed- and Provisional Tax & Administrative Penalties)

Garden Route District Municipality will make Tax Directive and IT88L (Assessed- and Provisional Tax & Administrative Penalties) deductions from an employee's resignation, retirement, early retirement, severance package and settlement agreement lump sum payments in compliance with legal requirements of the Income Tax Act. The Remuneration office will apply for a Tax Directive from SARS via Easyfile and E-filing for deduction, online completion, -submission and payment thereof. An IT88L, an instruction to withhold and pay over an additional amount for outstanding Assessed- and Provisional Tax & Administrative Penalties; after the 'Tax amount' on the Tax Directive was deducted, will be attached to the Tax Directives.

7.5.1.4 Debt Counselling / Under Administration

Garden Route District Municipality will make deductions for Debt Counselling and Under Administration from an employee's monthly remuneration in compliance with the legal requirements relating to Debt Counselling and Under Administration, but reserves the right not to effect any deductions unless mutually approved as agreed upon between the employee and the Legal Institution. The written instruction will be delivered by registered mail to the *Employee Assistance Programme Practitioner* whom will inform the employees about such deductions and will submit the written instructions to the Remuneration office for implementation.

In the case of the settlement of employee's accounts/financial affairs, written instructions for cancellation from the Legal Institution, is delivered by registered mail to the *Employee Assistance Programme Practitioner* whom will submit the written instructions to the Remuneration office for execution.

7.5.2 Non-Statutory Deductions

7.5.2.1 Home loans from Pension Funds

Garden Route District Municipality will make home loan deductions from an employee's monthly remuneration, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the employee and the Pension Fund. The Rewards & Recognition office processes the applications for the home loans. The deductions are implemented by the Remuneration office in accordance with the listings as received from the applicable Banking Institutions on a monthly basis.

7.5.2.2 Insurance Premiums (Old Mutual, Sanlam Sky, Metropolitan etc.)

Garden Route District Municipality will make Insurance Premium deductions from an employee's monthly remuneration, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the

employee or councillor and the Insurance institution. The written instructions for deductions will be delivered to the Rewards & Recognition office who will submit it to the Remuneration office for implementation.

In the case of cancellations of insurance contracts, the instructions for cancellation of deductions will be submitted to the Rewards & Recognition office who will submit it to the Remuneration office for execution.

7.5.2.3 Additional deductions for Funds (Medical Aid / Pension / Retirement)

Garden Route District Municipality will make additional medical aid-, pension- or retirement fund deductions from an employee's monthly remuneration, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the employee and applicable Fund.
The Rewards & Recognition office co-ordinates the process of additional deductions for submission to the Remuneration office for implementation in accordance with the discrepancy reports as received from the applicable Funds on a monthly basis.

7.5.2.4 Bond- & Rental instalments and Municipal services deductions

Garden Route District Municipality will make bond- & rental instalment and municipal services deductions from an employee's monthly remuneration, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the employee or councillor and the bond- or rental institution or the applicable municipality. The application for such deductions will be submitted to the Rewards & Recognition office for acknowledgement, who will submit it to the Remuneration office for implementation, provided that the banking details of the applicable institution is suitable for electronic payments.
In the case of cancellations, the application for cancellation will be submitted to the Rewards & Recognition office who will submit it to the Remuneration office for implementation.

7.5.2.5 Telephone / Cell phone calls and Printing & Faxes

Garden Route District Municipality will make deductions for telephone- & cell phone calls and printing & faxes from an employee's monthly remuneration as per management's decision. The applicable deduction lists will be submitted by the responsible section /department to the Remuneration office for implementation.

7.5.2.6 Car port fees & Sport club fees

Garden Route District Municipality will make deductions for Car port- and Sport club fees from an employee's monthly remuneration, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the employee and Registration office and Sport club committee. The instruction for the deductions will be submitted to the Registration office and Sport club committee who will submit it to the Remuneration office for implementation.

In the case of cancellations, the instruction will be submitted to the Registration office or the Sport Club Committee for acknowledgement, who will submit it to Remuneration office for execution.

7.5.2.7 Political Party Membership Fees & Women's League Fees

Garden Route District Municipality will make Political Party membership fees and Women's League fees deductions from a councillor's monthly remuneration in compliance with the legal requirements relating to Political Party membership fees and Women's League fees, but reserves the right not to effect any deductions unless approved as mutually agreed upon between the councillor and the Political Party/Institution.

The Political Party/Institution will submit the instruction for the deductions to the Political administration office, for acknowledgement who will submit it to the Remuneration office for implementation. In the case of cancellations, the instruction will be submitted to the Political administration office for acknowledgement, who will submit it to Remuneration office for execution.

7.5.2.8 Any other deductions

Any other deductions are not allowed; it is for the employee's or councillor's own account.

7.6 Cession

The employee or councillor does not have the right to cede or to transfer his or her remuneration either in part or in full, to a third party.

7.7 Working Hours

7.7.1 Normal Working Hours

In accordance with the Main Collective Agreement and per Council Resolution of May 2017:

"That Council takes note that the working hours of Eden District Municipality changed from 01 May 2017 as follows:

- Mondays to Thursdays: 07:30 to 16:30 with thirty (30) minutes lunchtime between 12:00 and 13:00.
- Fridays: 07:30 to 13:30 with "no lunchtime."

7.7.2 Shifts for employees at the Resorts-, EPWP-, Fire & Rescue and Disaster Management Sections

It is required from employees at the Resorts-, EPWP-, Fire & Rescue- and Disaster Management Sections to work shifts. Employees whom work shifts will work according to the shift roster provided by their Supervisor.

7.8 Job Evaluation System (TUNED ASSESSMENT OF SKILLS AND KNOWLEDGE)

TASK is the recognized Job Evaluation System within the local government sector as approved by the National Executive Committee (NEC) of SALGA from 1 July 2010.

The purpose of the TASK Job Evaluation System within the Local Government Sector is to achieve uniform norms and standards in the description of similar jobs and their grading and to underpin job comparison and to provide for the necessary structures, institutional arrangements and procedures for the evaluation of jobs.
The implementation of the TASK Job Evaluation results will be forwarded as a recommendation to the Accounting Officer of the Municipality. The final decision for implementation rests with the Accounting Officer; taking into account the organisational needs and affordability.

7.9 Payment of last remuneration on Service Exit & in Case of Death

Service termination is deemed as one calendar month (1st until last day of month) written notice by the employee to Council, in the case of resignation. An employee's service term ends upon reaching the retirement age of 65 years. In the instance of a severance package application, as offered and approved according to the applicable council resolution.

Final remuneration, in the case of retirement, severance package and resignation, will be paid on the 25th of the month via EFT. Final remuneration, in the case of death/passing of an employee, will be paid on the 25th of the month via EFT, or on another date, as request by the deceased's family / relatives. Final remuneration, in the case of dismissals, settlement agreements and retrenchments will be paid via EFT, on the date as agreed upon by the concerned parties.

All applicable outstanding earnings, such as leave balance, pro-rata bonus, - long service, -14th cheque and approved severance package, will be calculated and paid according to SARS Tax Directive process, also via EFT; as soon as confirmation is received from the user department on all outstanding matters.

7.10 Earnings Threshold

In accordance with the Collective Agreement on Conditions of Service attached as **Annexure E**, the Earnings Threshold shall mean the top notch of the salary scale (T-grade) within which the Basic Conditions of Employment Act, 1997 earnings threshold determination falls, as amended from time to time.

In accordance with the Collective Agreement on Conditions of Service The Remuneration section amends the increased earning threshold on the Payroll system as submitted by Human Resources from time to time.

7.11 Implement and Change of Banking details

Permanent employees, Contract employees, Expanded Public Works Programme employees, Councillors, Commissions & Committees of Inquiry and Audit Committees must submit their stamped banking details, as well as a letter from the bank confirming that their bank accounts are active, to Human Resources before the 10th of the month for implementation.

The providing and capturing of the correct and authentic banking details is of vital importance to the Remuneration section, in order to ensure accurate payments into the appropriate, active bank accounts.

7.12 Implement or change of Income Tax numbers

Permanent- and Contract employees, Expanded Public Works Programme employees, Councillors, Commissions & Committees of Inquiry and Audit Committees must submit their verified Income tax numbers from SARS, to Human Resources, before the 10th of the month in order for the Income Tax numbers to be implemented or updated on the HR system.

7.13 Payroll-, Easyfile- E-filing Systems

7.13.1 Payroll System

HR is responsible to inform the Remuneration section about all formula setting changes on the **Payday Payroll system** for implementation; according to PAYDAY, SALGA and Auditor General's regulations.
The Remuneration section is responsible to ensure that the **Payroll system** is maintained and continuously updated with the latest releases as received from PAYDAY Systems from time to time.

Generate financial reports regarding payroll information such as audit trials, statistics as well as other financial reports regarding personnel information, as requested from user departments from time to time.

7.13.2 E@syfile Employer System

The Remuneration section must always ensure the latest version of E@syfile is being used, as any information using previous versions, will not be accepted by SARS.
<u>E@syfile Employer allows remuneration section to</u>:-
-Complete, submit & revise the Monthly Employer Declaration: EMP201
-Complete, submit & revise the Employer Reconciliation Declaration: EMP501
-Manage the Employer Account
-Manage Third Party Appointments (AA88's)
-Register employees using the Income Tax Registration (ITREG)
-Application / Completion / Submission / Cancellation of the different

Tax Directives - IRP3(A) and IRP3(S).

7.13.3 E-filing System

The Remuneration section must always ensure the latest version of **SARS E-filing**, an online program, for the submission of tax returns and related functions; allows registration, submissions, PAYE-, UIF- and SDL payments and other interactions with SARS in a secure online environment. Remuneration must be up to date with any amendments and changes on E-filing system in order to ensure accuracy of data as SARS do extensive validations against the electronic employees' tax certificates (IRP5's).

7.14 Advance on salary requests

An advance on an employee's salary will only be granted in the case of serious illness or death of a family member. The employee must submit a written request for consideration by the Head of the relevant Department and the Municipal Manager. Proof must be submitted. The full advance will be deducted from the employee's next salary.
As per Policy Governing Salary Advances

8. ALLOWANCES & BENEFITS

8.1 Thirteenth Cheque (Bonus)

A bonus (13th cheque) is due annually to all staff in the service of Council as at the **30 November**. The bonus is calculated pro rata as from date of appointment. In case of service exit before bonus month, a pro rata bonus shall be due to staff who leave Council's service during the course of the year.

Former Klein Karoo District Council employees reserve their choice regarding their bonus month (December/birthday month).

Former South Cape District Council employees receive their bonus in November month.

All new employees receive their bonus in November month.

Fixed term contract employees, Section 57 employees and political appointments are entitled to the option to make provision for bonuses, when executing the structuring of their total cost-to-company packages.

8.2 Fourteenth Cheque

A fourteenth cheque is due to permanent employees in the service of the Council who reach 30 (thirty) years of continuous employment. Such employees will qualify every 5 (five) years thereafter for a fourteenth cheque.

8.3 Notch increment Date

The notch increase date is the same as the appointment date. Permanent employees receive their notch increase annually on their notch increase

date. The notch increase date will remain unchange when an employee is appointed in a higher position, including higher T-grade implementations, to the date of employment in that higher position.

8.4 Long Service Payment

Long Service payment is an encashment of additional leave for continuous employment of 10 (ten) years and every 5 (five) years thereafter.

As per Leave Policy and The Collective Agreement on Conditions of Service.

8.5 Housing Allowance

As per Main Collective Agreement and the Salary and Wage Collective Agreement.
The following requirements are applicable for housing subsidy:

- Occupation of the house by employee
- It being a completed building (no subsidy on vacant stands)
- The bond must be registered in the employee or employee and spouse's name
- Bond must be with a registered financial banking institution
- Only one subsidy paid to co-habiting partners/married couples who both work for Council.

8.6 Rental Allowance ???

A rental allowance of R250.00 per month is paid on the maximum rental of R500.00 per month in accordance with the former Act on Remuneration of Town Clerks (Act no 115 of 1984, circular 4/87). The employee must submit a rental agreement and obtain approval from relevant Manager of Department to implement rental allowance.

8.7 Non-Pensionable Allowance Payments

As per Salary & Wage Collective Agreement.

8.8 Essential Users Motor Scheme

The Conditions of Service Sub-Section processes the contracts for Essential Users Scheme Allowance for employees who make use of their own vehicle for work purposes and are on Task Grades 13 & lower and submit it to Remuneration section.

Remuneration section implements & manages the Essential Users Scheme Allowance for employees, by keeping record and calculating the average ad hoc travel claims for the first 6 months as well as the engine capacity in accordance with SALGA Essential User Scheme's Transport Allowance.

This allowance is revised and calculated annually and implemented 1 July, in accordance with the schedule of kilometres travelled for the previous year. The heads of departments are responsible to ensure the verifying and approval of the authentic and correctly calculated amount of kilometres

claimed for the preceding month.

8.9 Perk Motor Scheme

The Conditions of Service Sub-Section processes the contracts for the Perk Motor Vehicle Allowance on qualifying employees from Task Grades T14 & higher and submit it to Remuneration section.

Remuneration section implements & manages the Perk Motor Vehicle Allowance by calculating the appropriate formula in accordance with the appropriate T-grading of the employee as well as the engine capacity of the vehicle.

Additional payment is claimed and calculated for the amount of kilometres travelled in the Garden Route district, in accordance with the monthly tariffs of the Department of Transport.

The heads of departments are responsible to ensure the verifying and approval of the authentic and correctly calculated amount of kilometres claimed for the preceding month.

8.10 Cell phone Packages / Cell phone Allowances

The Assets section processes cell phone contracts for qualifying employees. A cell phone package consists of a contract in the name of the Municipality with a maximum limit on the costs, as per Cell phone Policy. A cell phone allowance is paid to an employee with a maximum limit on the costs, as determined by the Head of Department, as per Cell phone Policy.

8.11 Overtime Payment

Overtime is applied and calculated for payment in accordance with the Collective Agreement on Conditions of Service and the Overtime Policy.

No overtime will be allowed without prior permission. The Head of Department is responsible to ensure the verifying and approval of the authentic and correctly calculated amount of Overtime hours claimed for the preceding month.

8.12 Night-shift work Payment

Night-shift work is applied and calculated for payment in accordance with the Collective Agreement on Conditions of Service.

The Head of Department is responsible to ensure the verifying and approval of the authentic and correctly calculated amount of Night-shift hours claimed for the preceding month.

8.13 Standby Payment

Standby is applied and calculated for payment in accordance with the Collective Agreement on Conditions of Service.

The Head of Department is responsible to ensure the verifying and approval of the authentic and correctly calculated amount of Standby hours claimed for the preceding month.

8.14 Shift -work Payment

Shift-work is applied and calculated for payment in accordance with the Collective Agreement on Conditions of Service.

The Head of Department is responsible to ensure the verifying and approval of the authentic and correctly calculated amount of Shift-work hours claimed for the preceding month.

8.15 Acting Allowance

Acting Allowance is applied and calculated for payment in accordance with the Collective Agreement on Conditions of Service and Acting Policy.

The Head of Department is responsible to ensure the verifying and approval of the authentic and correctly calculated Acting days claimed for the preceding month.

8.16 Relocation Allowance

Council resolved as follow with regard to the Relocation Allowance being increased from R60 000.00 to R75 000.00 on the 23rd of November 2015 **(DC959/11/15):**

1. *That the Relocation Allowance to an amount of R75 000.00 be applicable for the 2015/2016 financial year subject to proof of expenditure.*

2. *That the Relocation Allowance escalates annually based on the percentage of the annual salary increases as from 1 July.*

3. *That the Relocation Allowance of R75 000.00 be considered with the adjustment budget."*

On the 23rd of June 2016, Council **(DC1087/06/16)** resolved that the Relocation Allowance will be approved, subject to proof of expenditure:

1. *That the content of the report be noted.*

2. *That the actual costs of relocation will be approved / paid subject to proof of expenditure.*

3. *That the following criteria will be applicable to relocation:*

    - *School expenditure (maximum of 2 children)*
    - *Curtains (maximum amount of R6000.00)*
    - *Bond costs (old and new and cancellation cost)*

- *Transport cost (removal costs)*

Council decided to rescind the decision above of the proof of expenditure on 31 July 2017 **(DC192/07/17**):

1. *That the revised Placement Policy be approved.*

2. *That the previous Council resolution DC 1087/06/16 dated 23 June 2016, regarding relocation allowance as reflected in paragraph 11.4 of the Policy, be rescinded."*

8.17 Furniture Removal

In accordance with the Recruitment and Selection Policy**,** furniture removal will apply as follow:

"The municipality will reimburse, subject to prior approval by the Municipal Manager, new external appointees from amongst the lowest of three quotations received in respect of removal of furniture and other household items, within one year of appointment. No storage fees will be paid by the municipality.

Internal Appointments

When an employee of Council voluntarily and at his/her own accord applies for position within Council service, and became successful in a position warranting travelling and moving to a different location within the boundaries of the municipality, such travelling and removal costs will be for his/her own account.

Internal Transfer/Placement of employees

Should Council transfer an employee for operational reasons within the boundaries of the municipality, and such post warranting travelling and moving to another area, Council shall bear the full costs of travelling up to one year and furniture removal subject to submission of the lowest quotation of the three, within one year of transfer/placement."

8.18 Service Exit Gift

When employees with more than five years' service, leave Council's services with retirement, resignation, death, severance package or medically boarded, they qualify for a service exit gift in accordance with the Policy on Awards (Gifts) for long Service and Retirement.

8.19 Retirement fund Contributions & Benefits

Consolidated Retirement Fund (CRF) membership is compulsory for all permanent employees. Council's contribution towards the CRF Fund is 18% of an employee's salary and an employee's contribution is 9% of his/her salary.

In accordance with the Main Collective Agreement and the Salary and Wage Collective Agreement.

8.20 Annuities

Tax deductible annuities may also be implemented on employees' salaries by Remuneration section, when submitted in writing to the Human Resources' Reward and Recognition unit before the 10th of the month.

8.21 Medical Aid Fund Contributions & Benefits

Medical Aid membership is optional for all employees. The employer subsidises the contribution up to the maximum threshold in accordance with the South African Local Government Bargaining Council Collective Agreements towards one of the following accredited medical aid funds: BONITAS, LA HEALTH, HOSMED, KEYHEALTH and SAMWUMED.

Subsidized continued medical aid membership will be applicable to staff at 30% and Council 70% subsidy in case of retirement (from the age of 50 years), medically boarded or in the case of death of the staff member, a dependant becomes the principle member. This will remain until passing of the continued member and then the spouse. With the passing of the dependant spouse, this benefit seize.

Subsidized continued medical aid membership benefits will not be applicable to new employees appointed from 1 March 2013 when they leave Council's services upon retirement, early retirement, disability or in the case of death where an existing medical aid dependant is then registered as the member.

In accordance with the Main Collective Agreement and the Salary and Wage Collective Agreement.

8.22 Group Life Insurance Fund Contributions & Benefits

The Group Life Insurance is implemented through a tender process, valid for three years. Council contributes towards the Group Life Insurance Fund for employees for death- and disability cover at 2.5 x their annual salary. Additional cover or spouse cover is also available at employee's own cost.

8.23 SARS – Employees' Income Tax : PAYE (Pay-As-You-Earn)

PAYE deductions are implemented in accordance with the South African Revenue Service Act 34 of 1997, Employment Tax Incentives Act of 2013, Tax Administration Act 28 of 2011 and the Income Tax Act of 1962.

The PAYE deduction is determined in accordance with SARS Tax tables, according to an employee's or a councillor's monthly taxable earnings. Monthly completion and the submission of an EMP201 is executed via E-filing- and Easyfile online system for payments thereof.

The purpose of PAYE is to ensure that an employee's income tax liability calculated on remuneration is settled at the same time that the remuneration is earned. The PAYE deducted from all different employees, councillors and

audit committee members must be paid over to SARS within seven (7) days after the end of the month during which such deduction was made.

Income Tax (PAYE) on 13th Cheque (bonus) are divided and deducted on a twelve month basis, which may be exercised by permanent employees by choice, at the beginning of every new tax year at 1st March. These permanent employees will receive the 13th Cheque (Bonus) in full as the Income Tax (PAYE) is already deducted during the preceding 12 (twelve) months.

Agent Appointment (AA88) is an instruction issued to Eden District Municipality by SARS on a monthly basis, to accept responsibility to deduct and pay over to SARS any outstanding amounts due by all taxpayers.

Tax Directives are requested from SARS in instances of resignation, retirement, early retirement / severance package and settlement agreement, in order to determine the total PAYE deductable and payable to SARS on the lump sum amount. An IT88L is an instruction by SARS to withhold and pay over an additional amount for outstanding Assessed- and Provisional Tax & Administrative Penalties; after the Tax Directive amount was deducted, if applicable.

8.24 Bargaining Council Levy

In accordance with the Main Collective Agreement.

8.25 Unemployment insurance fund (UIF)

The UIF deduction is regulated and applied in accordance with Chapter 2 of the Unemployment Insurance Contributions Act, no. 4 of 2002:

"DUTY TO CONTRIBUTE AND RECOVERY OF CONTRIBUTIONS ???

1. *Duty to contribute to Fund*

(1) *Every employer and every employee to whom this Act applies must, on a monthly basis, contribute to the Unemployment Insurance Fund.*

(2) *The contributions must be paid by the employer either to the Commissioner in terms of section 8 or to the Unemployment Insurance Commissioner in terms of section 9, whichever is applicable to the particular employer.*

2. *Determination of contribution*

(1) *Subject to subsection (2), the amount of the contribution payable in terms of section 5-*

(a) *by an employee, must be one per cent of the remuneration paid or payable to that employee by his or her employer during any month; and*

(b) *by an employer in respect of any one of its employees, must be equal to one per cent of the remuneration paid or payable by that employer to that employee during any month.*

(2) *Subsection (1) does not apply to so much of the remuneration paid or payable by an employer to an employee during any month as exceeds an amount determined from time to time by the Minister of Finance by notice in the Gazette, after consultation with the Minister of Labour and Unemployment Insurance Commissioner.*

3. ***Employer must deduct employees' contribution***

(1) *Subject to subsection (2), an employer must, on a monthly basis, deduct or withhold the amount of the employees contribution contemplated in section 6(1)(a) from the remuneration paid or payable to that employee during that month.*

(2) *Where the remuneration of the employee is paid at intervals other than on a monthly basis, the employer must deduct the amount of the employee's contributions on such other basis as coincides with the intervals of payment of remuneration by the employer to the employee.*

(3) *When making a deduction in terms of subsection (1) or (2), an employer may not-*

(a) *deduct amounts that are in excess of the amount of the contribution due by the employee;*

(b) *seek or receive a fee from the employee for complying with this Act; or*

(c) *deduct arrear contributions from the employee after the end of the financial year during which it was payable.*

(4) *Subject to subsection (3)(c), where the employer fails to deduct the contribution as contemplated in subsection (1) or (2), the employer is liable for such contributions.*

(5) *If any payment made by the employer to the Commissioner or the Unemployment Insurance Commissioner in terms of section 8 or 9, as the case may be, includes an amount which was deducted or withheld in terms of subsection (1) or (2), and it subsequently becomes known to the employer that the payment made by the employer was not due or payable in terms of this Act, or was in excess of the amount due or payable, the employer must refund to the employee such amount or excess amount, as the case may be, as has been deducted or withheld and overpaid by the employer, despite the amount not having been refunded to the employer by the Commissioner or the Unemployment Insurance Commissioner, as the case may be."*

8.26 Trade Union Deductions and Contributions

Trade union deduction and contribution is regulated and applied in accordance with the Main Collective Agreement.

9. COMMENCING REMUNERATION

Newly appointed employees, and employees that have been promoted, will be placed at the entry level of the pay scale/notch for that particular job / task grade.

Where there is a justifiable reason for a higher notch, the Head of Department will motivate for approval by the Municipal Manager.

10. ANNUAL SALARY & WAGE ADJUSTMENTS

Salary adjustments are confirmed by SALGA with the Salary and Wage Collective Agreement.Ensure compliance with collective agreements and municipal budget upon implementation of annual salary and wage adjustments.

The Remuneration section receives the documentation regarding annually Salary & Wage adjustments from SALGA via Collaborator to confirm and acknowledge the receipt thereof for implementation.

The Remuneration section calculate, process and verify the regulated salary scales to integrate with the various companies on the Payday system. The Remuneration section manage, implement, reconcile and verify the newly calculated scales on all employees on the Payday system, and distribute newly calculated and approved salary scales to Recruitment & Selection as well as Conditions of Services sections.

11. REMUNERATION OF PERMANENT EMPLOYEES

The remuneration of permanent employees within the Bargaining Unit, shall be governed by Collective Agreements negotiated centrally with the South African Local Government Bargaining Council (SALGBC); in accordance with the Grade and the Salary Scales of Garden Route District Municipality as determined by SALGBC.

All permanent employees shall be remunerated on the basis of a basic salary plus benefits and shall be composed of:-

- Basic Salary
- 13th Cheque (Bonus)
- 14th Cheque (reward for 30 years of service and beyond)
- Long Service Leave Payment
- Council's Contribution towards an approved Retirement Fund
- Council's Contribution towards an approved Medical Aid Fund
- Council's Contribution towards an approved Group Life Insurance Fund
- Council's Contribution towards the Unemployment Insurance Fund
- Council's Contribution towards Skills Levy

- Council's Contribution towards Bargaining Council Levy
- Housing Subsidy, provided that the qualifying criteria are met
- Rental Subsidy, provided that the qualifying criteria are met
- Allowances, such as Perk Motor Scheme, Essential Motor Scheme, Cell phone, provided that the qualifying criteria are met – in accordance with the applicable and approved policies.

Permanent employees are remunerated in accordance with their employment contracts. An approved and audited internal TASK job evaluation's process may result in approved amendments on an employee's remuneration.

Any additional earnings pertaining to approved and verified claims, such as travel logs, subsistence & travel, overtime, standby, nightshift, acting allowance etc, are paid in accordance of the applicable and approved policies.

12. REMUNERATION OF TEMPORARY CONTRACT- AND FIXED TERM CONTRACT EMPLOYEES

The total cost-to-company package payable to temporary contract- and fixed term contract employees is determined by the head of the applicable department in accordance with requirements of the vacancy, according to Garden Route District Municipality's Salary Scales as confirmed by SALGA.

The regulations and structuring of cost-to-company packages are stipulated in the applicable contracts. An approved and signed temporary- or fixed term contract must be in place before all different contract employees commence with employment.

Temporary contract- and fixed term contract employees are paid for Subsistence and Travel claims in accordance with Garden Route District Municipality's Subsistence & Travel policy.

13. REMUNERATION OF MUNICIPAL MANAGERS & MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS

The upper limits of the total cost-to-company packages payable to municipal managers and managers directly accountable to municipal managers is determined by the Minister for Cooperative Governance in terms of Regulation 35 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, issued in terms of Government Notice No.21 as published under Government Gazette No. 37245.

The categorisation of the Garden Route District Municipality's municipal council is category 5, which determines the total remuneration package of Senior Managers.

Flexible remuneration options are available to Senior Managers who qualify in terms of their positions and according to the requirements of the South

African Revenue Services. Senior Managers are paid for Subsistence and Travel claims in accordance with Garden Route District Municipality's Subsistence & Travel policy.

It is the responsibility of Senior Managers to ensure that all different claims and documentation be verified for correctness and authenticity, before the approval thereof.

14. REMUNERATION OF COUNCILLORS

The upper limits of the total remuneration packages of councillors is determined by the Minister for Cooperative Governance and Traditional Affairs, under the powers vested in him/her by sections 7(1), 8(5)(a) and 9(5)(a) of the Remuneration of Public Office-bearers Act, 1998 (Act No. 20 Of 1998).

The salary and allowances of a councillor is determined by that municipal council in consultation with the member of the Executive Council responsible for local government in each province, having regard to the upper limits as set out in the published Government Gazette, the financial year and affordability of the municipality, including the austerity measures as approved by national Cabinet.

Flexible remuneration options are available to councillors who qualify in terms of their positions and according to the requirements of the South African Revenue Services.

The Remuneration section implements and manage the adjustments of upper limits after council has consulted with MEC for Local Government in the Western Cape about its council resolution of a supporting vote of a majority of its members.

Councillors not residing in the George area are reimbursed for kilometres travelled between their home and George to attend meetings; in accordance with Garden Route District Municipality's Travelling policy.

Councillors are remunerated for Subsistence and Travel claims in accordance with Garden Route District Municipality's Subsistence & Travel policy.

15. REMUNERATION OF NON-OFFICIAL MEMBERS: COMMISSIONS & COMMITTEES OF INQUIRY AND AUDIT COMMITTEES

With reference to Treasury Regulation 3.1.6 the remuneration applicable to Committees of Inquiry is applicable to members of Audit Committees appointed from outside the public service.

The Minister of Finance, in terms of Treasury Regulation 20.2.2, grants annually approval to amend the maximum remuneration payable per day to non-official members of Commissions and Committees of Inquiry.

Employees of Government serving on Commissions or Committees of Inquiry or Audit Committees are not entitled to additional remuneration. The rates are sitting fees and exclusive of payments in respect of preparation, research & travelling (to and from meeting venues) time.

Audit Committee members not residing in George, are reimbursed for kilometres travelled between their home and George, in accordance with Garden Route District Municipality's Travel policy.

16. REMUNERATION OF EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

EPWP is a key initiative by government to create jobs and alleviate poverty within our societies.

Workers on an EPWP are employed on a temporary basis or contract basis. A worker may not be paid less than the minimum EPWP wage rate per day or per task.

This will be adjusted annually on the 1st of November in-line with inflation (available CPI as provided by Stats SA six (6) weeks before implementation). No money must be deducted from a worker's payment unless the deduction is required in terms of a law.

A task-rated worker will only be paid for tasks that have been completed. A time-rated worker will be paid at the end of each month. Payment must be made by direct deposit into a bank account designated by the worker. The Internal EPWP Steering Committee is responsible to draft the wage determination for EPWP sectors and submit to Municipal Manager for approval.

In accordance with the Ministerial Determination 4: EPWP:- Government Gazette No. 9745 of 4 May 2012.

17. REMUNERATION OF STUDENT INTERN, GRADUATE INTERN, FINANCIAL GRADUATE INTERN & VOLUNTEERS

STUDENT INTERN

The salary / stipend for a Student Intern, a person who is enrolled at a tertiary education institution for a SAQA registered qualification and is required to obtain practical experience as part of their study programme, is R2 500 per month.

Student Interns are remunerated for Subsistence and Travel claims in accordance with Garden Route DM's Subsistence & Travel policy.

GRADUATE INTERN

The salary / stipend for a Graduate Intern, a person who has completed a qualification but has been unemployed and needs workplace exposure to enhance chances of future employment, is R3 500 per month.

Graduate Interns are remunerated for Subsistence and Travel claims in accordance with Garden Route DM's Subsistence & Travel policy.

FINANCIAL GRADUATE INTERN

The Municipal Finance Management Internship Programme (MFMIP), is enrolled and funded by National Treasury.

The salary / stipend for a Financial Graduate Intern, an unemployed graduate in Accounting, Economics, Finance, Risk management & Internal audit, who needs workplace exposure to enhance chances of future employment, is a minimum of R100 000 per annum (R8 333.34 per month), in accordance with the Guidelines for implementation of Municipal Finance Management Internship Programme (MFMIP).

If Garden Route DM wishes to pay more than the recommended stipend, then the excess must be sourced from its own MTREF budget.
Financial Graduate Interns are paid for Subsistence and Travel claims in accordance with Garden Route DM's Subsistence & Travel policy.

VOLUNTEERS

These persons are not regarded as employees of Garden Route DM and as such may not be remunerated in any way.

18. INTEREM PAYMENTS

Interem payments for Subsistence & Travel, as well as advances approved by the Municipal Manager, will be paid out on the two consecutive weeks on Fridays which follow after the Salary payment date.
Complete requests must be submitted to the Remuneration office before or at 10h00 on the preceding Wednesday to allow proper verification and to ensure timely payments.

Interem payments consist of the following payments:-

- Travel claims for the previous month within the Garden Route District region,
- Camping allowances within the Garden Route District region,
- Subsistence & Travel claims for out of the Garden Route District region,
- Salaries of contracts that expire at the end of the month,
- Leave payments of expired contracts,
- Acting allowances for the previous months,
- Overtime- and standby claims for the previous month which was not submitted on time for the salary run, as requested and approved by the Head of Department.
- Advances on remuneration for funeral arrangements, medical bills as well as other humanity reasons, with the discretion as well as approved by the Municipal Manager.

The Head of Department is responsible to ensure that S&T claims be deducted from employees who cancel their meeting / workshop /course attendance.

19. ORGANISATION STRUCTURE ALIGNMENT

1. In terms of section 68(1) of the Municipal Systems Act, Act 32 of 2000, a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. In according with the Regulations on the Local Government Municipal Systems Act (Act no 32 of 2000) on appointments and Conditions of Employment of Senior Managers (Government Gazette 37245) dated 17 January 2014, Chapter 2, Clause 4, the organisational structure must be reviewed annually as determined by legislation.

20. DISPUTE RESOLUTION

20.1 Where a dispute may arise, this should be referred to the relevant structures for internal resolution (grievance procedure).

20.2 All parties shall be heard in the dispute resolution process.

20.3 In the event of the dispute not being resolved internally, it should be referred to SALGA.

BACK TO AGENDA

REPORT ON THE COUNCIL RESOLUTION REGISTER FOR THE PERIOD APRIL TO JUNE 2020 / *VERSLAG RAKENDE DIE RAADSRESOLUSIE- REGISTER VIR DIE PERIODE APRIL TOT JUNIE 2020* / INGXELO NGOLUHLU LWEZIGQIBO ZEBHUNGA KWIXESHA LWENYANGA KUTSHAZIMPHUZI UKUYA KWEYESILIMELA 2020

(4/1/2/1)

24 June 20202

REPORT FROM THE EXECUTIVE MANAGER: CORPORATE SERVICES: (B HOLTZHAUSEN)

PURPOSE OF THE REPORT

To submit the report on the execution of Council Resolutions for the period April to June 2020 to Council.

BACKGROUND

Included in the 2019/2020 SDBIP is a KPI assigned to the Executive Manager: Corporate Services which determines that the HOD must report to Council on the execution of Council Resolutions.

Therefore a report on execution of Council resolution for the period April to June 2020, is submitted to Council for noting.

RELEVANT LEGISLATION

Service Delivery and Budget Implementation Plan for 2018/19

FINANCIAL IMPLICATIONS

None.

UITVOERENDE OPSOMMING

Die Raad Resolusie Register is tydens 'n Spesiale Raadsvergadering gehou op 27 Februarie 2019 goedgekeur.

Die Raad word hiermee in kennis gestel van die status van Raadsbesluite vir die periode April tot Junie 2020.

RECOMMENDATION

That Council takes note of the report on the execution of Council resolutions for the period April to June 2020.

AANBEVELING

Dat die Raad kennis neem van die Raads Resolusie Register vir die periode van April tot Junie 2020.

ISINDULULO

Sesokuba iBhunga lithathele ingqalelo isimo sezigqibo zebhunga kwixesha lenyanga KuTshazimphuzi ukuya kumhla KweyeSilimela 2020.

ANNEXURE

Annexure A: Workflow of Council Resolutions System

Council Resolution Actions

This Report only displays data when the task 'Complete Resolution Action' is send to the user responsible

Item Ref	Item Nr		Item Title				Responsible user	Resolution Outcome
1038058	1038058		Council - Covid 19 Report - March 2020				VANREENENC	
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1054056	RESOLVED 1. That Council takes note of the report and that the emergency expenses incurred be approved. 2. That Council notes that an 2019/20 adjustment budget will be tabled before the end of the current financial year in accordance with the MFMA Exemption Notice	AFRICAC	OTTOG			2020-06-30		In Progress

	dated 30 March 2020. BESLUITE 1. Dat die Raad kennis neem van die verslag en dat goedkeuring gegee word vir die nood uitgawes soos vermeld. 2. Dat the Raad kennis neem dat ‘n 2019/20 aangepaste begroting voor die Raad sal dien voor die einde van die huidige finansiële jaar soos per die MFBW Vrystellingskennisgewing gedateer 30 Maart 2020. ISIGQIBO 1. Sesokuba iBhunga lithathele ingqalelo ingxelo kunye nendleko zikaxakeka eziye zenzeka ziphunyezwe. 2. Sesokuba iBhunga lithathele ingqalelo ukuba uLwabiwo Mali luka 2019/2020 olu							

	lungelelanisiweyo luzakuthiwa thaca phambi kokuphela konyaka mali omileyo kokuhambelana nesaziso se MFMA sangomhla 30 kweyoKwindla 2020.							
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution Outcome**
1045058	1045058		REVIEWED IDP/BUDGET AND PMS PROCESS PLAN REVIEW FOR 2020/21				MZUKISICEKISO	Resolved
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1054054	RESOLVED That Council adopt the following plan for 2020/21 IDP/Budget and PMS review process: 1. Reviewed IDP/Budget and PMS review process plan “Annexure A”. BESLUITE	MENZEL	MZUKISICEKISO	100.0000	done	2020-06-05	done	Completed

	Dat die Raad die volgende planne vir die hersiening van die 2020/21 Geintegreerde Ontwikkelingplan (GOP) proses, goedkeur: 1. Hersiende GOP/Begroting/PMS proses plan “Aanhangsel A”. ISIGQIBO Sesokuba I Bhunga liphumeze esi zicwangciso silandelayo zenkqubo zohlengahlengiso ze IDP ku 2020/21: 1. Uqwalaselo lwe IDP/ Inkqubo zezicwangciso Zohlahlo Lwabiwo Mali/ PMS “Isisongelo A”							
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution Outcom**

								e
1045421	104521		REPORT ON THE DISTRICT FOOD BANK MODEL / VERSLAG INSAKE DIE DISTRIK VOEDSELBANK MODEL				TAITL	Resolved
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1054055	RESOLVED 1. That Council take note of the proposed District Food Bank Model. 2. That further investigations be done on the development and management of the District Food Bank model. 3, That, after the investigation as mentioned in two (2) above has been done, an updated report serve at Council. BESLUITE 1. Dat die Raad kennis neem van die voorgestelde distriksvoedsel bank model 2. Dat verdere	AFRICAC	COMPIONJ	100.0000	Busy with further investigation.	2020-06-05	Busy with further investigation.	Completed

	ondersoek gedoen word ten opsigte van die ontwikkeling en bestuur van so `n Distrik Voedsel Bank model. 3. Dat na die ondersoek soos genoem in twee (2) hierbo, 'n opgedeeterde verslag dien by die Raad.							
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution Outcome**
1045722	1045722		REPORT: SECTION 52 – RESPONSIBILITIES OF MAYOR				DEJAGERJ	Resolved
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1054053	RESOLVED 1. That Council notes the quarterly report on the implementation of the budget and the financial affairs of the municipality for the	DEJAGERJ	DEJAGERJ	100.0000	Noted	2020-06-07	Noted	Completed

	year to date and the quarter ending 31 March 2020. 2. That Council notes that tabling of the report more than 30 days after the last day of the quarter is not non-compliance to the MFMA, due to the timeline provisions of the MFMA Exemption Notice dated 30 March 2020. BESLUITE 1. Dat die Raad kennis neem van die kwartaalverslag rakende die implementering van die begroting en die finansiële posisie van die munisipaliteit vir die jaar tot datum en die kwartaal geëinding 31 Maart 2020. 2. Dat die Raad kennis neem dat die							

	voorlegging van die verslag meer as 30 dae na die laaste dag van die kwartaal, nie nie-nakoming van die Munisipale Finansiële Bestuurswet is nie, weens die tydlynbepalings van die vrystellingskennis gedateer 30 Maart 2020. ISINDULULO 1. Sesokuba iBhunga lithathele ingqalelo ingxelo yekota ngokumiselwa kolwabiwo-mali kunye nemicimbi yezemali zomasipala zonyaka uzakuthi ga ngoku kunye nexesha eliphela ngomhla 31 kweyoKwindla 2020. 2. Sesokuba iBhunga lithathele ingqalelo ukuthiwa thaca kwengxelo ngaphezu							

	kwentsuku ezi 30 emveni kosuku lokugqibela lwekota akuhambelani ne MFMA,ngenxa yamaxesha amiswe Sizaziso se MFMA sokugqithiselwa sangomhla 30 kweyoKwindla 2020.							
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution Outcome**
1048423	1048423		PROGRESS REPORT GARDEN ROUTE DISTRICT MUNICIPALITY FOOD BANK				VINNIESA	Resolved
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055851	RESOLVED That Council takes note of the report. BESLUIT Dat die Raad kennis neem van die verslag.	AFRICAC	COMPIONJ	100.0000	Noted	2020-07-10	Noted	Completed
Item	**Item Nr**		**Item Title**				**Responsible**	**Resoluti**

Ref							user	on Outcome
1048428	1048428		REPORT ON THE DRAFT PROPOSED SCHEDULE OF MEETINGS FOR 2020 IN RESPECT OF COUNCIL AND COMMITTEES FOR THE PERIOD JULY TILL DECEMBER 2020				GOVINDSAMIR	
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055850	RESOLVED 1. That the draft proposed schedule of dates for Council and Committee meetings for the period July till December 2020, be approved. 2. That it be noted that the schedule is subject to changes. BESLUITE 1. Dat die konsep voorgestelde skedule van vergaderingdatums vir Raad en komiteevergaderings	HOLTZHAUSENT	GOVINDSAMIR	100.0000	executed	2020-06-10	none	In Progress

	vir die tydperk Julie tot Desember 2020, goedgekeur word. 2. Dat kennis geneem word dat die skedule onderhewig is aan veranderinge.							
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution Outcome**
1048508	1048508		DEBT WRITE-OFF REPORT 2019/20: APRIL/MAY 2020				TERBLANCHEE	Resolved
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055856	RESOLVED That Council approves the write-off of debtors balances outstanding per category with a total of R 1 092 595,98. BESLUIT Dat die Raad goedkeuring verleen vir die afskrywing van	DEJAGERJ	TERBLANCHEE	100.0000	External Journal 452 for Debt Write-Off report May 2020 was processed before billing May 2020.	2020-06-10	Process Write-Off Journal as per report submitted to Council and approved	Completed

	debiteure met balanse uitstaande per kategorie met ‘n totaal van R1 092 595,98.							
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution Outcome**
1048521	1048521		Conferral of Honours Policy				JOSEPHSA	
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055849	RESOLVED That Council approves the Policy for Conferment of the Alderman/Alderlady honour. BESLUIT Dat die Raad die Beleid vir die bevestiging van Raadsheer / Raadsdame goedkeur	HOLTZHAUSENT	GOVINDSAMIR			2020-06-10		In Progress
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution**

								Outcome
1048580	1048580		EXTENSION OF AON CONTRACT FOR THE PROVISION OF INSURANCE COVER TO THE MUNICIPALITY				PA.CFO	
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055857	RESOLVED 1. That Council takes note of the contents of the report. 2. That Council approves the extension of the current insurance contract until 30 June 2021. 3. That the local community is given notice of the intention to amend the insurance contract as determined by Section 116 of the Municipal Finance Management Act 56 of 2003. 4. That the local	DEJAGERJ	HOEKL	100.0000	notice has been submitted to communication for public comments	2020-06-10	notice has been submitted to communication for public comments	In Progress

	community is invited to submit representations to the municipality on matter. BESLUITE 1. Dat die Raad kennis neem van die inhoud van die verslag. 2. Dat die Raad die verlenging van die huidige versekeringskontrak goedkeur tot 30 Junie 2021. 3. Dat die plaaslike gemeenskap kennis gegee word in gevolge die intensie om die versekerings kontrak te verleng soos bepaal deur Seksie 116 van die Munisipale Finansiële Bestuurswet, Wet 56 van 2003. 4. Dat die plaaslike							

	gemeenskap uitgenooi word om kommentaar te lewer oor die verlenging van die versekerings kontrak.							
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution Outcome**
1048761	1048761		REPORT: FOURTH ADJUSTMENT BUDGET 2019/20 MTREF				DEJAGERJ	Resolved
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055859	RESOLVED (1) That the fourth Adjustments Budget of Garden Route District Municipality for the financial year 2019/20 as set out in the schedules contained in Section 4 be approved: I. Table B1 Adjustments Budget Summary; II. Table B2	DEJAGERJ	DEJAGERJ	100.0000	noted	2020-06-10	Noted	Completed

	Adjustments Budget Financial Performance (by standard classification); III. Table B3 Adjustments Budget Financial Performance (by municipal vote); IV. Table B4 Adjustment Budget Financial Performance (revenue by source); and V. Table B5 Adjustment Budget Capital Expenditure (by municipal vote and funding source) (2) Council approves the Adjustment Operating Expenditure Budget of R429,628,635. (3) Council approves the Adjustment Operating Revenue Budget of R429,591,235. (4) Council approves the Capital Budget of R8,423,432.							

Item Ref	Item Nr		Item Title				Responsible user	Resolution Outcome
1048793	1048793		REPORT ON THE SOUTH CAPE ECONOMIC PARTNERSHIP REVIEW				NTANGOL	Resolved
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055854	RESOLVED 1. That the South Cape Economic Partnership (SCEP) be renamed to Garden Route Development Partnership (GRDP). 2. That capacity building be integrated into the activities of the SCEP/GRDP. 3. Positioning the SCEP/GRDP as a key role player in the execution of the Garden Route Growth and Development Strategy. 4. That a new charter	MENZEL	HARKERM	100.0000	Resolutions noted.	2020-06-10	Noted.	Completed

	be developed for SCEP/GRDP and be reviewed annually. 5. That the structure of the SCEP/GRDP steering committee be revised. 6. That it is agreed that three year Service Level Agreement cycles starting 2020/21, be entered into with Western Cape Economic Development Partnership. 7. That the first year of funding to the amount of R110 000 be made available within the 2020/21 budget as the GRDM's contribution to this partnership. BESLUITE 1. Dat die Suid-Kaap Ekonomiese Vennootskap herbenoem word na die Garden Route							

	Ontwikkelingsvennootskap. 2. Dat kapasiteitsbou geintegreer word in die aktiwiteite van die Suid-Kaap Ekonomiese Vennootskap/Garden Route Ontwikkelingsvennootskap. 3. Dat die Suid-Kaap Ekonomiese Vennootskap/Garden Route Ontwikkelingsvennootskap geposisioneer word as ‘n sleutel rolspeler in die uitvoering van die Garden Route Groei and Ontwikkelings Strategie. 4. Dat ‘n nuwe handves ontwikkel word vir Suid-Kaap Ekonomiese Vennootskap/ Garden Route Ontwikkelingsvennootskap wat jaarliks							

	hersien word. 5. Dat die strukture van die Suid-Kaap Ekonomiese Vennootskap/ Garden Route Ontwikkelingsvennootskap bestuurskomitee hersien word. 6. Dat goedgekeur word dat drie-jaar Diensvlak Ooreenkomste met die Wes-Kaapse Ekonomiese Ontwikkelings Vennootskap onderteken word, met die eerste siklus wat 2020/21 begin. 7. Dat die eerste jaar van befondsing vir die bedrag van R110 000 beskikbaar gestel word in die 2020/21 begroting as die GRDM se bydrae tot die vennootskap.							
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution Outcom**

								e
1048943	1048943		REPORT ON THE REGIONAL FRESH PRODUCE MARKET				NTANGOL	
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055853	RESOLVED 1. That Council notes the process followed by management to promote food security and economic growth in the region through co-ordinated regional bulk infrastructure provision. 2. That Council adopts the outcomes of the feasibility study. 3. That Council approves and authorises management to start raising the funds to implement th project in 2020/21 financial year. 4. That management continuously update Council on the	MENZEL	DONGIP			2020-06-11		In Progress

	implementation progress of the project. BESLUITE 1. Dat die Raad kennis neem van die vordering gevolg deur Bestuur om voedselsekuriteit en ekonomiese groei in die streek deur georganiseerde grootmaat-infrastruktuur voorsiening te bevorder. 2. Dat die Raad die uitslag van die uitvoerbaarheidstudie aanneem. 3. Dat die Raad goedkeur en Bestuur bemagtig om die projek in die 2020/2021 finansiële jaar te implementeer. 4. Dat Bestuur voortdurend die Raad in kennis stel van die vordering met die implementering van die projek.							

Item Ref	Item Nr		Item Title				Responsible user	Resolution Outcome
1048956	1048956		REPORT ON THE DISTRICT DEVELOPMENT AGENCY				NTANGOL	
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055852	RESOLVED 1. That Council supports the intention to promote economic growth through one stop centre for coordinated regional investment. 2. That Council adopts the outcomes of the feasibility study 3. That Council approves and authorizes management to implement the project in 2020/21 financial year. 4. That management continuously update council on the	MENZEL	DONGIP			2020-06-10		In Progress

	implementation progress of the project. BESLUITE 1. Dat die Raad die bedoeling om ekonomiese groei deur ‘n een-stop sentrum vir georganiseerde belegging in die streek ondersteun. 2. Dat die Raad die uitslag van die uitvoerbaarheidstudie aanneem. 3. Dat die Raad goedkeuring verleen die Bestuur bemagtig om die projek in die 2020/2021 finansiële jaar te implementer. 4. Dat Bestuur die Raad voortdurend in kennis stel van vordering gemaak met die projek.							
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution Outcom**

								e
1049869	1049869		REPORT FROM CORPORATE SERVICES REGARDING THE FLEET MANAGEMENT POLICY				BRINKHUYSS	
Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055847	RESOLVED That the Fleet Management Policy be approved y Council. BESLUIT Dat die vlootbestuursbeleid deur die Raad aanvaar word.	HOLTZHAUSENT	ADMIN	100.0000	Executed council resolutions.	2020-06-10	Sent to Legal Section for the Policy Register. Sent to Communication to place on the website. Sent policy via email and collab to all staff. S Brinkhuys 15/06/2020	In Progress
Item Ref	**Item Nr**		**Item Title**				**Responsible user**	**Resolution Outcome**
1050016	1050016		INUAGURATION OF DA COUNCILLOR: GARDEN ROUTE DISTRICT MUNICIPALITY: CLLR.GL BOEZAK				JOSEPHSA	
Action Ref	Resolution Action	HOD user	Action User	% Comple	FB Comment	Due Date	Resolution Action Taken	Action Status

				te				
1055844	RESOLVED That the report stand over until the next meeting. BESLUIT Dat die verslag oorstaan tot die volgende vergadering.	HOLTZHAUSENT	GOVINDSAMIR			2020-06-10		In Progress

Item Ref	Item Nr	Item Title	Responsible user	Resolution Outcome
1050042	1050042	REPORT ON MICRO ORGANISATIONAL STRUCTURE OF GARDEN ROUTE DISTRICT MUNICIPALITY 2020/2021	JANSEVANRENSBURGL	Resolved

Action Ref	Resolution Action	HOD user	Action User	% Complete	FB Comment	Due Date	Resolution Action Taken	Action Status
1055848	RESOLVED That the proposals for the 2020/2021 structure be approved. BESLUIT Dat die voorstelle vir	HOLTZHAUSENT	JANSEVANRENSBURGL	100.0000	Finalised	2020-06-10	Submitted on Collab to all employees (nr 1058827) on 12 June 2020: Structures of the 6 x departments; Council Resolution and Council Report as per above	Completed

	die 2020/2021 Organisasie Struktuur goedgekeur word.						instructions.	

BACK TO AGENDA

REPORT ON THE PROVINCIAL GUIDE IN MANAGING COVID19 FATALITIES IN THE WESTERN CAPE / *VERSLAG INSAKE PROVINSIALE RIGLYN IN DIE BESTUUR VAN COVID 19 STERFTES IN DIE WES-KAAP* /INGXELO NGEMIGOMO YEPHONDO YOLAWULO LWEZEHLO ZOKUSWELKA ZE COVID-10 ENTSHONA KOLONI

(18/3/2/2/6)

11 June 2020

REPORT FROM EXECUTIVE MANAGER COMMUNITY SERVICES (C AFRICA)

PURPOSE OF THE REPORT

The purpose of the report is to inform Council about the COVID-19 – Fatality Management Guide that highlights the roles and responsibilities of the various role players, in response to a COVID-19 related death in the Western Cape Province. The guide also assist in the implementing of a combination of Directions issued in terms of the Disaster Management Act, the "COVID-19 Environmental Health Guidelines" and the relevant regulations as published in terms of the National Health Act 61 of 2003.

BACKGROUND / DISCUSSION

On 15 March 2020, Dr Nkosazana Dlamini Zuma, the Minister of Cooperative Governance and Traditional Affairs (COGTA) declared a National State of Disaster to respond to the Covid-19 pandemic, which required an appropriate response to the world-wide pandemic through various interventions and role-players on all levels of society. Strategic Planning on all fronts is therefore required to mitigate the overall transmission of the pandemic.

Due to the nature of the COVID-19 pandemic, a Provincial Guide in managing Covid19 related deaths was developed to assist the first responders, should a suspected or confirmed COVID-19 death occur, and to ensure that, where possible, cultural and religious practices and observances are followed within the ambit of the Regulatory Framework.

The purpose of the guide is to:

Outline the COVID-19 – Fatality Management Process.

Outline the roles and responsibilities of the various role players, in response to a COVID-19 related death in the Western Cape Province.

Assist in implementing a combination of Directions issued in terms of the Disaster Management Act, the "COVID-19 Environmental Health Guidelines" and the relevant regulations as published in terms of the National Health Act 61 of 2003 and which should be read in conjunction with those documents.

Assist in ensuring that, where possible, cultural and religious practices and observances are followed.

The purpose of this guide is not to replace or substitute the regulations and directions as published in terms of the various applicable Acts.

RELEVANT LEGISLATION

National Health Act 61 of 2003.
Regulations regarding the General Control of Human Bodies, Tissue, Blood Products and Gametes (as published in GN.R 180 of 2 March 2012 in *Government Gazette* No. 35099).
Regulations Relating to the Management of Human Remains (as published in GNR363 of 22 May 2013 in *Government Gazette* No.36473).
The Health Directions, as amended, issued by the Minister of Health in terms of regulation 10(1) (a) of the Disaster Management Regulations (see GN.R 457 of 8 April 2020).
Guidelines for case-finding, diagnosis, management and public health response in South Africa.
COVID-19 Environmental Health Guidelines, dated 16 March 2020.
COVID-19 Environmental Health Response Guidelines, dated 27 March 2020.

Environmental Health Guidelines for Management of Human Remains in the context of COVID-19, dated 27 March 2020.
COVID-19 Disease: Infection Prevention and Control Guidelines (version 2) dated 21 May 2020.
The Disaster Management Act Alert Level 4 Regulations (GN.R 480 of 29 April 2020 published in *Government Gazette* 43258 on 29 April 2020 ("DM Regulations, 29 April 2020") as amended by The Disaster Management Act Alert Level 4 Regulations (GN R. 608 of 28 May 2020 and published in *Government Gazette* 43364 of 28 May 2020).
The Religious Gathering Directions (GN.R 609 of 28 May 2020 published in Government Gazette 43365 of 28 May 2020).

UITVOERENDE OPSOMMING

Die Wes-Kaap Departement van Plaaslike Bestuur het `n Provinsiale Riglyn saamgestel vir die hantering van Covid19 sterftes in die Wes-Kaap. Die riglyn dien as handleiding in die bestuur van Covid19 sterftes met al die gepaardgaande rolspelers en verskeie direktiewe uitgereik in terme van die Rampbestuurswet en die Covid19 Omgewingsgesondheidsriglyne.

RECOMMENDATION

That Council take note of the Provincial Guide for managing Covid19 fatalities

AANBEVELING

Dat die Raad kennis neem van die Provinsiale Riglyn in die bestuur van Covid19 sterftes.

ISINDULULO

Sesokuba iBhunga lithathele ingqalelo Imigomo Yephondo yokulawula izehlo zokusweleka ze Covid-19.

APPENDIX

Department of Local Government

Provincial Guide to Cultural and Religious Practices and Observances in Managing COVID-19 Fatalities in the Western Cape

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1. **INTRODUCTION**

On 15 March 2020, Dr Nkosazana Dlamini Zuma, the Minister of Cooperative Governance and Traditional Affairs (COGTA) declared a National State of Disaster to respond to the Covid-19 pandemic, which required an appropriate response to the world-wide pandemic through various interventions and role-players on all levels of society. Strategic Planning on all fronts is therefore required to mitigate the overall transmission of the pandemic.

Due to the nature of the COVID-19 pandemic, this guide was developed to assist the first responders, should a suspected or confirmed COVID-19 death occur, and to ensure that, where possible, cultural and religious practices and observances are followed within the ambit of the Regulatory Framework.

2. **PURPOSE**

The purpose of this guide is to:

2.1. Outline the COVID-19 – Fatality Management Process;

2.2. Outline the roles and responsibilities of the various role players, in response to a COVID-19 related death in the Western Cape Province;

2.3. Assist in implementing a combination of Directions issued in terms of the Disaster Management Act, the "COVID-19 Environmental Health Guidelines" and the relevant regulations as published in terms of the National Health Act 61 of 2003 and which should be read in conjunction with those documents;

2.4. Assist in ensuring that, where possible, cultural and religious practices and observances are followed; and

2.5. The purpose of this guide is not to replace or substitute the regulations and directions as published in terms of the various applicable Acts.

3. GUIDELINES AND LEGAL FRAMEWORK GUIDING THE IMMEDIATE FATALITY MANAGEMENT OF THE DECEASED

3.1 National Health Act 61 of 2003;

3.2 Regulations regarding the General Control of Human Bodies, Tissue, Blood Products and Gametes (as published in GN.R 180 of 2 March 2012 in *Government Gazette* No. 35099);

3.3 Regulations Relating to the Management of Human Remains (as published in GNR363 of 22 May 2013 in *Government Gazette* No.36473);

3.4 The Health Directions, as amended, issued by the Minister of Health in terms of regulation 10(1)(a) of the Disaster Management Regulations (see GN.R 457 of 8 April 2020);

3.5 Guidelines for case-finding, diagnosis, management and public health response in South Africa;

3.6 COVID-19 Environmental Health Guidelines, dated 16 March 2020;

3.7 COVID-19 Environmental Health Response Guidelines, dated 27 March 2020;

3.8 Environmental Health Guidelines for Management of Human Remains in the context of COVID-19, dated 27 March 2020; and

3.9 COVID-19 Disease: Infection Prevention and Control Guidelines (version 2) dated 21 May 2020.

3.10 The Disaster Management Act Alert Level 4 Regulations (GN.R 480 of 29 April 2020 published in *Government Gazette* 43258 on 29 April 2020 ("DM Regulations, 29 April 2020") as amended by The Disaster Management Act Alert Level 4 Regulations (GN R. 608 of 28 May 2020 and published in *Government Gazette* 43364 of 28 May 2020).

3.11 The Religious Gathering Directions (GN.R 609 of 28 May 2020 published in Government Gazette 43365 of 28 May 2020)

4. **IMPORTANT NOTICES TO CONSIDER**

Where it is feasible and acceptable to family culture and/or religion, it is strongly recommended that the human remains be cremated.

5. **PACKAGING OF CONFIRMED OR SUSPECTED COVID-19 DECEDENT**

Death where COVID-19 is suspected but results not available yet

5.1. The body is to be sealed and removed by the designated undertaker. The human remains are to be indicated as possible COVID-19 on the double bag and handled as such, in accordance with the requirements detailed below relating to the handling, transportation and final disposal of COVID-19 human remains.

Packaging of COVID- 19 mortal remains

5.2. On 6 April 2020, the Minister of Health signed Directions, as amended, in terms of regulation 10(1)(a) of the Regulations made under the Disaster Management Act, 2002 (see Government Notice No. 457 of 8 April 2020), to address, prevent and combat the spread of COVID-19 in South Africa from a health management perspective.

5.3. The above Directions issued by the Minister of Health, provide that the handling, transportation and final disposal of COVID-19 mortal remains should be done in accordance with Chapter 4, 5 and 6 of the Regulations Relating to the Management of Human Remains (see paragraph 8A of the Directions). Chapter 4 provides for the conveyance (transportation) of human remains of a person who, at the time of his or her death suffered from a disease or condition which is capable of transmitting an illness even after death. This will include the human remains of a person who died as a result of a suspected or confirmed case of COVID-19. While Chapters 5 and 6, provide for the burial in excavated land and crematoriums and cremations respectively.

5.4. Direction 8A provides that:

"8. (1) The handling, transportation, importation, exportation and final disposal of COVID -19 mortal remains should be conducted only in accordance with chapters 4, 5 and 6 of the Human Remains Regulations.

(2) All persons handling COVID-19 mortal remains should wear suitable personal protective clothing at all times.

(3) All persons handling COVID -19 mortal remains should practice good personal hygiene such as washing hands with soap and water and using personal protective clothing.

(4) No person may at any given time make contact with, or touch, the mortal remains without wearing the appropriate PPE.

(5) Metropolitan and Local Municipalities should ensure that the burial or cremation of COVID-19 mortal remains takes place in suitably approved cemeteries or crematoria, respectively.

(6) Metropolitan and District Municipalities should ensure that they identify areas that may be utilised for mass burial should the need for same arise".

5.5. Direction 8D (1) of the Health Directions, as amended, further provides that: "The mortal remains of a COVID -19 patient may not be conveyed in public in any way unless-

(a) such remains are placed in a polythene bag, sealed in an airtight Container, placed in a sturdy non -transparent sealed coffin, embalmed and the total surface of the body is covered with a 5 cm layer of wood sawdust or other absorbent material which is treated with a disinfectant"

6. **ENVIRONMENTAL HEALTH**

6.1. The National Department of Health (NDoH) plays a key role in monitoring the management of human remains where the deceased dies of an infectious disease, such as Covid-19. Pursuant to this function, the NDoH issued guidelines on 27 March 2020 for the management of human remains in the

context of Covid-19 ("NDoH guidelines"). Further, Environmental Health Practitioners ("EHP") are required to monitor that the established precautions are taken to ensure that appropriate work practices are used to prevent direct contact with infectious material.

6.2. The NDoH advises that post-mortem activities should be conducted with a focus on avoiding aerosol generating procedures and ensuring that if aerosol generation is likely (e.g. when using an oscillating saw) that appropriate engineering controls and personal protective equipment (PPE) are used.

6.3. In addition to the above Guidelines, the National Department of Health also issued the COVID-19 Disease: Infection Prevention and Control Guidelines (version 2) dated 21 May 2020, which provides for guidance regarding infection prevention and control in health care facilities with specific reference to COVID-19.

7. **HANDLING OF HUMAN REMAINS IN MORTUARIES/ BY A FUNERAL UNDERTAKER**

7.1. Direction 8B of the Health Directions, as amended, provides for the handling of mortal remains in mortuaries or at funeral undertakers, as follows:

"(1) The act of moving a recently deceased patient onto a hospital trolley for transportation to the mortuary might be sufficient to expel small amounts of air from the lungs and thereby present a minor risk.

(2) A body bag should be used for transferring the body to the mortuary and those handling the body at this point should use full PPE.

(3) The outer surface of the body bag should be decontaminated immediately before the bag leaves the ward or anteroom area and may require at least two individuals wearing such protective clothing, in order to manage this process.

(4) The trolley carrying the body must be disinfected prior to leaving the ward or anteroom.

(5) Prior to leaving the ward or anteroom, the staff members must remove their PPE.

(6) Once in hospital or private mortuary, it would be acceptable to open the body bag for family viewing by family members (one at a time) only (mortuary attendant must wear full PPE) at the mortuary. Family must be provided with masks and gloves for the viewing and should not touch the body with bare hands.

(7) Washing or preparing of the mortal remains is allowed provided those carrying out the task wear full PPE such as gloves, masks and waterproof coverall and all PPEs used must be disposed of immediately. However, the washing and preparing of the mortal remains by family members is not encouraged due to the health risks.

(8) Mortuary staff and funeral directors must be advised by the Environmental Health Practitioner of the biohazard risk.

(9) No washing is allowed out of the mortuary or funeral undertaker's premises.

(10) If the family wishes to dress the body, they may do so at the funeral undertaker's premises prior to the body being placed in the body bag and those carrying out the task should wear PPE such as gloves, masks and waterproof coverall apron and all PPEs used must be disposed of immediately.

(11) If a post mortem is required, safe working techniques should be used and full PPE should be worn.

(12) In order to avoid excessive manipulation of the body, embalming is not recommended, however, if embalming is undertaken, the embalmer should wear full PPE.

(13) After use, empty body bags should be cut and disposed of as health care risk waste.

(14) After use, the reusable empty heavy duty body bags must be treated in terms of existing procedures."

7.2. Paragraph 2 of the NDoH guidelines also deals with the handling of human remains in mortuaries or by the funeral undertaker. This guideline is in accordance with paragraph 8B of the Health Directions, as amended.

8. **MEASURES WHEN A PATIENT PASSES AWAY AT HOME**

8.1 Direction 8C of the Health Directions, as amended, deals with the measures when a person passes on at home and provides as follows:

"(1) In the event that a person infected with COVID-19 dies at home, family members must not, at any stage, handle the body. An EMS must be called immediately to confirm death before removal by an undertaker.

(2) The belongings of the deceased person should be handled with gloves and cleaned with a detergent followed by disinfection with a solution of at least 70% ethanol or 0.1% (1000ppm) bleach.

(3) Clothing and other fabric belongings of the deceased, should be machine washed with warm water at 60-90°C (140-194°F) and laundry detergent.

(4) If machine washing is not possible, linens can be soaked in hot water and soap in a large drum using a stick to stir and being careful to avoid splashing.

(5) The drum should then be emptied, and the linens soaked in 0.05% chlorine for approximately 30 minutes. Finally, the laundry should be rinsed with clean water and the linens should be allowed to dry in full sunlight."

8.2 Paragraph 3 of the NDoH guidelines also provides for measures when a patient passes away at home. This guideline is in accordance with paragraph 8C of the Health Directions, as amended.

<u>COVID-19 natural death in a community</u>

(As per the circular issued by Dr. Engelbrecht (HOD: Health). Circular H 41 of 2020: COVID-19: Management of decedents in the Western Cape).

8.3 Emergency Medical Services performs the death declaration.

8.4 SAPS complete the SAPS 180 form.

8.5 The next of kin is instructed to contact an undertaker to facilitate collection of the human remains.

8.6 During the initial phases of the health service response, Forensic Pathology Services can be dispatched on request of an undertaker to assist in the

double bagging and decontamination of the outer bag for the safe transportation of the human remains. The undertaker is to be present whilst this occurs and to take responsibility for all property and valuables. The deceased will be transported from the scene in the undertaker's vehicle.

8.7 The relevant EHP in the municipal district is dispatched to ensure that the handling of the human remains is strictly monitored by the EHP throughout the process.

8.8 The undertaker collects the human remains under the supervision of the relevant EHP in the district where the patient died.

8.9 The relevant provisions contained in the Regulations made under section 27(2) of the Disaster Management Act and published in the Government Gazette on 29 April 2020 ("DM Regulations, 29 April 2020") as amended by GN R. 608 of 28 May 2020 and published in *Government Gazette* 43364 of 28 May 2020, relating to isolation or quarantine of persons who on reasonable grounds are suspected to be infected or contaminated with COVID-19, or who has been living with or in contact with a demised person who on reasonable grounds is suspected or is infected or contaminated with COVID -19, apply.

9. **CONVEYANCE OF HUMAN REMAINS**

9.1. Regulation 12 of the Human Remains Regulations provides for the conveyance of human remains. Regulation 12(1) provides that "the human remains of a person who, at the time of his or her death suffered from a disease or condition which is capable of transmitting an illness even after death and in the opinion of the health authority concerned, may pose a health hazard or danger public health in one way or another, may not be conveyed in public in any way unless-

9.1.1. such human remains are placed in a polythene bag, sealed in an airtight container, placed in a sturdy non-transparent sealed coffin embalmed and/or the total surface of the body covered with a 5cm

layer of wood sawdust or other absorbent material which is treated with a disinfectant;

9.1.2. a medical practitioner declares in writing that in his or her opinion the conveyance of such human remain will not constitute a health hazard;

9.1.3. such declaration must accompany the human remain at all times during the conveyance and up to the burial; and

9.1.4. for human remains of a person whose cause of death was small pox, anthrax or viral haemorrhagic fever, the body shall not be embalmed, but strict guidelines on management of the communicable diseases as may be published by the Department of Health shall be followed.

9.2. Regulation 12(2) further provides that "the declaration referred to in sub-regulation (1) shall be shown to an officer on demand by the person responsible for the conveyance of human remains."

9.3. Regulation 12 (3) requires that a container referred to in sub-regulation (1)(a) shall not be damaged or opened or remove the human remains from the container or even come into direct contact with the human remain after it has been sealed without prior approval form an office referred to in sub-regulation (1)(b).

<u>Transport to and from quarantine facilities</u>

9.4. Regulation 8M provides that:

"*(1) Transport to the quarantine facility must be provided by the designated quarantine facility.*

(2) Transport from the quarantine facility at the end of the quarantine period, must be facilitated by that individual or his or her family.

(3) Transport from the quarantine facility where a crew member or traveler Is due to embark, board or depart for international travel, will be facilitated by the designated quarantine facility."

10. **VIEWING OF THE DECEASED PERSON**

10.1. Direction 8E provides that "*a funeral undertaker must deliver the mortal remains on the morning of burial and not the night before the burial and must ensure that the remains are not touched during viewing*". While paragraph 4 of the NDoH guidelines provides that if the family of the deceased wishes to view the body, they may do so without touching the body, and using standard precautions at all times, including hand hygiene.

10.2. Family members should not touch or kiss the body and should wash their hands thoroughly with soap and water after the viewing; physical distancing measures should be strictly applied i.e. at least 1 meter between people.

10.3. People with respiratory symptoms should not participate in the viewing or at least wear a medical mask to prevent contamination and further transmission.

10.4. Adults >60 years and immunosuppressed persons should not directly interact with the body during permitted ritual cleansing or other permitted pre-burial procedures.

11. **ENVIRONMENTAL CLEANING AND CONTROL**

11.1. Direction 8F of the Health Directions, as amended, deals with environmental cleaning and control, and states that:

(1) The mortuary must be kept clean and properly ventilated and illuminated at all times.

(2) Surfaces and instruments should be made of materials that can be easily disinfected as prescribed in the Human Remains Regulations.

(3) Surfaces, where the body was prepared, should first be cleaned with soap and water, or a commercially prepared detergent solution. After cleaning, a disinfectant with a minimum concentration of 0.1% (1000 ppm) sodium hypochlorite (bleach), or 70% ethanol should be used to disinfect.

11.2. In addition to Direction 8F above, paragraph 5 of the NDoH guidelines on environmental cleaning and control, and states that:

"*a) Human coronaviruses can remain infectious on surfaces for up to 9 days, therefore cleaning the environment is paramount*".

12. TRANSPORTATION OF HUMAN REMAINS DOMESTICALLY AND ATTENDANCE AT FUNERALS

12.1. Conveyance of Covid-19 Mortal remains

12.1.1. Importation and Exportation of Covid-19 Mortal Remains

(a) Paragraph 8A (1) of the Health Directions, as amended, provides that "The handling, transportation, importation, exportation and final disposal of COVID-19 mortal remains should be conducted only in accordance with chapters 4, 5 and 6 of the Human Remains Regulations (see Government Notice R. 363 of 22 May 2013).

(b) Chapter 4 of the Human Remains Regulations sets out the process one must follow to import or export infectious human remains (this will include Covid-19 human remains).

12.2. Movement of COVID-19 mortal remains between Provinces

(a) Chapter 4 of the Human Remains Regulations will also be applicable for the transportation or movement of Covid-19 mortal remains between provinces.

(b) Regulation 33(4)(f) of the DM Regulations, 29 April 2020, as amended, provides that the "Movement of persons between provinces, metropolitan areas and districts and hotspots are prohibited, except for- "*(f) the transportation of mortal remains*".

(c) The Disaster Management Regulations, as amended, read with the Health Directions, as amended and further read with Chapter 4 of the Human Remains Regulations, clearly provides for the transportation of Covid-19 mortal remains between provinces.

(d) Regulation 12 of the Human Remains Regulations provides for the requirements to transport infectious mortal remains, this will include where such transportation occurs between provinces. It states that infectious mortal remains may not be conveyed in public in any way unless-

(a) such human remains are placed in a polythene bag, sealed in an airtight container, placed in a sturdy non-transparent sealed coffin, embalmed and/or the total surface of the body covered with a 5 cm layer of wood sawdust or other absorbent material which is treated with a disinfectant;

(b) a medical practitioner declares in writing that in his or her opinion the conveyance of such human remains will not constitute a health hazard;

(c) such declaration must accompany the human remains at all times during the conveyance and up to the burial; and

(d) for human remains of a person whose cause of death was small pox, anthrax or viral hemorrhagic fever, the body shall not be embalmed, but strict guidelines on management of communicable diseases as may be published by the Department of Health shall be followed.

(e) The declaration by the medical practitioner must be shown to an officer on demand by the person responsible for the conveyance of the infectious mortal remains (see sub-regulation 12(2) of the Human Remains Regulations).

(f) No person may damage or open the container after it has been sealed, without the prior approval of a medical practitioner (see sub-regulation 12(3) of the Human Remains Regulations).

12.3. The requirements for the conveyance of infectious human remains is further provided for in paragraph 6 of the NDoH guidelines, which states that:

"a) The human remains of a person who, at the time of his or her death suffered from a disease or condition which is capable of transmitting an illness

even after death and in the opinion of the health authority concerned, may pose a health hazard or endanger public health in one way or another, may not be conveyed in public in any way unless-

a. such human remains are placed in a polythene bag, sealed in an airtight container, placed in a sturdy non-transparent sealed coffin, embalmed and/or the total surface of the body covered with a 5 cm layer of wood sawdust or other absorbent material which is treated with a disinfectant; and

b. a medical practitioner declares in writing that in his or her opinion the conveyance of such human remains will not constitute a health hazard;

b) No person other than an attending medical practitioner or attending forensic pathologist or a medical practitioner who can prove that they have treated the deceased during illness may certify that the person did not die of an infectious disease;

i) such declaration must accompany the human remains at all times during the conveyance and up to the burial; and

ii)The declaration referred to in sub-section (a) above shall be shown to an EHP on demand by the person responsible for the conveyance of the human remains;

iii) No person shall damage a container referred to in sub-section (3)(a), or open such container or remove the human remains from the container or come into direct contact with the human remains after it has been sealed without prior approval from an EHP."

12.4. Regulations 35 and 37 of the DM Regulations, 29 April 2020, as amended, provide that:

"Attendance of funerals

35. (1) Movement between a province, metropolitan area or district by a person intending to attend a funeral is only be permitted if the person is a-

(a) spouse or partner of the deceased;

(b) child or grandchild of the deceased, whether biological, adopted, stepchild or a foster child;

(c) child -in -law of the deceased:

(d) parent of the deceased whether biological, adopted or stepparent;"

(e) sibling, whether biological, adopted or stepbrother or sister of the deceased; or

(f) grandparent of the deceased;

(2) Attendance at a funeral is limited to 50 people and will not be regarded as a prohibited gathering.

(3) Night vigils at a funeral is banned.

(4) During a funeral, all health protocols and social distancing measures must be adhered to, in order to limit exposure of persons at the funeral to COVID-19.

(5) Each person, whether traveling alone or not, wishing to attend a funeral and who has to travel between metropolitan areas, districts, or between provinces must obtain a permit which corresponds substantially with Form 4 of Annexure A, from his or her nearest magistrate's office or police station to travel to the funeral and back.

(6) The head of court, or a person designated by him or her, or a station commander of a police station or a person designated by him or her, may issue the permit to travel to a funeral.

(7) Upon a request for a permit to attend a funeral. a person requesting a permit must produce a death certificate or a certified copy of the death certificate to the head of court, or a person designated by him or her, or a station commander of a police station or a person designated by him or her: Provided that where a death certificate is not yet available, and the funeral must be held within 24 hours in keeping with cultural and religious practices. the person requesting the permit must make a sworn affidavit which corresponds with Form 5 of Annexure A, together with a letter from a cultural or religious leader confirming the need for the funeral within 24 hours.

(8) Only two family members may, with the required permits, travel in the vehicle transporting the mortal remains to the metropolitan area, district or

province where the funeral will take place if cause of death of the deceased being transported is non -COVID -19 related: Provided that the health protocols and social distancing measures are adhered to.

(9) The provisions of regulation 43 must be strictly adhered to when travelling.

(10) A copy of the permit issued and the death certificate or sworn affidavit made, must be kept safely by the head of court, or station commander of a police station for record keeping for a period of three months after the national state of disaster has ended, where-after it may be destroyed.

(11) All forms must be completed in full, including full names, identification or passport numbers and full contact details as required in the Form

(12) A form that is not completed in full as required by sub-regulation (11) is invalid."

*"**Gatherings***

37. (1) All gatherings are prohibited except a gathering at -

(a) a faith based institution, which is limited to 50 persons or less, depending on the size of the place of worship: Provided that all health protocols and social distancing measures are being adhered to as provided for in directions that must be issued by the Cabinet member responsible for cooperative governance and traditional affairs."

(b) a funeral, subject to regulation 35."

12.5. It should be noted that Regulation 35(2) of the DM Regulations, 29 April 2020, as amended, limits funerals to a maximum of 50 (fifty) people. Funerals are, therefore, limited to 50 (fifty) people, which includes the Minister/Reverend/Priest and the members of the burial service.

12.6. The DM Regulations, 29 April 2020, as amended, require that the persons (limited to those persons listed in Regulation 35(1)) wishing to attend a funeral and who have to travel between districts, or between provinces to attend a funeral must obtain a permit from his or her nearest magistrate's office or police station to travel to the funeral and back.

Funerals held at Religious Premises:

12.7. In terms of Direction 8(8) of the Directions issued by the Minister of Co-Operative Governance and Traditional Affairs on 28 May 2020 (Religious Gathering Directions), funeral services may be held at Religious Premises subject to the attendance limitation of 50 (fifty) people.

13. **DISPOSAL OF HUMAN REMAINS**

13.1. Direction 8G of the Health Directions, as amended, and paragraph 7 of the NDoH guidelines, provide that cremation is highly recommended, where a person has passed on as a result of COVID-19. It further states that a burial or cremation of a person who passed on as a result of COVID-19, to be carried out in terms of the Human Remains Regulations.

It makes further directions, which include:

- Burial services should be as short as possible and not exceed 2 hours, in order to minimise exposure;
- Mourners should observe physical distancing during and after the burial service;
- Only close family members should attend a funeral service of a person that pass on as a result of COVID-19 or of other infectious disease;

- A COVID-19 patient should not attend a burial service, irrespective of his or her relationship with the deceased; and
- Those tasked with placing the body in the grave. on the funeral pyre, etc. should wear gloves and wash hands with soap and water once the burial is complete.

13.2. Whereas the NDoH guidelines make allowance for considerations to respond to different situations differently as it arises, it acknowledges that guidance should be drawn from the state of conditions at the time in the country.

14. **DISPOSAL OF HUMAN REMAINS IN MEDIUM RISK SITUATION**

14.1. Where the COVID-19 outbreak in the country is deemed a national state of emergency and the death rate is considered to be high, paragraph 8 of the NDoH guidelines advises that:

"a) The keeping of human remains should be limited to three days where the number of deaths are high.

b) The provisions in sub-section (4) will apply.

c) Government may intervene if the human remains are not claimed within three days without following the normal procedures.

d) Machinery (for digging and closing of graves) can be used if deemed fit to prevent further spread of the virus."

15. **DISPOSAL OF HUMAN REMAINS IN HIGH RISK SITUATION**

15.1. The Health Directions, as amended, makes provision for the disposal of human remains in high risk situations. Direction 8H states that:

(a) The mortal remains may not be kept for more than three days at the mortuary.

(b) Government may intervene where mortal remains are not claimed within two days.

(c) Should the death rate appear to exceed the capacity of available space to keep mortal remains, the Government may intervene to facilitate mass burials.

(d) District and Metropolitan municipalities should identify land that can be used for mass burial should a need arise.

(e) Municipalities should ensure that a mass burial is done in consideration of human dignity and necessary controls should be put in place to ensure that mortal remains can be identified.

(f) Machinery (for digging and closing of graves) can be used if deemed fit to prevent further spread of the virus and when hand tools are used during digging and closing the grave. the tools must be sanitised.

(g) People carrying the coffin must wear disposable hand gloves which must be disposed of properly.

15.2. Where the COVID-19 outbreak in the country is deemed a national state of emergency and the death rate is considered to be high and mass funerals are provided as an option, paragraph 9 of the NDoH guidelines recommends that:

"a) The keeping of human remains will have to be reduced to a maximum of two days.

b) Government may have to intervene where human remains are not claimed within two (2) days.

c) Government may take over burial of human remains deaths exceed 10 or 20 per day per town.

d) Machinery (for digging and closing of graves) can be used if deemed fit to prevent further spread of the virus."

16. **BURIALS WITHIN PRIVATE BURIAL SITES**

16.1. The head of the family, in identifying the burial site, shall comply with COVID-19 regulations and directions on funerals and burial processes.

16.2. Families with private burial sites shall ensure that sites are well fenced and maintained in line with the regulations and directions on funeral protocols.

17. **ROLE OF FUNERAL UNDERTAKERS**

17.1. Undertakers should assist the family of the deceased to ensure that the all applicable COVID-19 regulations are complied with, in as far as possible.

17.2. The undertaker and pallbearers shall comply with the relevant regulations and ensure that the human remains are handled as required to avoid exposure of the virus to the family and contain its spread.

18. **CREMATIONS**

18.1. A register must be kept for each cremation performed as per section 19 of the Regulations Relating to the Management of Human Remains (As published in GNR 363 of 22 May 2013).

19. **CULTURAL AND RELIGIOUS PRACTICES AND OBSERVANCES**

The below aims to summarise the guidelines developed for performing required religious rituals within the environment of Covid-19.

ISLAM (MUSLIM DEATH PROCEDURES)

The guidelines below have been prepared by the Muslim Judicial Council (MJC, 2020).

Cleansing rituals

The ritual act of purification of the Muslim deceased's body is called the Ghusl. The Ghusl must only be performed by a registered Muslim undertaker and a COVID-19 trained Ghaasil/Toekamanie (person washing the body) in full PPE.

19.1. Two people in full PPE shall conduct the Ghusl (the washing of the deceased's body).

19.2. A maximum of two people in full PPE will be allowed to assist those washing the body for the purposes of arranging the necessary items required for the procedure.

19.3. Family and friends will not be allowed to be present unless they are part of the Ghusl team.

19.4. The registered Muslim undertakers and the COVID-19 trained Ghaasil / Toekamanie must adhere to confidentiality norms and trust when conducting the Ghusl.

19.5. Three (3) male officials and two (2) females Ghaasil will be on standby from the Western Cape Muslim Undertakers Forum.

Safe handling including appropriate Personal Protective Equipment (PPE)

19.6. The ghusl (washing of the deceased's body) must only be performed if the necessary precautions, as set out by the Western Cape Department of Health, are adhered to. These include the wearing of the PPE by those washing the body and the disinfection of the Ghusl facility, bier, and hearse.

19.7. In the absence of these requirements, the Ghusl must NOT take place.

19.8. After the Ghusl, the and the Mayit (deceased) will be wrapped in a Kafan (white cotton shroud), and placed in two plastic body bags and, thereafter, be wrapped in a Kafan (white cotton shroud).

19.9. All cotton, cloths, swabs and the deceased's clothing, which was worn before passing, must be discarded as medical waste.

19.10. No touching or kissing of the forehead or any other part of the Mayit is allowed.

Transportation

19.11. Only the driver and one passenger are allowed in each vehicle.

Interment

19.12. The Janaza must proceed directly from the Ghusl facility to the Maqbara (cemetery).

19.13. The deceased must not be taken to a family home.

19.14. The Janaza Salaah may be performed at the Masaajid.

19.15. Only two (2) Masaajid with ghusl facilities are available for the purpose of COVID-19 deaths, namely:

19.15.1. Husami Masjid (Cravenby);

19.15.2. Taronga Road Masjid (Rondebosch East/Athlone).

19.16. A maximum number of 20 (twenty) people are allowed to attend the Janaza, including the Imam and the members of the burial service.

19.17. The deceased must be lowered into the grave by a maximum of three people in full PPE.

19.18. Social distancing of at least 1.5 meters must be adhered to throughout the procession.

19.19. Handshaking or hugging should be avoided.

Documentation and traceability, including data management

19.20. The following documents are required for the conduct of Muslim burials:

19.20.1. The Identification Document (ID) of the deceased person;

19.20.2. The proof of address of the deceased person; and

19.20.3. The Identification Document (ID) of the person taking responsibility for the Janaza (Funeral) (MJC, 2020).

19.21. A member of the Ghusl team should document the entire process for record purposes.

19.22. A register of all attendees at the Janaza must be recorded, including the immediate family. Information recorded includes:

19.22.1. Contact Numbers;

19.22.2. ID Numbers, and

19.22.3. Addresses.

19.23. It is recommended that the register of attendees be collated by the relevant religious institution staff.

JUDAISM (JEWISH TAHARAH PROTOCOLS)

19.24. A protocol has been developed for the Jewish ritual cleansing of the deceased of Jewish faith (Tahara), by the Johannesburg Chevrah Kadisha (March 2020), applicable within the current COVID-19 environment. The purpose of the protocol is to ensure that, in performing Chesed Shel Emet, observers practice safety and precautionary measures to avoid the potential inadvertent transmission from the Meis/Meit (Deceased) itself and the potential inadvertent spread of Covid-19 (Johannesburg Chevrah Kadisha, March 2020).

19.25. The Protocol includes procedures applicable in instances of the death of persons not identified as clinical cases or of suspected Covid-19 infection, or where the deceased was in mandatory quarantine and showed no symptoms of COVID-19; as well as instances where the deceased tested positive for COVID-19 or was in mandatory quarantine and was symptomatic for COVID-19.

Conveyance of infectious human remains (other than COVID-19)

19.26. The human remains of a person who, at the time of his or her death suffered from a disease or condition which is capable of transmitting an illness even after death and in the opinion of the health authority concerned, may pose a health hazard or endanger public health in one way or another, may not be conveyed in public in any way unless:

19.26.1. such human remains are placed in a polythene bag, sealed in an airtight container, placed in a sturdy non-transparent sealed coffin, embalmed and/or the total surface of the body covered with a 5 cm layer of wood sawdust or other absorbent material which is treated with a disinfectant; and

19.26.2. a medical practitioner declares in writing that in his or her opinion the conveyance of such human remains will not constitute a health hazard;

19.27. No person other than an attending medical practitioner or attending forensic pathologist or a medical practitioner who can prove that they have treated the deceased during illness may certify that the person did not die of an infectious disease.

19.28. Such declaration must accompany the human remains at all times during the conveyance and up to the burial.

19.29. The declaration referred to above shall be shown to an EHP on demand by the person responsible for the conveyance of the human remains.

19.30. No person shall damage a container referred to in paragraph 18.26 or open such container or remove the human remains from the container or come into direct contact with the human remains after it has been sealed without prior approval from an EHP.

Cleansing rituals

19.31. In instances of the death of persons not identified as clinical cases nor of suspected COVID-19 infection, or where the deceased was in mandatory quarantine and showed no symptoms of COVID-19, before the body of the deceased is buried, it is washed in a ritual act of purification called the Tahara.

19.32. In instances of the death of persons identified as clinical cases, or of suspected COVID-19 infection, or where the deceased was in mandatory quarantine and showed symptoms of COVID-19, no Taharah will be performed, according to Halachik Protocols.

19.33. A Tahara should not be performed on a person who dies from COVID-19. Rather, the Tachrichim should be placed on top of the triple-wrapped body, and no physical contact must be made with the body. (Ruling by Beth Din of Johannesburg).

Safe handling including appropriate Personal Protective Equipment (PPE)

19.34. According to the guidelines issued, a Taharah should be performed while taking the following precautions:

19.34.1. The hands are to be thoroughly washed with alcohol-based solution before and after Taharah using the correct handwashing technique;

19.34.2. The usage of PPE to protect the face and hands, comprising the wearing of a surgical mask, apron and gloves;

19.34.3. The surgical mask should be at least a level 2 mask or 3-ply surgical mask;

19.34.4. The standard plastic apron may be used;

19.34.5. The gloves are the standard disposable gloves currently in use;

19.34.6. Each member of the team is expected to purchase their own pair of goggles if possible. Facial visors are advisable, if available.

Goggles may be disinfected or washed in soap and water and reused;

19.34.7. Arms should not be exposed and full sleeve shirts should be worn. If available, arm length disposable plastic sleeves should be used;

19.34.8. The table and all surfaces, including counter tops, doorknobs, handles and rails should be disinfected in accordance with paragraph 5 (environmental cleaning and control) of the guidelines published by the NDoH, using the prescribed hypochlorite solution both before and after the Taharah;

19.34.9. The hypochlorite solution should also be applied over the sheet covering the Meis/Meit (Deceased) in order to disinfect it;

19.34.10. The hypochlorite solution should be used for Rechitzah (washing of the body). The normal disinfectant can be used thereafter should it be necessary to clean further;

19.34.11. When pouring for the Rechitzah and the Taharah, it should be done gently and carefully in order to minimize any splashing;

19.34.12. To prevent possible escape of respiratory fluids from the mouth and nose of the Meis/Meit (Deceased), the mouth and nose must be packed with cotton wool for the entire Taharah process. These should be removed once the Meis/Meit (Deceased) is placed in the Aron (Casket), and the sand may then be applied;

19.34.13. To prevent bowel gasses or fluids escaping due to movement or pressure on the abdomen, a cotton wool pad and/or plug may need to be applied. This should be evaluated on a case by case basis;

19.34.14. Care should be taken to keep a distance from fellow Taharah members;

19.34.15. Not more than four people should perform a Taharah;

19.34.16. It is advised that members work quickly, efficiently, and as separately as possible to minimise the time the members are in close proximity;

19.34.17. Travelling to where the Taharah is being performed is best done in separate cars;

19.34.18. One should shower/bath when one gets home and thoroughly wash with soap;

19.34.19. Anyone who is ill or suffering from any flu-like symptoms, such as a fever, headache, cough, sore throat etc. should refrain from doing Taharah; and

19.34.20. If possible, elderly people and people who may be immune-compromised should not be doing Taharah at all during the lockdown period.

Funeral Protocols

19.35. A maximum number of 50 (fifty) people are allowed to attend the funeral, including members of the burial service.

19.36. Congregation in the Ohel (Tent or Structure not enclosed on all four sides) is allowed: Provided that all health protocols and social distancing measures are being adhered to as provided for.

19.37. Depending on upcoming developments, the Organisation has reserved the right to limit attendance at funerals to the immediate family of the deceased only.

Interment - Pre-burial and Burial Protocols

19.38. It is recommended that the NDoH guidelines for Environmental Health COVID-19, published on 27 March 2020, which contains instructions for dealing with the pre-burial and burial of the body of a victim of COVID-19 be followed.

Documentation and traceability, including data management

19.39. A register of all attendees at the funeral must be recorded, including the immediate family. Information recorded includes:

19.39.1. Contact Numbers;

19.39.2. ID Numbers; and

19.39.3. Addresses.

19.40. It is recommended that the register of attendees be collated by the relevant religious institution staff.

TRADITIONAL AFRICAN CULTURAL PRACTICES AND OBSERVANCES

19.41. The following guidelines are suggested for performing cultural practices and observances within the environment of Covid-19 and includes instances of deaths of persons who are infected by COVID-19.

Night vigil

19.42. Regulation 35(3) of the DM Regulations, 29 April 2020, as amended, prohibits night vigils at a funeral.

Safe handling including appropriate Personal Protective Equipment (PPE)

19.43. No touching or kissing of the forehead or any other part of the deceased is allowed.

Transportation

19.44. The above sections detailing the statutory provisions relating to the 'Viewing of the deceased person' and 'Transportation of human remains domestically and attendance at funerals' must be complied with.

Interment - Pre-burial and Burial Protocols

19.45. A maximum number of 50 (fifty) people are allowed to attend the funeral, including the Minister/Reverend/Priest and the members of the burial service.

19.46. Social distancing of at least 1.5 meters must be adhered to throughout the procession.

19.47. Handshaking or hugging should be avoided.

19.48. Families in traditional communities may perform rituals in the burial sites, if the death is not related to COVID-19.

19.49. It is recommended that the NDoH guidelines for Environmental Health COVID-19, published on 27 March 2020, which contains instructions for dealing with the pre-burial and burial of the body of a victim of COVID-19 be followed.

Documentation and traceability, including data management

19.50. A register of all attendees at the funeral must be recorded, including the immediate family. Information recorded includes:

19.50.1. Contact Numbers;

19.50.2. ID Numbers; and

19.50.3. Addresses.

19.51. It is recommended that the register of attendees be collated by the relevant religious institution staff.

Post-burial Protocols

19.52. The funeral attendees must not proceed to a deceased's family home for lunch/dinner.

19.53. The practice of shaving-off of family members' hair and the slaughtering of a goat, sheep or fowl, may be performed while taking the following precautions:

19.53.1. The hands are to be thoroughly washed with alcohol-based solution before and after using the correct handwashing technique;

19.53.2. The usage of PPE to protect the face and hands, comprising the wearing of a surgical mask, apron and gloves;

19.53.3. The standard plastic apron may be used;

19.53.4. The gloves are the standard disposable gloves currently in use.

19.53.5. Facial visors are advisable, if available. Goggles may be disinfected or washed in soap and water and reused.

19.53.6. Arms should not be exposed and full sleeve shirts should be worn. If available, arm length disposable plastic sleeves should be used.

HINDUISM

The following guidelines are suggested for Hindu funerals within the environment of Covid-19 and includes deaths of persons who are infected by COVID-19:

Cleansing rituals

19.54. Before the body is removed, the body must be cleaned, especially the 7 openings (5 on the face and 2 on the lower part of the abdomen). The hands must be tied together on the chest (crossed) and both the toes are tied together.

Safe handling including appropriate Personal Protective Equipment (PPE)

19.55. It is recommended that the following precautions be taken when cleaning the body:

19.55.1. The hands are to be thoroughly washed with alcohol-based solution before and after using the correct handwashing technique;

19.55.2. The usage of PPE to protect the face and hands, comprising the wearing of a surgical mask, apron and gloves.

19.55.3. The surgical mask should be at least a level 2 mask or 3-ply surgical mask;

19.55.4. The standard plastic apron may be used;

19.55.5. The gloves are the standard disposable gloves currently in use.

19.55.6. Facial visors are advisable, if available. Goggles may be disinfected or washed in soap and water and reused.

19.55.7. Arms should not be exposed and full sleeve shirts should be worn. If available, arm length disposable plastic sleeves should be used.

19.55.8. The table and all surfaces, including counter tops, doorknobs, handles and rails should be disinfected in accordance with section

5 (environmental cleaning and control) of the guidelines published by the NDoH, using the prescribed hypochlorite solution both before and after;

19.55.9. To prevent possible escape of respiratory fluids from the mouth and nose of the deceased, the mouth and nose must be packed with cotton wool;

19.55.10. Care should be taken to keep a distance from fellow members;

19.55.11. It is advised that members work quickly, efficiently, and as separately as possible to minimise the time the members are in close proximity;

19.55.12. One should shower/bath when one gets home and thoroughly wash with soap.

19.55.13. Anyone who is ill or suffering from any flu-like symptoms, such as a fever, headache, cough, sore throat etc. should refrain from performing the cleaning of the body.

19.55.14. If possible, elderly people and people who may be immune-compromised should refrain from performing the cleaning of the body.

Interment - Pre-burial and Burial Protocols

19.56. Prayers and speeches at the chapel at the crematorium are permissible.

19.57. A maximum number of 50 (fifty) people are allowed to attend the funeral, including the Priest, members of religious organisations to which the deceased belonged, and the members of the burial service.

19.58. Social distancing of at least 1.5 meters must be adhered to throughout the procession.

19.59. Handshaking or hugging should be avoided.

19.60. It is recommended that the NDoH guidelines for Environmental Health COVID-19, published on 27 March 2020, which contains instructions for dealing with the pre-burial and burial of the body of a victim of COVID-19 be followed.

Documentation and traceability, including data management

19.61. A register of all attendees at the funeral must be recorded, including the immediate family. Information recorded includes:

19.61.1. Contact Numbers;

19.61.2. ID Numbers; and

19.61.3. Addresses.

19.62. It is recommended that the register of attendees be collated by the relevant religious institution staff.

Bhajan (Prayer) Services Post-Burial

19.63. Based on the customary practices of each linguistic group within the Hindu Community, prayer services are held every evening until the 12th, 13th or 16th day.

19.64. These prayers may be held by the family of the deceased at their respective places of residence or at a religious institution: Provided that all health protocols and social distancing measures are being adhered to as provided for.

19.65. In some instances, the family of the deceased may, within the confines of their places of residence or a religious institution, decide to have these Bhajan services for 3 or 8 days, with a final service held on either the 12th, 13th or 16th day.

Further Post-Burial Protocols

19.66. On the 30th day, the immediate family within a particular linguistic group in the Hindu community will perform the Ma-villakku prayer, within the confines of their places of residence or a religious institution.

BAHA'I

Cleansing rituals

19.67. In instances of the death of persons not identified as clinical cases nor of suspected Covid-19 infection, after death, the body is to be washed carefully and wrapped in a shroud, made of white cloth. (Information supplied by the Cape Interfaith Initiative (CTII), 2020)

Interment - Pre-Burial Protocols:

19.68. The shroud is approximately seven (7) yards or meters in length, when used for a person of normal height and weight. It can be wrapped around the body in one piece, though this is more difficult than to cut it into four one yard or meter pieces, with one each used for the feet and legs, trunk, shoulders, and head, with the longer three-foot piece wrapped around the length of the body to hold the other pieces in place. It is not necessary to cover the face, but the shroud may be wrapped over the top of the head, as with a shawl.

19.69. It is recommended that the NDoH guidelines for Environmental Health COVID-19, published on 27 March 2020, which contains instructions for dealing with the pre-burial and burial of the body of a victim of COVID-19 be followed.

Safe handling including appropriate Personal Protective Equipment (PPE)

19.70. It is recommended that the following precautions be taken when cleaning and wrapping the body:

19.70.1. The hands are to be thoroughly washed with alcohol-based solution before and after using the correct handwashing technique;

19.70.2. The usage of PPE to protect the face and hands, comprising the wearing of a surgical mask, apron and gloves;

19.70.3. The standard plastic apron may be used;

19.70.4. The gloves are the standard disposable gloves currently in use.

19.70.5. Facial visors are advisable, if available. Goggles may be disinfected or washed in soap and water and reused.

19.70.6. Arms should not be exposed and full sleeve shirts should be worn. If available, arm length disposable plastic sleeves should be used.

19.70.7. The table and all surfaces, including counter tops, doorknobs, handles and rails should be disinfected in accordance with section 5 (environmental cleaning and control) of the guidelines published by the NDoH, using the prescribed hypochlorite solution both before and after;

19.70.8. To prevent possible escape of respiratory fluids from the mouth and nose of the deceased, the mouth and nose should be packed with cotton wool;

19.70.9. Care should be taken to keep a distance from fellow members;

19.70.10. It is advised that members work quickly, efficiently, and as separately as possible to minimise the time the members are in close proximity;

19.70.11. One should shower when one gets home and thoroughly wash with soap;

19.70.12. Anyone who is ill or suffering from any flu-like symptoms, such as a fever, headache, cough, sore throat etc. should refrain from performing the cleaning of the body;

19.70.13. If possible, elderly people and people who may be immune-compromised should refrain from performing the cleaning of the body.

<u>Deaths of persons who are infected by COVID-19.</u>

19.71. Although Baha'i law concerning the burial of the dead is clear, in cases of serious and contagious diseases, the advice from the health authorities should be followed.

19.72. In relation to the current health crisis, the Universal House of Justice advises that public safety must be diligently and thoroughly observed by all believers.

19.73. Hygiene and protection are the highest priority. Thus, believers from Baha'i communities who have customarily washed and shrouded the bodies of the deceased may refrain from such observances in relation to a Baha'i who has died from COVID-19, in order to avoid exposure.

Funeral Protocols

19.74. According to Bahá'í law, there is just one ceremonial requirement at a Bahá'í funeral, and that is the recitation of the Prayer for the Dead for any believer over the age of maturity (age 15). This prayer should be recited by one believer only, at the graveside, with all those present standing. It is not necessary to face the Qiblih when it is recited.

19.75. Bahá'ís may also, subject to Regulation 37(1) of the DM Regulations, 29 April 2020, as amended, hold future memorial services for the deceased should they wish to do so.

19.76. The coffin used to bury the deceased should be made of crystal, stone, or hard fine wood. Therefore, coffins made of metal or soft wood should not be used.

Interment - Burial Protocols:

19.77. The cremation of bodies is permissible in the event of contagious diseases. Where authorities mandate cremation of the deceased, there would be no objection to observing such a requirement. ('Abdu'l-Baha, Universal House of Justice, 2020)

19.78. As to the Prayer for the Dead, there is no stipulation that it must be recited at the graveside - only that it be said before the interment of the body takes

place. It may even be recited in a private setting, subject to the Regulations. ('Abdu'l-Baha, Universal House of Justice, 2020).

Documentation and traceability, including data management

19.79. A register of all attendees at the funeral must be recorded, including the immediate family. Information recorded includes:

19.79.1. Contact Numbers;

19.79.2. ID Numbers; and

19.79.3. Addresses.

19.80. It is recommended that the register of attendees be collated by the relevant religious institution staff.

CHRISTIANITY

19.81. The following guidelines are suggested for Christian funerals within the environment of Covid-19 and includes deaths of persons who are infected by COVID-19.

Safe handling including appropriate Personal Protective Equipment (PPE)

19.82. No touching or kissing of the forehead or any other part of the deceased is allowed.

Transportation

19.83. The above sections detailing the statutory provisions relating to the 'Viewing of the deceased person' and 'Transportation of human remains domestically and attendance at funerals' must be complied with.

Interment - Pre-burial and Burial Protocols

19.84. A maximum number of 50 (fifty) people are allowed to attend the funeral, including the Minister/Reverend/Priest and the members of the burial service.

19.85. Social distancing of at least 1.5 meters must be adhered to throughout the procession.

19.86. Handshaking or hugging should be avoided.

19.87. It is recommended that the NDoH guidelines for Environmental Health COVID-19, published on 27 March 2020, which contains instructions for dealing with the pre-burial and burial of the body of a victim of COVID-19 be followed.

Documentation and traceability, including data management

19.88. A register of all attendees at the funeral must be recorded, including the immediate family. Information recorded includes:

19.88.1. Contact Numbers;

19.88.2. ID Numbers; and

19.88.3. Addresses.

19.89. It is recommended that the register of attendees be collated by the relevant religious institution staff.

19.90.

DISCLAIMER

While every effort has been made to render the above provisions as inclusive as possible, the list of cultural and religious observances contained in this Guide is not exhaustive. It is further acknowledged that the cultural and religious practices and observances across the Province are not homogenous and may differ in their application by various groups. Where there is uncertainty regarding the legal requirements in connection with any religious or cultural practice and observance relating to pre-burial and burial ceremonies and rites, it is recommended that the NDoH guidelines for Environmental Health COVID-19, published on 27 March 2020, which contains instructions for dealing with the pre-burial and burial of the body of a victim of COVID-19, be followed. It is further recommended that all regulations promulgated to regulate movement, social distancing, and gatherings be adhered to all times.

ACKNOWLEDGEMENTS

In developing this guide, the Provincial Government has made an effort to consult as widely as possible with relevant stakeholders. In answer to these efforts, we have received substantial contributions from the diverse religious organisations in the province. We therefore wish to thank and acknowledge the contributions made by the following organisations and individuals listed below in alphabetical order:

- Abathembu Traditional and Cultural Society of the Western Cape
- Anglican diocese
- Assemblies of God Association
- Attakwa Traditional House
- Baha'i
- Baptist Church
- Calvyn Protestant Church
- Cape Town Interfaith Initiative
- Church Without Walls Khayelitsha
- Cochoqua Cultural Council
- Concerned Clergy Network
- Dutch Reformed Church
- Dutch Reformed Church Western Cape
- ELCSA Cape Church
- Every Nation Cape Jewish Board of Deputies
- Freedom of Religion South Africa
- Full Gospel Church
- Gonaqua Traditional House
- Gorachouquas (Khoisan Indigenous Peoples org)
- Goringhaicona Khoi-Khoin Indigenous Traditional Council
- Goringhaiqua Indigenous People's House
- Great Commission Network
- Griqua National Conference of SA

- Hessequa Traditional House
- Hindu Cultural Society
- Home of Compassion
- Iga! Ne Trust Traditional House
- Khoesan Indigenous Women in Action
- Khowesan Gaes
- Langeberg Khoisan First Nation
- Lutheran Church Cape Synod
- Methodist Church Cape Synod
- Muslim Judicial Council (MJC)
- National Griqua Cultural Council
- National House of Traditional Leaders
- Netherdutch Reformed Church of Africa (Hervormde Kerk) Cape Town
- Presbyterian Church
- Roman Catholic Diocese
- Shofar Christian Church
- The Evangelical Alliance of South Africa Western Cape
- Union of Orthodox Synagogues Cape Council
- United Reformed Church Cape Province
- Western Cape Ecumenical Network
- Western Cape Religious Leaders Forum
- Western Cape Traditional Leaders
- Western Province Council of Churches

BACK TO AGENDA

ENDORSEMENT OF THE GARDEN ROUTE DISTRICT MUNICIPALITY 3RD GENERATION INTEGRATED WASTE MANAGEMENT PLAN, 2020 / ENDOSERING *VAN DIE GARDEN ROUTE DISTRIKSMUNISIPALITEIT 3DE GENERASIE GEINTEGREERDE AFVAL BESTUURSPLAN, 2020* //UQINISEKISO KWESICWANGCISO SOMASIPALA WESITHILI SE GARDEN ROUTE SESIZUKULWANA SESI 3 KU 2020-2023 *(1062143)*

(7/5/1/1)

22 June 2020

REPORT FROM EXECUTIVE MANAGER COMMUNITY SERVICES (C AFRICA) / MANAGER DISTRICT WASTE MANAGEMENT (M E HUBBE)

PURPOSE OF THE REPORT

To inform Council that the 3rd Generation District Integrated Waste Management Plan that was accepted and approved by Council, was accepted and endorsed by the MEC of Local Government and Environmental Affairs and Development Planning.

BACKGROUND / DISCUSSION

During their meeting held on 13 December 2019, Garden Route District Municipality Council accepted and approved the 3rd Generation District Integrated Waste Management Plan and resolved the following:

1. That Council takes note of the contents of the report.
2. That Council approves the Garden Route District Municipality 3rd Generation Integrated Waste Management Plan.
3. That the approved Garden Route District Municipality 3rd Generation Integrated Waste Management Plan be adopted into the next revised Integrated Development Plan.

4. That the approved Garden Route District Municipality 3rd Generation Integrated Waste Management Plan is submitted to the Department of Environmental Affairs and Development Planning for endorsement by the MEC of Local Government and Environmental Affairs and Development Planning.

A letter dated 22 June 2020 was received from the office of the MEC of Local Government and Environmental Affairs and Development Planning, Minister A Bredell, indicating that he has accepted and endorsed the Garden Route District Municipal 3rd Generation Integrated Waste Management Plan (IWMP) in terms of Section 11(4)(b)(iii) of the National Environmental Management Waste Act, Act No. 59 of 2008.

Recommendations were made in the assessment report that needs to be incorporated in the next update of the IWMP. The assessment report evaluated the IWMP with a score of 80% and was ranked as a good report.

Further, the letter stipulates that the IWMP must be included and incorporated in the Council Integrated Development Plan and that adequate resources must be allocated to the implementation of the plan (human & financial).

An annual performance report on the implementation of the IWMP must be submitted to the DEA&DP in terms of Section 46 of the Municipal Systems Act, Act No. 32 of 2000.

FINANCIAL IMPLICATIONS

None

RELEVANT LEGISLATION

The Constitution of the Republic of South Africa (Act 108 of 1996).

National Environmental Management Act (No. 107 of 1998).

NEM: Waste Act, 2008 (Act 59 of 2008, as amended).

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

UITVOERENDE OPSOMMING

Die Garden Route Distriksmunisipaliteit het die 3de Generasie Distrik Geintegreerde Afval Bestuursplan aanvaar en goedgekeur tydens die vergadering gehou op 13 Desember 2019. Hierdie plan is ingedien by die Departement van Omgewingsake en Ontwikkelingsbeplanning vir die endosering daarvan deur die LUK van Plaaslike Bestuur en Omgewingsake en Ontwikkelingsbeplanning.

Op 22 Junie 2020 is 'n skrywe ontvang vanaf die kantoor van die LUK van Plaaslike Bestuur en Omgewingsake en Ontwikkeligsbesplanning wat aandui dat die distriksplan aanvaar en geendoseer is deur Minister Bredell.

RECOMMENDATION

That Council takes note of the letter received from the MEC of Local Government and Environmental Affairs and Development Planning.

AANBEVELING

Dat die Raad kennis neem van die skrywe ontvang vanaf die LUK van Plaaslike Bestuur, Omgewingsake en Ontwikkelingsbeplanning.

ISINDULULO

APPENDIX

Appendix A: Letter from the MEC of Local Government and Environmental Affairs and Development Planning dated 22 June 2020.

Appendix A

REFERENCE: 3/11/2/12

The Executive Mayor
Garden Route District Municipality
PO Box 12
GEORGE
6530

E-mail: mayor@gardenroute.gov.za

Dear Councillor Booysen

ENDORSEMENT OF THE 3RD GENERATION INTEGRATED WASTE MANAGEMENT PLAN FOR THE GARDEN ROUTE DISTRICT MUNICIPALITY (2020-2025) IN TERMS OF SECTION 11(4)(B) OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: WASTE ACT (ACT NO. 59 OF 2008).

1. The final 3rd Generation Integrated Waste Management Plan (IWMP) dated January 2020, as received by this Department on 12 March 2020, the draft IWMP dated October 2019 and the comments on the draft IWMP dated 15 November 2019, refer.

2. The Department previously provided comments on the draft IWMP. These comments were addressed and included in the updated IWMP dated January 2020.

3. The Department would like to thank you and your District Municipality for developing and submitting your IWMP for endorsement in accordance with Section (11) (4)(a)(i) of the National Environmental Management Waste Act (Act No. 59 of 2008) ("Waste Act").

4. Based on the outcome of the assessment of your IWMP, the MEC: Local Government, Environmental Affairs and Development Planning **hereby endorses** your Plan in terms of Section 11(4)(b)(iii) of the Waste Act. Please be advised of the following:

4.1 Updating of the IWMP

- A detailed assessment report has been drafted which includes recommendations to be included the IWMP (see attached). The District is requested to address the issues and recommendations highlighted in the assessment report and to update the IWMP accordingly.

- The updated IWMP must be resubmitted to the Department via August Hoon or Eddie Hanekom at the contact details indicated below for our records.

4.2 Council adoption of the IWMP

- The updated IWMP, which is a sectoral plan of the Integrated Development Plan (IDP) must be included and incorporated in the IDP for adoption by your District Municipal Council.

- It is requested that, upon adoption of the IWMP by the Council, a copy of the Council resolution is provided to the Department and submitted to August Hoon or Eddie Hanekom at the contact details indicated below.

4.3 Reporting on the implementation of the IWMP

- The District must ensure that its annual performance report in terms of Section 46 of the Municipal Systems Act (Act No. 32 of 2000) includes information on the implementation of the IWMP as set out in Paragraphs (a) to (j) of Section 13 (2) of the Waste Act.

- The annual performance report must be submitted annually to the Department for review, to August Hoon or Eddie Hanekom at the contact details indicated below.

- The Department will monitor the implementation of the IWMP and will provide support to the District where necessary.

- Please be reminded that the successful implementation of your District Municipality's IWMP is dependent on the allocation of adequate resources (human and financial).

4.4 IWMP Review

- In addition to reviewing your IWMP annually to monitor implementation, the IWMP must also be reviewed, updated and submitted to the Department for assessment and endorsement during every IDP cycle.

5. For any enquiries, please do not hesitate to contact **Eddie Hanekom** (Director: Waste Management), tel.: 021- 483 2728/e-mail: Eddie.Hanekom@westerncape.gov.za or **August Hoon** (Deputy Director: Waste Management Planning), tel.: 021-4832712/e-mail: August.Hoon@westerncape.gov.za.

Yours sincerely

A BREDELL
MINISTER
DATE: 22/06/2020

Cc: (1) Mr Monde Stratu (Municipal manager) E-mail: info@gardenroute.gov.za
(2) Mr Morton Hubbe (Waste Management Officer) E-mail: morton@gardenroute.gov.za
(3) Ms K Flood (Gibb) E-mail: kflood@gibb.co.za

Assessment Report of the 3rd Generation Integrated Waste Management Plan Garden Route District Municipality (2020-2025)

April 2020

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Report Summary

The Department would like to thank the Garden Route District Municipality (GRDM) for the submission of their 3rd generation Integrated Waste Management Plan (IWMP) for assessment. The plan, in its current state, meets the requirements of an IWMP as stated in the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008) (NEM: WA), Chapter 3, Institutional and Planning matters, sub section 12. "Contents of Integrated waste management plans".

Below is a brief discussion on each section of the IWMP. The Department has created a guideline to assist municipalities with the formulation of an IWMP, as well as a scoring worksheet to provide clarity on how plans are assessed and scored.

1. Introduction

1.1 Background

The background provides detailed information regarding the IWMP process, outlining inter alia the legislative context, content requirements and objectives of an IWMP. Background to the development of IWMPs within the GRDM is provided. Overall waste management challenges experienced in the municipality are not provided upfront but is covered in later sections of the document. Section 2 details the method and approach undertaken for the development of the IWMP.

1.2 Description of the geographical area, geo-physical and geo-hydrological conditions

The geographical extent of the GRDM is provided. A map is included outlining the local municipalities, main towns and transport routes. Maps of the receiving environment are provided for biodiversity, water resources and geology of the area.

1.3 Strategic linkages

The IWMP final report provides linkages with national, provincial, regional and local policies, strategies and plans. Key priorities within the IWMP that need strategic input on a district and provincial level can be identified and discussed through the Joint District Approach who would work with District Coordinating Forums to deal with planning priorities, strategic priorities and service delivery challenges through a municipal single support plan. The third generation IWMP, after being endorsed by the Department must be adopted through the adoption of an amendment to the current IDP or the adoption of an amended IDP.

1.4 Public participation

The IWMP was made available for a 21-day commenting period. An advert informing members of the public of the availability of the plan was placed in several newspapers. The plan was placed at municipal offices in six of the seven local municipalities within the district. The IWMP was also made available electronically on both the municipality's and the consultant's website. The IDP

public participation process must be used in future to ensure input from communities around waste services.

2. Status Quo

2.1 Legislative requirements

A comprehensive overview o updates since the 2014 IWM treaties to which South Africc indicated that waste manage

2.2 Demographic profile

Population figures are provide draft IDP (2019). In additior information regarding housing of houses are formal (86% approximately 88.7% of house employment levels and averc

2.3 Waste management cost

Monthly waste managemen municipalities. Table 67 provi budget provided does not pr

2.4 Services and delivery

The district does not provide v Levels of service provided by services provided are indicate

2.5 Compliance and enforcer

An overview of all waste man information such as licence s regarding complaints receive

2.6 Waste generation and cor

Current and future projecte composition is provided using by the GRDM in each munic business waste. Furthermore, information was sourced from

2.7 Waste avoidance, reduction and recycling

It is indicated that all municipalities within the district have separation at source programmes, with the exception of Kannaland and Oudtshoorn Municipalities. Monthly averages of recyclables collected for each participating municipality are provided. An overview is also provided for composting facilities within the District.

2.8 Operational structure and staff capacity

An organogram is provided for the Department of Community Services. It is indicated that all vacancies are filled. A Waste Management Officer has been designated in terms of the Waste Act.

2.9 Waste awareness and education

An overview of waste awareness campaigns in each municipality is provided. The GRDM has also collaborated with local municipalities on a number of initiatives e.g. Wise Up on Waste campaigns, notice boards and roadshows.

2.10 Waste information management

It is indicated that waste information is reported on the regional, provincial and national waste information systems. The GRDM has its own waste information system, which requires waste generators and recyclers to report on the system. It is indicated that Oudtshoorn Municipality does not report their waste information on IPWIS.

3. Gap and Needs Analysis

Progress on the gaps made in the 2014 IWMP are indicated. New gaps and needs are identified based on interviews with stakeholders, inspections of fleet and facilities and a review of legislation and best practice guidelines.

4. Objectives and Targets

Goals were informed by the situational analysis, and the gaps and needs assessment. Objectives are provided under each goal.

5. IWMP Implementation

An implementation plan indicating activities, timeframes and resources has been included. Activities are provided for the short-term. No medium- and long-term activities are provided.

6. Monitoring and Review

The IWMP will be reviewed annually as per the Waste Act and will be included in the Annual Report, which will be submitted to DEA&DP. A full review is planned for 2025. It is not specified who is responsible for reviewing the implementation of the activities, or who will be responsible to ensure that the activities will be monitored.

7. IWMP Checklist Score

The plan submitted for assessment fulfilled **80%** of the requirements of an IWMP and ranks as **Good**, the Department will share the scoring worksheet with the district. The Department can be contacted via telephone (021) 483-2712, contact person August Hoon and email August.Hoon@westerncape.gov.za for further clarity.

8. Conclusion

In conclusion, the Department finds that the IWMP submitted meets the requirements of the NEMWA, however recommendations have been made to improve the quality of the IWMP. These are listed below:

9. Recommendations

1. The Background/Introduction must clearly define waste management challenges within the municipality.
2. Key priorities within the IWMP that need strategic input on a district and provincial level can be identified and discussed through the Joint District Approach who would work with District Coordinating Forums to deal with planning priorities, strategic priorities and service delivery challenges through a municipal single support plan.
3. Make use of the IDP public participation process to ensure input from communities around waste services.
4. The budget provided indicates very limited information. A detailed budget for the next financial year and outer years should be included, indicating any capital costs, if applicable. The implementation plan must align with the budget provided.
5. Additional legal/compliance information should be indicated for local municipalities i.e. illegal-dumping clean-up costs, number of waste-related complaints etc., if available.
6. It is indicated that most municipalities are reporting to IPWIS, however reporting frequency must also be indicated.
7. Timeframes for each objective to include activities for the short-, medium- and long-term.
8. The municipality must develop a monitoring plan which identify dedicated officials and departments who will be responsible to monitoring and report on the implementation of the activities as set-out within IWMP.

August Hoon
Deputy Director: Waste Management Planning
Date: 20 May 2020

BACK TO AGENDA

GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY PUBLIC, PRIVATE PARTNERSHIP PROCESS PROGRESS REPORT/ *GARDEN ROUTE STREEK AFVAL BESTUUR FASILITEIT PUBLIEKE, PRIVATE VENNOOTSKAP PROSES VORDERINGSVERSLAG/* INQGUBO YOLAWULO LWENKUNKUMA YENGINGQI YE GARDEN ROUTE *(1062157)*

(17/5/1/1)

22 June 2020

REPORT FROM THE EXECUTIVE MANAGER: COMMUNITY SERVICES: (C AFRICA) / MANAGER: DISTRICT WASTE MANAGEMENT (M E HUBBE)

PURPOSE OF THE REPORT

To inform Council of the progress made to date regarding the Garden Route Regional Waste Management Facility Public, Private Partnership Process.

BACKGROUND / DISCUSSION

The previous progress report dated 14 April 2020 informed Council that the CEO of Eden Waste Management Proprietary Limited (Private Party), Mr. Jason McNeil, had requested that the project construction commencement date needed to be delayed by three (3) to four (4) months subject to how the national lockdown situation unfolds.

On 15 May 2020 a letter was received from Mr. McNeil indicating that all project and financial agreements were in final form and that all material suspensive conditions had been satisfied, with the exception of the final servitude agreements with PetroSA and Eskom, to proceed with the construction phase of the project. (Eskom has already signed the agreement and PetroSA is in process to finalise the signature of the agreement.)

Mr. McNeil further indicated that with the announcement of the COVID-19 pandemic as a national disaster, Interwaste has found themselves with unprecedented challenges and constraints and that their business has suffered, and will continue to suffer, material loss under these tough economic circumstances and their main priority now is the preservation of their existing business. On the basis of their current position and the lack of certainty

regarding their future position as a result of the pandemic, it is difficult to determine how it would be possible to proceed with the project as currently envisaged.
The Interwaste board was, at that stage, assessing the situation in order to make a determination on the way forward and would be in contact with the district municipality (GRDM) in the following two weeks with the necessary feedback.

A follow-up letter dated 22 May 2020 was received from Interwaste indicating that their board has had the opportunity to consider all relevant considerations and in light of the COVID-19 pandemic and the unprecedented challenges and constraints it has had on their business their board has determined that;

1. It is paramount to preserve their existing business and not to jeopardise the jobs and livelihoods that are supported by their business;

2. In light of the economic constraints and the ongoing uncertainty as to the future outlook, it is impossible for them to provide the proposed equity investment to ensure the funding of the concomitant debt obligations required in respect of the Public, Private Partnership project as currently envisaged; and

3. To proceed with the project as currently envisaged may compromise their financial position in the future, and consequently, having regard to their fiduciary duties and their obligations as directors in the company, the only reasonable decision for Interwaste Proprietary Limited is to withdraw its participation as a shareholder in the Private Party, Eden Waste Management Proprietary Limited, in respect of the Garden Route Regional Waste Management Facility and Alternative Technology Public Private Partnership Project.

The letter further indicated that should the GRDM, with the remaining shareholders in the Private Party, be in a position to restructure the Private Party and /or source alternative equity funding and sponsors to support the debt funding, Interwaste would continue to act as the Development, Construction and Operations Subcontractor.

The participating municipalities were informed in writing of the new developments and that the necessary solutions will be found to ensure that the facility will be finalised. Similar letters

were sent to National and Provincial Treasury to inform them of the situation and to request their assistance to solve the imminent disaster.

A response letter dated 28 May 2020 was sent to Interwaste indicating that GRDM is of the opinion that they cannot simply withdraw as the public partner from the Public Private Partnership and that GRDM will obtain legal advice on the matter and reserve their rights accordingly. The letter also referred to the commitments made during the meeting held between Interwaste Chief Executive Officer and the Municipal Manager, to explore alternatives to the current project to make it possible to successfully complete and manage the Regional Waste Management Facility for the next ten (10) years.

Meetings were held with Interwaste, Department of Environmental Affairs and Development Planning, Provincial Department of Local Government and National and Provincial Treasury to seek possible solutions and or funding to ensure the finalization of the Regional Waste Management Facility Public Private Partnership between Garden Route District Municipality and Eden Waste Management Proprietary Limited. The office of the MEC for Local Government and Environmental Affairs and Development Planning has in collaboration with the GRDM established a Western Cape Special Task Team representing Provincial Department of Local Government, Treasury, Environmental Affairs and Development Planning and Garden Route District Municipality. Further, during a meeting held between the different National Treasury sectors and the GRDM, the decision was made that representatives of National Treasury and the Department of Cooperative Governance and Traditional Affairs will be included in the Special Task Team. The Municipal Manager of GRDM will be the chairperson and convener of the Special Task Team. The first meeting of the Special Task Team will be held as soon as the requested legal and financial opinions have been received.

The attorney's Brown, Braude and Vlok Inc. were requested to draft a legal opinion for the GRDM on the rights of the district municipality on the way forward regarding the decision of Interwaste to withdraw as the lead shareholder in the Special Purpose Vehicle, Eden Waste Management Proprietary Limited. Mr. Nico de Villiers, director at Brown, Braude and Vlok Inc. also requested the legal advice of Senior Council in order to compile a comprehensive legal opinion that was sent to the Municipal Manager on 11 June 2020. The legal opinion indicated that the PPP Agreement accepted and approved by Council on 13 December

2019 between GRDM and Eden Waste Management Proprietary Limited is binding and in full force and effect.
The opinion also suggests that GRDM call upon Interwaste to reconsider its position and to undertake to perform their duties in terms of the Agreement. Their response to such letter of demand would, in itself, be of considerable assistance in determining the appropriate way forward for the District Municipality. The legal opinion also indicated that having considered the urgent need to establish a regional waste management facility and having regards to the fact that the private partner is a special purpose vehicle, claim for damages, would not only be difficult to quantify, but in any event the prospect of substantial recovery is limited. In this case the district municipality must require performance from the private partner rather than a claim for damages.

Taking the legal opinion received into consideration, a final response letter was sent to Interwaste informing them that GRDM does not accept their repudiation and intends to hold them to the agreement reached. Should they wish to adjust their position within the terms of the underlying Agreement, they are to do so in line with the terms and conditions of the PPP Agreement.

The onus to present any suggested changes is on Interwaste. On receipt thereof the GRDM will, in line with the agreed terms and conditions, consider their position and revert back to Interwaste on their decision.

A response from Interwaste regarding the final letter sent to them is still being awaited.

FINANCIAL IMPLICATIONS

R 214 000 000.00 (Capital cost).

RELEVANT LEGISLATION

Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003: Section 33 and Section 120.

Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as Amended: Sections 11, 12, 74, 75, 78 & 81.

Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998: Section 84 (1)(e) & (p)(iii).

Municipal Public Private Partnership Regulations, Issued in GG 27432 of 1 April 2005: Regulation 4, 5, 6(1) & 6(2).

UIITVOERENDE OPSOMMING

Die Raad was tydens hulle vergadering gehou op 14 April 2020 ingelig dat Eden Waste Management Proprietary Limited, HUB, Mr. Jason McNiel n versoek gerig het dat die finalisering van die streek landvul fasiliteit uitgestel sal moet word vir 'n tydperk van drie (3) tot vier (4) maande as gevolg van die nasionale grendel tyd.

Opvolg skrywes is egter ontvang van die Interwaste wat aandui dat hulle hul hoof aandeelhouerskap van die "Special Purpose Vehicle" Eden Waste Management Proprietary Limited sal moet ontrek as gevolg van die invloed wat die Covid-19 nasionale pandemie grendel tyd op die besigheid gehad het. Interwaste het ook aangedui dat hulle nie kan voortgaan met die Publieke Private Venootskap soos in sy huidige formaat nie maar dat hulle indien 'n ander vorm van die aandeelhouerskap bewerkstellig kan word of addionele befondsing verkry kan word hulle nog bereid sal wees om die konstruksie en bedryf van die streek landvul fasiliteit sal behartig oor die tien (10) jaar kontrak tydperk.

Die Munisipale Bestuurders van Bitou, Knysna, George, Mosselbaai en Hessequa deelnemende munisipaliteite is in kennis gestel van die situasie en dat GRDM die nodige sal doen om die afhandeling van die fasiliteit te verseker. Nationale en Provisiale Tesourie is ook ingelig en versoek vir hulp verlening om die voorsetting van die streek fasiliteit te verseker.

Interwaste is ingelig dat die GRDM nie net eenvoudig hulle ontrekking kan aanvaar nie en dat 'n regsopinie ingewin sal word ten opsigte van die GRDM se optrede vorentoe.

Brown, Braude & Vlok Inc. Prokureurs is versoek om 'n regsopinie op te stel wat dan op 11 Junie 2020 aan die Munisipale Bestuurder gestuur is.

Na aanleiding van die regsopinie inhoud het die Munisipale Betuurder Interwaste nie eenvoudig kan ontrek uit die proses nie en dat die afgehandelde Publieke, Private

Vennootskap Ooreenkoms (PPP) as aanvaar en ten volle in werking beskou word. Interwaste moet voortgaan met die proses en indien nie moet ander voorstelle gemaak word ten einde die voortsetting van die projek te verseker in lyn met die terme soos uiteengesit in die PPP Ooreenkoms.

Nog geen skriftelike terugvoering is ontvang vanaf Interwaste nie.

RECOMMENDATION

That Council takes note of the progress made with the Regional Waste Management Facility: Public Private Partnership project.

AANBEVELING

Dat die Raad kennis neem van die vordering gemaak met die Streek Afval Bestuur Fasiliteit: Publieke Private Vennootskap projek.

IZINDULULO

Sesokuba lBhunga lithathele ingqalelo inqubela eyenziwe neziko loLawulo Lwenkunkuma: Iphulo lobudlelwane babucala.

APPENDIX

Appendix A: Letter from Interwaste dated 15 May 2020.

Appendix B: Letter from Interwaste dated 22 May 2020.

Appendix C: Information letters to Municipalities of Bitou, Knysna, George, Mossel Bay and Hessequa.

Appendix D: Information letter to Nasional and Provincial Treasury.

Appendix E: Response letter to Interwaste.

Appendix F: Letter from HOD Department of Environmental Affairs and Development Planning.

Appendix G: Legal Opinion Brown, Braude & Vlok Inc.

Appendix H: Final response letter to Interwaste.

Appendix A

INTERWASTE
ENVIRONMENTAL SOLUTIONS

Inter-Waste (Pty) Ltd.
Reg. No.
1989/003651/07
t/a Interwaste

2 Brammer Street,
Industries East
Germiston South

T +27 (11) 323 7300
F +27 (86) 576 8152
E info@interwaste.co.za

interwaste.co.za

15 May 2020

Garden Route District Municipality
54 York Street
George
6530

Attention: Manager: District Waste Management
Per E-mail: morton@gardenroute.gov.za

Dear Morton

EDEN WASTE MANAGEMENT PROJECT: COVID19

1. BACKGROUND

1.1 We note that pursuant to a letter we received from the Eden District Municipality (as it then was, currently the Garden Route District Municipality) (the **Municipality** / **you**) on 9 April 2018, and we, on behalf of the Eden Waste Management (RF) Proprietary Limited (**Private Party**) proceeded to negotiate an agreement (**PPP Agreement**) in respect of the finance, construction, operation and maintenance of a landfill in Mossel Bay (**Project**). We also sought debt financing from the Development Bank of Southern Africa (**DBSA**) to fund the Project.

1.2 We have spent the past 2 years working tirelessly with your team and the DBSA to achieve financial close and note the immense collaboration that has been undertaken by our respective teams. In this endeavour we have invested in excess of R12 million in development costs.

1.3 As at 15 March 2020, all project and finance agreements were in final form and we had satisfied all material suspensive conditions to the financing. The only material outstanding items were the servitudes to be procured by the Municipality from PetroSA and Eskom which remained a condition to the DBSA providing any funding to the Private Party.

2. COVID19

2.1 On 15 March 2020 the President, Mr Ramaphosa, announced that the COVID19 pandemic constituted a national disaster in terms of Section 26, read with Section 23(8), of the Disaster Management Act, 2002 (**DMA**), which was confirmed by the Department of Co-operative Governance and Traditional Affairs (**Department**).

INTERWASTE
ENVIRONMENTAL SOLUTIONS

2.2 Subsequently, in accordance with regulations issued in terms of section 27(2) of the DMA on 18 March 2020, as amended (**Regulations**), the movement of persons was restricted and businesses were required to cease operations from 23h59 on 26 March 2020 to 23h59 on Thursday 30 April 2020, unless performing an essential service (as defined in such Regulations) (**Lockdown**).

2.3 On 29 April 2020, the Department repealed the Regulations and issued new regulations under section 27(2) of the DMA (**Risk Adjusted Regulations**), in terms of which the Government eased some of the restrictions imposed on economic activity. Nonetheless, and as indicated by the President, Mr Ramaphosa, in his media statement of 23 April 2020 first introducing the risk adjusted strategy, the alleviation of the Covid-19 pandemic and effects thereof remain of paramount importance.

2.4 On 13 May 2020, the President, Mr Ramaphosa, indicated that the Risk Adjusted Regulations would continue until at least 31 May 2020 and we are unclear as to how our business will be impacted from 1 June 2020.

2.5 As you are aware, the above has already had a detrimental effect on our economy and various businesses, noting the effect on various high-profile companies, including Comair, Edcon and Phumelela as well as the suspension of large transactions including those of Barloworld and Tongaat Hulett, amongst others.

3. EFFECT OF COVID19 ON INTERWASTE

3.1 As at 26 March 2020 and in accordance with the Regulations, we have continued some operations as an essential service provider but had a 70% drop in revenue, in light of the fact that our clients constituting essential services make up only 30% of our total customer base. This situation continued during Level 4 and we are unable to assess if this will be alleviated on 1 June 2020. This revenue reduction has had a devastating effect on our business, including salary cuts; employees being placed on "short time"; closing down certain operations; suspending all initiatives involving the expenditure of capital and even considering the disposal of assets to release cash into the business.

3.2 The above was entirely unforeseeable and unprecedented and these measures have been taken in an effort to preserve the jobs of the approximately 2000 employees in our business. We are also mindful of the pleas of the President to preserve jobs and to try and support the national Government's efforts to mitigate the effects and dire economic consequences of the pandemic on workers.

INTERWASTE
ENVIRONMENTAL SOLUTIONS

4. **WAY FORWARD**

4.1 In light of what is set out above, we find ourselves with unprecedented challenges and constraints and our business has suffered, and will continue to suffer, material loss under these tough economic circumstances. Our main priority has to be the preservation of our existing business.

4.2 On the basis of our current position and the lack of certainty regarding our future position as a result of the pandemic, it is difficult to determine how it would be possible to proceed with the Project as currently envisaged. Our board is currently assessing the situation in order to make a determination as a consequence of the events described above and we will be in contact with you in the next two weeks with the necessary update.

Yours sincerely

Sally Downing

GROUP LEGAL MANAGER

Appendix B

INTERWASTE
ENVIRONMENTAL SOLUTIONS

Inter-Waste (Pty) Ltd.
Reg. No.
1989/003651/07
t/a Interwaste

2 Brammer Street,
Industries East
Germiston South

T +27 (11) 323 7300
F +27 (86) 576 8152
E info@interwaste.co.za

interwaste.co.za

22 May 2020

Garden Route District Municipality
54 York Street
George
6530

Attention: Municipal Manager

Dear Mr Stratu

EDEN WASTE MANAGEMENT PROJECT: COVID19

1. Following our letter of 15 May 2020, attached hereto for ease of reference, our board has now had an opportunity to consider all relevant considerations and take a decision on the way forward.

2. As a general point of departure, we want to thank you for your tireless efforts and reiterate that it has been a privilege to work with your team in the past 2 years to attempt to conclude the public-private partnership agreement in respect of the finance, construction, operation and maintenance of the landfill in Mossel Bay (the **Project**).

3. Unfortunately and with much regret, in light of the COVID19 pandemic and the unprecedented challenges and constraints it has had on our business, we hereby inform you that our board has determined that:

3.1 it is paramount to preserve our existing business and not to jeopardise the jobs and livelihoods that are supported by this business;

3.2 in light of the economic constraints mentioned in our previous letter and the ongoing uncertainty as to the future outlook, it is impossible for us to provide the proposed equity investment to ensure the funding of the concomitant debt obligations required in respect of the Project as currently envisaged; and

3.3 to proceed with the Project as currently envisaged may compromise our financial position in the future, and consequently, having regard to our fiduciary duties and our obligations as directors in the company the only reasonable decision for Inter-Waste Proprietary Limited is to withdraw its participation as a shareholder in the Private Party in respect of the Project.

4. As previously stated, we appreciate that the Project is of great importance to the Municipality and the community (and entails the use of public funds) and in the interest of acting in good faith, we believe it incumbent on us to notify you of this change (due to circumstances beyond our control) to enable you to also consider any appropriate measures you may be required to take to manage your risk in relation to this Project.

INTERWASTE
ENVIRONMENTAL
SOLUTIONS

5. Should you, together with the remaining shareholders in the Private Party, be in a position to re-structure the Private Party and/or source alternative equity funding and sponsor to support the debt funding, we would continue to remain available to act as the D&C and Operations Subcontractor.

6. On a personal level, this has been a very difficult decision which has not been arrived at lightly. We remain available to respond to any queries you may have.

Yours sincerely

Jason James McNeil
CHIEF EXECUTIVE OFFICER: INTER-WASTE PROPRIETARY LIMITED
2 Brammer Road
Germiston South
Gauteng
Email: jason@interwaste.co.za (with copy to Sally Downing (sallyd@interwaste.co.za))

Appendix C

Garden Route
DISTRICT MUNICIPALITY I UMASIPALA WESITHILI I DISTRIKSMUNISIPALITEIT

54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
Fax: 086 555 6303
E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	*M E Hubbe*
Reference:	*17/5/1/1*
Date:	*28 May 2020*

The Municipal Manager
George Municipality
P O Box 19
GEORGE
6530

Dear Mr. Trevor Botha

RE: GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY: PUBLIC, PRIVATE PARTNERSHIP.

Garden Route District Municipality (GRDM) has appointed Eden Waste Management (EDM) as the Private Partner to design, construct and manage the regional waste management facility for a period of ten (10) years during the Council meeting held on 13 December 2019.

Since the appointment, EDM has been in the process to finalise financial closure with the Development Bank of Southern Africa to proceed with the signature of the Public, Private Partnership Agreement, required for the construction process to commence. All project and finance agreements were in final form and all material suspensive conditions to finance were met.

Since the announcement of the Covid-19 pandemic as a national disaster in terms of Section 26, read with Section 23(8), of the Disaster Management Act, 2002 (DMA) and the consequent restriction on the movement of persons and businesses to cease operation unless it was an essential service, all processes have been at a standstill.

With the Department of Co-operative Governance and Traditional Affairs repeal of the regulation and the issuing of new regulations to ease some of the restrictions imposed on economic activity, GRDM requested EDM to clarify the way forward on the regional waste management facility Public, Private Partnership. Interwaste

informed GRDM on 15 May 2020 that their board is in the process to assess their internal situation as a result of the pandemic and will refer back to the GRDM within two weeks regarding the decision of the board on how to proceed with the project currently envisaged.

A follow-up letter (attached to this letter) was received from Interwaste on 22 May 2020 indicating that in light of the Covid-19 pandemic and the unprecedented challenges and constraints it has had on their business, their board has determined that:

1. It is paramount to preserve their existing business and not to jeopardise the jobs and livelihoods that are supported by their business;

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Since the announcement of Interwaste's decision, the GRDM has been in discussions with Interwaste and the applicable Provincial Departments to find a workable solution to proceed with the finalisation of the Project. An agreement was made that they will go back to their individual management structures to discuss possible assistance to GRDM to proceed with the Project and provide feedback on their findings to the Municipal Manager of the GRDM on Friday, 29 May 2020.

The participating municipalities will be immediately informed once feedback is received and a solution is found

Yours faithfully

28/5/2020

MONDE STRATU
MUNICIPAL MANAGER
Y:/Letter May 2020/GRDM Regional Waste Management Facility PPP Project.doc.

Garden Route
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54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
Fax: 086 555 6303
E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	*M E Hubbe*
Reference:	*17/5/1/1*
Date:	*28 May 2020*

The Municipal Manager
Mossel Bay Municipality
Private Bag X29
MOSSEL BAY
6500

By e-mail: municipalmanager@mosselbay.gov.za

Dear Adv. Thys Giliomee

RE: GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY: PUBLIC, PRIVATE PARTNERSHIP.

Garden Route District Municipality (GRDM) has appointed Eden Waste Management (EDM) as the Private Partner to design, construct and manage the regional waste management facility for a period of ten (10) years during the Council meeting held on 13 December 2019.

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Yours faithfully

28/5/2020

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Garden Route
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54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
Fax: 086 555 6303
E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	*M E Hubbe*
Reference:	*17/5/1/1*
Date:	*28 May 2020*

The Municipal Manager
Hessequa Municipality
P O Box 29
RIVERSDALE
6670

By e-mail: mm@hessequa.gov.za

Dear Mr. Johan Jacobs

RE: GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY: PUBLIC, PRIVATE PARTNERSHIP.

Garden Route District Municipality (GRDM) has appointed Eden Waste Management (EDM) as the Private Partner to design, construct and manage the regional waste management facility for a period of ten (10) years during the Council meeting held on 13 December 2019.

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Yours faithfully

28/5/2020

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54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
Fax: 086 555 6303
E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	*M E Hubbe*
Reference:	*17/5/1/1*
Date:	*28 May 2020*

The Municipal Manager
Bitou Municipality
P O Box 26
Plettenberg Bay
6600

By e-mail: lngoqo@plett.gov.za

Dear Adv. Lonwabo Ngoqo

RE: GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY: PUBLIC, PRIVATE PARTNERSHIP.

Garden Route District Municipality (GRDM) has appointed Eden Waste Management (EDM) as the Private Partner to design, construct and manage the regional waste management facility for a period of ten (10) years during the Council meeting held on 13 December 2019.

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Garden Route
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54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
Fax: 086 555 6303
E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	*M E Hubbe*
Reference:	*17/5/1/1*
Date:	*28 May 2020*

The Acting Municipal Manager
Knysna Municipality
P O Box 21
KNYSNA
6500

By e-mail: mm@knysna.gov.za

Dear Dr. Michelle Gratz

RE: GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY: PUBLIC, PRIVATE PARTNERSHIP.

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Yours faithfully

28/5/2020

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George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
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E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	*M E Hubbe*
Reference:	*17/5/1/1*
Date:	*28 May 2020*

The Department of National Treasury
Private Bag X115
PRETORIA
0001

By e-mail: Refilwe.Mokanse@treasury.gov.za; Strover.Maganedisa@gtac.gov.za; Sithembiso.Mkhwanazi@gtac.gov.za.

Dear Mr. Refilwe.Mokanse

RE: GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY: PUBLIC, PRIVATE PARTNERSHIP PROJECT.

Since the Treasury Views and Recommendations III was received from your office, Garden Route District Municipality (GRDM) appointed Eden Waste Management (EDM) as the Private Partner to design, construct and manage the regional waste management facility for a period of ten (10) years during the Council meeting held on 13 December 2019.

However, the announcement of the Covid-19 pandemic as a national disaster in terms of Section 26, read with Section 23(8), of the Disaster Management Act, 2002 (DMA) and the consequent restriction on the movement of persons and businesses to cease operation unless it was an essential service, all processes have been at a standstill.

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Since the announcement of Interwaste's decision, the GRDM has been in discussions with Interwaste and the applicable Provincial Departments to find a workable solution to proceed with the finalisation of the Project.

This letter serves to inform your department of the recent complication with the project and to seek your assistance to find a solution to make it possible for the GRDM to still finalise the project to prevent a possible environmental and health disaster in the Garden Route.

Yours faithfully

MONDE STRATU
MUNICIPAL MANAGER
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Garden Route
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54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

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E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	*M E Hubbe*
Reference:	*17/5/1/1*
Date:	*28 May 2020*

The Department of Provincial Treasury
Private Bag X9165
CAPE TOWN
8000

By e-mail: Klaas.Langenhoven@westerncape.gov.za

Dear Mr. Klaas Langenhoven

RE: GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY: PUBLIC, PRIVATE PARTNERSHIP PROJECT.

Since the Treasury Views and Recommendations III was received from your office, Garden Route District Municipality (GRDM) appointed Eden Waste Management (EDM) as the Private Partner to design, construct and manage the regional waste management facility for a period of ten (10) years during the Council meeting held on 13 December 2019.

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Yours faithfully

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MUNICIPAL MANAGER
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Appendix E

54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
Fax: 086 555 6303
E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	*M E Hubbe*
Reference:	*17/5/1/1*
Date:	*28 May 2020*

The Chief Executive Officer
Interwaste Proprietary Limited
PO Box 382
GERMISTON
1400

By e-mail: jason@interwaste.co.za

Dear Mr. Jason McNeil

RE: GARDEN ROUTE REGIONAL WASTE MANAGEMENT FACILITY: PUBLIC, PRIVATE PARTNERSHIP PROJECT.

With refer to the above and your letters received dated 15 May 2020 and 22 May 2020, the contents of which have been noted.

We hereby note your board's decision to withdraw Interwaste Proprietary Limited as a shareholder in Eden Waste Management Proprietary Limited in respect of the Garden Route Regional Waste Management Facility and the Implementation of Alternative Technology Private, Public Partnership Project.

We are extremely disappointed by your board's decision and are frightened by the implications thereof.

We do not understand the decision and hereby request your board to revisit and review your decision. We are of the firm view that various options must be explored to save the project. The Garden Route District Municipality has invested millions of Rands to get where we are, so has Interwaste and to just walk away is not an option.

As discussed during our meeting held on Friday, 22 May 2020, with yourself, the representatives of the Department of Environmental Affairs and Development Planning and Garden Route District Municipality, we are still counting on your

assistance to go ahead with the project by implementing possible alternatives to the current project structure.

We request that you explore various alternatives including but not limited to:

1. Revised funding/financing models taking into account the current realities;
2. Revised project implementation/execution plan taking into account the current realities.

We have advised both the National and Provincial Treasuries, the DBSA and the participating municipalities about the situation with a view to coming up with an amicable solution.

Yesterday my Council at its Ordinary Council noted the latest developments and resolved that Management must take all reasonable steps to ensure that the project is salvaged.

We are obtaining legal advice on the matter and hereby reserve our rights accordingly.

Yours faithfully

25/5/2020

MONDE STRATU
MUNICIPAL MANAGER
Y:/Letter May 2020/GRDM Regional Waste Management Facility PPP Project.doc.

Appendix F

From: Pieter Van Zyl [mailto:Pieter.vanZyl@westerncape.gov.za]
Sent: Friday, 05 June 2020 20:24
To: Monde Stratu
Cc: Morton Hubbe; Clive Africa; Jan-Willem de Jager; Johan Compion; David Savage; Graham Paulse; Marius Du Randt; Eddie Hanekom; Gottlieb Arendse; Klaas Langenhoven; Marius Brand
Subject: RE: Garden Route Regional Waste Management Facility - Public Private Partnership
Importance: High

Dear Monde

Eddie mentioned to me earlier today that you had informed him yesterday afternoon that Interwaste (Pty) Ltd does not want to move from their position, which is to withdraw its participation as a shareholder in the Private Party of Eden Regional Waste Management Limited, from the Garden Route Regional Waste Management Facility and Alternative Technology Public Private Partnership Project.

This decision by Interwaste is putting the success of this project at serious risk and I need hardly point out tat the failure to implement the project will be an environmental disaster for the Garden Route District, which all three spheres of Government cannot afford. Therefore, we need to devise an alternative strategy and do so quickly.

I have confirmed with the HoD's of Provincial Treasury (PT) and Department of Local Government (DLG) that we had agreed with you and the GRDM Colleagues that the WCG Special Task Team, comprised of DEA&DP/ PT/DLG should be reconstituted, in order to support the work of GRDM and the Private Partner (or any other prospective investors). It has been agreed that Eddie will lead the WCG Special Task Team, with Klaas Langenhoven (PT) and Marius Brand (DLG) representing the other two Departments. This Task Team will have to report back to the three HoDs at the end of next week.

I am aware that you have also engaged directly with David Savage, to obtain guidance and assistance on how National Treasury could be engaged to possibly assist in the recovery process.

We appeal to you and GRDM Colleagues to use the skills and expertise offered by the WCG Special Task Team and to work with them to ensure that we can collectively succeed in rescuing the transaction and the project. We want to work with you and we are clear that GRDM should be leading the process, with assistance from WCG.

I want to trust that we will succeed in our agreed objective.

Kind regards

Piet van Zyl Pr. Pln A/268/1985

Head of Department
Environmental Affairs and Development Planning
Western Cape Government

8th Floor, Utilitas Building, 1 Dorp Street, Cape Town, South Africa

Tel : +27 21 483 8315
Fax: +27 21 483 3016
Mobile: +27 84 2642226

E-mail: pieter.vanzyl@westerncape.gov.za
Website: www.westerncape.gov.za/eadp

Appendix G

LEGAL OPINION:

THE ENFORCEABILITY OF CONTRACTUAL OBLIGATIONS UPON TERMINATION BY THE PRIVATE PARTY BEFORE SIGNATURE OF THE PUBLIC-PRIVATE PARTNERSHIP AGREEMENT

1. RELEVANT BACKGROUND

1.1. The client is the Garden Route District Municipality (GRDM) a municipality established as such in terms of section 12(1) of the Local Government: Municipal Structures Act 117 of 1998 (Structures Act).

1.2. It is common cause that the GRDM Council finalised feasibility studies as required by processes set out in section 78 of the Local Government: Municipal Systems Act 32 of 2000 (Systems Act) and section 120 of the Municipal Finance Management Act (MFMA). As a result of the recommendations that followed, the GRDM Council resolved to procure a reputable waste management company or consortia to develop, design, finance, maintain and operate a new district regional waste disposal facility. The waste disposal facility is to serve the municipal areas of Bitou, Knysna, George and Mossel Bay.

1.3. The procurement process followed consisted of two phases. The first was a Request for Qualification (RFQ) in terms of which waste management companies were pre-qualified. This entailed a process in terms of which the GRDM were able to compile a short list of bidders that were qualified technically and financially and considered capable and sufficiently experienced to execute the project as defined.

1.4. The RFQ phase was completed and four (4) bidders were pre-qualified and short listed to proceed to the second phase. The latter phase was a Request for Proposals (RFP) issued to the pre-qualified bidders.

1.5. The purpose of the RFP was to:

1.5.1. Set out the rules of participation in the response process referred to in the RFP;

1.5.2. Provide information in relation to the broader vision of the GRDM with regard to the framework of the project and the service requirements of the GRDM;

1.5.3. Provide details of the remainder of the procurement process, including time frames and milestones;

1.5.4. Set out the framework and information requirements within which Proposals and responses to the RFP should be made;

1.5.5. Request from each Bidder a fully developed, comprehensive, firm and underwritten proposal in a prescribed format and capable of acceptance by the GRDM;

1.5.6. Seek agreement on all key contractual issues affecting price and risk allocation, including payment mechanisms and performance regimes;

1.5.7. Set out the evaluation criteria that the GRDM will apply in considering and assessing Proposals; and

1.5.8. Enable the GRDM to select a Preferred Bidder.[1]

1.6. Section 1 of the RFP document contains definitions solely to assist bidders in the interpretation of the RFP. These words, where they appear in the RFP will therefore have the meaning assigned to them in the RFP document. It is noteworthy that the definitions highlighted hereunder, were not repeated in the final PPP Agreement.

1.6.1. "**Commercial Close**" means the date of signature of the PPP Agreement by the parties thereto;

1.6.2. "**Financial Close**" means the date, following Commercial Close on which the last of the conditions precedent in the PPP Agreement is fulfilled, or waived, as the case may be and financing documents become unconditional, enabling the commencement of the construction of the Landfill Site;

1.6.3. "**Key Contractor**" means any person (natural or juristic), …, who in the Bidders response to this RFP is identified as the person to undertake or provide any one

[1] See page 13 of the RFP

or more of the following goods and/or services in regard to the Project, namely design, construction operations and management.

1.7. The words "Commercial Close" appears three times in the RFP. This is in the definition of Commercial Close itself, in the definition of Financial Close and on page 29 in paragraph 7.1 where the procurement processes are explained. The last step of the procurement, in terms of this explanation is described as "*Commercial Close followed by Financial Close*." In my view, the process envisaged by the RFP was that a PPP Agreement containing conditions precedent for Financial Close would be signed. As will be demonstrated later in this opinion, all material terms of the PPP Agreement was finalised and reduced to writing in the form of a PPP Agreement. This final PPP Agreement did not contain any conditions precedent for Financial Close. Instead the PPP Agreement contained a definition of the "Effective Date" that reads as follows:

> "means the first (1st) Business Day following the date on which the Financing Agreements have become unconditional in accordance with their terms;"[2]

1.8. It is therefore apparent that the final negotiated terms of the PPP Agreement deviated from that envisaged by the RFP. Instead, the final PPP Agreement demonstrates a clear expectation from all the Parties that "Financial Close" is inevitable. The document does not contain any timeframe for Financing Agreements to become unconditional. Instead and in clause 3 of the final PPP Agreement it is agreed that:

> "This PPP Agreement and the rights and obligations of the Parties under this PPP Agreement shall take effect on the Effective Date and terminate on the earlier of the Expiry Date and the Termination Date."[3]

1.9. Put differently, although all material terms are agreed and whether the agreement is signed or not, the PPP Agreement and the rights and obligations contained therein shall only take effect on the "Effective Date".

1.10. The RFP also contained the following relevant clauses:

---

[2] See page 13 of the final PPP Agreement
[3] See Clause 3.1 on page 28 of the final PPP Agreement.

> "EDM reserves the right to amend, modify or withdraw this RFP, or to amend, modify or terminate any of the procedures or requirements of the Project procurement phase at any time and from time to time, without prior notice and without liability to compensate or reimburse any party or person."[4]

> "All costs incurred by qualified bidders, members, or any other person in relation to any stage of the procurement and/or negotiation process in respect of this Project are for the qualifying bidders, members or other persons' account alone. The EDM is not obliged to accept any Proposal or response to this RFP or to appoint a Preferred Bidder with or without a Reserve Bidder. Although this RFP describes the process, programme and anticipated timetable relating to the Project and the current requirements of EDM, EDM reserves the right to terminate the process, or to modify any of these matters from time to time without incurring any liability for costs to any person."[5]

The rights contained in the above two clauses are reserved for the GRDM only and no such privilege are extended to the bidders.

> "The PPP Agreement, once fully concluded shall constitute the entire Agreement between the parties, and serve as the sole basis of determining the relationship between the parties in the implementation of the Project. No right of recourse shall exist other than as contained in the PPP Agreement. . In the event of conflict between any terms and conditions of the RFP documents and the PPP Agreement, then the terms of the PPP Agreement shall apply."[6]

1.11. Proposals were received and adjudicated. The history of the evaluation and adjudication process is well documented in the GRDM TVR III and the Municipal Finance Management Act Section 33 Report dated the 2nd of October 2019. These processes are not disputed, as a result not relevant to this opinion, and therefore not repeated.

1.12. It is common cause that Inter-Waste (Pty) Ltd (Interwaste) was approved by the GRDM Council as the Preferred Bidder and Averda South Africa (Pty) Ltd as the Reserve Bidder. The Municipal Manager of the GRDM communicated the approval of Interwaste as the Preferred Bidder to them in writing on the 9th of April 2018.[7]

1.13. The recommendation was accepted by Interwaste. Their acceptance was communicated to the GRDM on the 11th of April 2018 in writing and followed up

[4] See par 1.2.7 on page 11 of the RFP
[5] See par 1.2.2 on page 10 of the RFP
[6] See par 6.8 on page 26 of the RFP
[7] See GRDM letter under reference E/02/14-15 dated the 9th of April 2018

by providing GRDM with a Resolution of the Board of Directors of Interwaste dated the 17th of April 2018. In terms of the resolution:

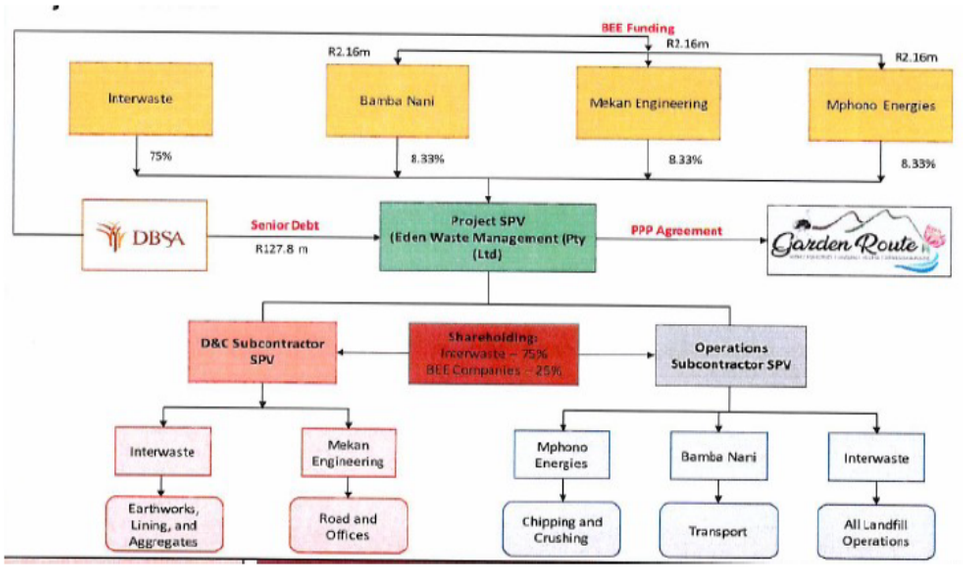
> "The company wishes to accept the company's selection as preferred bidder for the tender E/02/4-15 for the establishment of a regional landfill operation including alternative waste treatment technologies on behalf of the Eden District Municipality in Mossel Bay.
>
> Resolved:
>
> That Mr. L.C. Grobbelaar, Identity number 600831509089, in his capacity as Director of the company, be and is hereby authorised to sign all necessary documents that may be required to fulfil the tender requirements…"

1.14. The negotiation phase followed. In this phase Interwaste, in compliance with the RFP conditions established a Special Purpose Vehicle (SPV) as the Private Party to enter into the PPP Agreement. The SPV is registered as Eden Waste Management (RF) Proprietary Limited. Interwaste took up 75% of the shareholding in the SPV whilst the balance of 25% was taken up in equal portions by three BEE companies being Bamba Nani, Mekan Engineering and Mphono respectively.

1.15. The shareholder agreements between the respective shareholders of the SPV has been finalised and was signed.

1.16. In addition, the SPV appointed a Development and Construction Subcontractor as well as an Operations Subcontractor. The subcontractor companies are also SPV companies and in both Interwaste hold the majority shareholding (75%). These Subcontractor SPVs were duly registered and the respective shareholding agreements and subcontract agreements were finalised and signed.

1.17. The Structure of the transaction is best demonstrated in the following draft



1.18. Interwaste also engaged the Development Bank of South Africa to provide BEE funding to the three BEE companies in the amount of R2.16 million each as well as an amount of R127.8 million to the SPV. In addition, Interwaste would provide their own equity to the SPV.

1.19. Various financing agreements between DBSA and the SPV as well as BEE companies were negotiated and such negotiations finalised. As at the time of this opinion, these finance agreements including a direct finance agreement between the SPV, GRDM and DBSA are still to be signed.

1.20. With regard to the terms of the PPP Agreement, the negotiations that commenced on the 8th of May 2018 were successfully concluded in November 2018. The successful conclusion of all material terms and conditions resulted in a final PPP Agreement together with schedules being produced for approval by the GRDM Council and subsequent signature. Weber Wentzel appointed by Interwaste was responsible for the final draft and schedules presented to GRDM.

1.21. In compliance with section 33 and section 120(6) & (7) of the MFMA as well as section 4(2) of the Municipal PPP Regulations, the GRDM compiled a TVR III and MFMA Section 33 Report dated the 2nd of October 2019. This report was presented to the relevant Treasury Departments as well as the National Line

Departments. The final views and recommendations of the Treasury Departments were obtained and on the 13th of December 2019 the GRDM Council in terms of section 33(1)(c) of the MFMA approved the entire PPP Agreement with all schedules thereto as well as the Direct Financing Agreement between the SPV, DBSA and the GRDM. The GRDM Council further resolved and authorised the GRDM Municipal Manager to sign the contract on behalf of the Municipality.

1.22. The acceptance of the PPP Agreement and Schedules presented by the attorneys of Interwaste to GRDM was conveyed to Interwaste telephonically by Morton Hubbe in his capacity as Manager: District Waste Management and the Project Officer representing the GRDM in the landfill project.

1.23. Despite the acceptance of the PPP Agreement by the GRDM Council, either party never signed the PPP Agreement and Direct Financing Agreement. The signature by the Accounting Officer is a mere convention and can be attended on anytime as the necessary council resolution authorised such signature. It is my instruction that Interwaste's delay in attending on signature (despite a resolution authorising signature) was so that all conditions of the financing agreements could be met. It would appear that once this was done, the authorised signatory would have signed all required documents. This delay of attending on the signature was not a condition specifically agreed upon. This however was not a concern, as there was never any indication that the PPP Agreement would not be signed. In any event, it would make no difference on the time lines as the Effective Date at all times would follow financial close. Put differently the rights and obligations of both parties, as set out in the PPP Agreement will only follow once Interwaste and the Project SPV have met all conditions of the finance agreements.

1.24. A soil spitting ceremony was held at the proposed site for the landfill on the 7th of February 2020. The CEO of Interwaste attended this on and an entourage of Interwaste officials responsible for the obligations of Interwaste agreed to in the PPP Agreement.

1.25. This was followed by the Covid-19 state of emergency announced by the President of South Africa and regulations issued in terms of the State of Emergency Act. In terms thereof, South Africa went into full lockdown (level 5) as of the 27th of March 2020. This lasted until the 3rd of May 2020. At present lockdown (level 3) is still applicable to the whole of South Africa.

1.26. On the 15th of May 2020, Interwaste sent a letter to GRDM. The content thereof is of relevance. The correspondence confirms that it is common cause between GRDM and Interwaste that as at the 15th of March 2020 "*all project and finance agreements were in final form and we (Interwaste) had satisfied all material suspensive conditions to the financing. The only material outstanding items were the servitudes to be procured by the Municipality (GRDM) from PetroSA and Eskom which remained a condition to the DBSA providing funding to the Private Party*."[8] This statement is correct and at the time of formulating this opinion, GRDM was in the process of finalising the registration of the required servitudes.

1.27. The same correspondence confirms also that Interwaste has spent over R12 million on development costs. This is accepted as correct.

1.28. The letter of the 15th of May 2020 then proceeds to explain that Interwaste suffered a drop of 70% in revenue. This loss is the result of lockdown regulations. The letter concludes by stating *"...it is difficult to determine how it would be possible to proceed with the Project as currently envisaged. Our board is currently assessing the situation in order to make a determination as a consequence of the events described above and we will be in contact with you in the next two weeks with the necessary update*."

1.29. On the 22nd of May 2020, Interwaste addressed a further letter to the Municipal Manager of GRDM. In terms thereof, Interwaste advised:

"*in the light of the economic constraints mentioned in our previous letter and the ongoing uncertainty as to the future outlook, it is impossible for us to provide the proposed equity investment to ensure the funding of the concomitant debt obligations required in respect of the Project as currently envisaged; and*

[8] See Interwaste correspondence dated the 15th of May 2020.

To proceed with the Project as currently envisaged may compromise our financial position in future, and consequently, having regard to our fiduciary duties and our obligations as directors in the company the only reasonable decision for Inter-Waste Proprietary Limited is to withdraw its participation as a shareholder in the Private Party in respect of the Project."[9]

Interwaste goes on to state that "*should you, together with the remaining shareholders in the Private Party and/or source alternative funding and sponsor to support the debt funding, we would continue to remain available as the D&C and Operations Subcontractor."*[10]

2. PROBLEM STATEMENT

2.1. The local municipalities of Bitou, Knysna, George and Mossel Bay have since 2003 progressively run out of airspace on their own landfill sites. None of the local municipalities mentioned above have suitable landfill sites available, nor land or finances available to design and establish individual landfill sites as replacements. As a temporary solution, these municipalities disposed of their solid waste at the PetroSA landfill site outside Mossel Bay.

2.2. The additional waste, which was now disposed of at PetroSA, gave rise to its own set of problems, particularly for PetroSA. Firstly, it indicated that too much airspace was taken up by municipal solid waste. The effect thereof was that PetroSA would soon have insufficient landfill space for its own use. Secondly, Petro SA found themselves responsible for the municipal waste disposal function, which is not the core business of PetroSA. The additional waste dumped exposes them to unnecessary higher risk of compliance with environmental regulations and license conditions. Thirdly, the tariffs agreed with the local municipalities of Bitou, Knysna, George and Mossel Bay were low and did not reflect the actual costs of disposal. Fourthly, the PetroSA site license conditions did not allow for the disposal of hazardous waste. Consequently, PetroSA gave notice to all the local municipalities that the PetroSA site would not accept waste after 2010. The IWMP indicates that the local municipal councils of Mossel Bay,

[9] See Interwaste correspondence dated the 25th of May 2020.
[10] Ibid.

George, Knysna and Bitou, took decisions that required GRDM to investigate the development of a regional waste disposal site, which should include the ability to accept hazardous waste. The feasibility study undertaken indicated that regionalisation of waste disposal within the Garden Route District was the most affordable and sustainable solution for the problem faced by the participating municipalities. As a result, the respective councils of the participating municipalities resolved to regionalise their respective waste disposal functions. Those resolutions became the trigger events, leading to the implementation of processes that gave rise to the procurement processes, the appointment of Interwaste as the preferred bidder, the finalisation of negotiations and the finalisation of all project documents ready for signature.

2.3. As is apparent from the above scenario, it has taken GRDM more than 15 years to get the project to where it stands at present as well as millions spent in development costs.

2.4. In addition, the failure to imminently develop and establish a regional landfill site holds a real threat to the environment and the health of GRDM communities. The failure to provide effective waste management services exposes the GRDM to contraventions of the National Environmental Management Act as well as the National Environmental Management: Waste Act.

2.5. GRDM does not have the luxury of time to re tender and negotiate with new bidders.

2.6. This begs the question whether Interwaste, despite the conclusion of all negotiations and finalisation of all project documents, can simply withdraw from the project without any liability or duty to perform. In amplification of this statement, it is common cause that the Interwaste decision to withdraw is not a result of any dispute with GRDM or a deadlock on material issues. Instead, it appears to be their inability to provide the required equity investment required.

3. RESEARCH QUESTIONS

3.1. Can the final but unsigned PPP Agreement that embodies final agreed and material terms be enforced against Interwaste?

3.1.1. Is the formality of signature required to create a binding PPP Agreement between GRDM and Interwaste or merely the agreed mode of acceptance of the final terms and conditions of the PPP Agreement that would govern their relationship.

3.2. If the PPP Agreement is binding in its present form, what contractual remedies is available to both parties to change the consortia of the Project SPV and/or refinancing the project and/or amending the scope of works.

3.3. If the PPP Agreement is not binding, what is the appropriate and most productive way forward for GRDM?

4. APPLICABLE LAW

In order to answer the first research question, it is necessary to consider the significance of the signing of the PPP Agreement. This will require an approach that firstly analyse whether there is a legislative condition that requires a signature of the PPP Agreement as a formal requirement to the conclusion of the Agreement. Secondly, it is necessary to consider the intention of the parties in order to understand the significance of the signature requirement. Put differently, did the parties intend the signature of the agreement to make the contract binding, or on reasonable interpretation of their actions that the signature requirement was merely a mode of acceptance of the final terms and conditions of the PPP Agreement that would govern their relationship.

4.1. Legislative contractual formalities relating to agreements entered into by municipalities and in particular PPP Agreements.

The GRDM is a municipality established in terms of the Structures Act[11] and an organ of state within the local sphere of government exercising legislative and executive authority within its geographical boundaries.[12]Only the GRDM Council may exercise executive and legislative authority and such council takes all decisions unless delegations are put in place.[13]This is an important legislative requirement and directly impact on especially the acceptance of the terms of any agreement that has budgetary implications longer than three years. The PPP

[11] See s12 of the Structures ACT
[12] S2 of the Local Government: Municipal Systems Act 32 of 2000 (MSA).
[13] S11 (1) of the Systems Act.

Agreement is set for a period of ten years. It holds a budgetary implication for longer than 3 years. The GRDM as it was required to do, complied with section 33 of the Local Government: Municipal Finance Management Act 2003 (MFMA).[14]

In terms of section 33(1) (c) of the MFMA, the municipal council must adopt a resolution which:

(i) It determines that the municipality will secure a significant capital investment or will derive a significant financial economic or financial benefit from the contract;

(ii) It approves the entire contract exactly as it is to be executed; and

(iii) It authorises the municipal manager to sign the contract on behalf of the municipality.

It is suggested that the important legislative formality here is the acceptance of the terms of the agreement by the GRDM Council. This is so as it is the council that makes all the decisions within the municipality that is executive and legislative of nature and not the municipal manager. The municipal manager is provided with authority to convey the acceptance of the terms to Interwaste through is signature. On proper construction of section 33(1), the actual signature itself is not a prerequisite. The sentiment of section 33 of the MFMA is also expressed in section 6 of the Municipal Public Private Regulations issued in terms of the MFMA. This section confirms that only the accounting officer may sign a PPP Agreement, but that he may not do so unless section 33 of the MFMA has been complied with.[15]

Section 5 of the Municipal PPP Regulations also requires that PPP Agreements must comply with section 116(1) of the MFMA. In terms thereof:

" A contract or agreement procured through the supply chain management system of a municipality or municipal entity must –

a) Be in writing
b) Stipulate the terms and conditions of the contract of the agreement…"[16]

[14] See the GRDM Council Resolution dated 13 December 2019
[15] See regulations 6(1) &6(2) of the Municipal PPP Regulations issued in GG 27432 on the 1st of April 2005.
[16] S116(1) of the MFMA

As stated herein before, it is common cause that all the terms and conditions of the PPP Agreement were settled and reduced to writing. It is therefore submitted that the formal requirements set out in section 116 of the MFMA was complied with. It is noteworthy that section 116(1) does not require the document to be reduced to writing and signed by both parties. It is also not a reasonable deduction that signature is an implied requirement. Other legislation exists that pertinently require signature as a formal requirement. Examples hereof are the General Amendment Act 50 of 1956 in section 6 (dealing with the formal requirements that apply to suretyship):

"No contract of suretyship entered into after the commencement of this Act, shall be valid, unless the terms thereof are embodied in a written document signed by the surety…"

In addition, the Alienation of Land Act in section 2(1):

"No alienation of land after the commencement of this section shall, subject to the provisions of section 28, be of any force or effect unless it is contained in a deed of alienation signed by the parties thereto or by their agents acting on their written authority."

Concluding on the formal legislative requirements relating to PPP Agreements, it is our submission that no formal requirement for the signing of a PPP Agreement exists.

Despite this conclusion it is evident from the statutory provisions that signature on behalf of the municipality is contemplated.[17]However, does this mean that signature is a contractual formality, which renders the contract invalid if not complied with? It makes sense that although signature is contemplated, it does not constitute a formal requirement in terms of the MFMA. Had it been the case, the legislature would have surely included this in section 116 where "writing" is stipulated as a formality.

The purpose of the MFMA must be taken into consideration. The purpose is to, inter alia, ensure transparency, accountability, lines of responsibility and manage expenditure and financial dealings. It is submitted that the municipal manager or accounting officer's signature is merely a confirmation that the right processes have been followed and that the contract has been authorised. The decision to conclude

[17] See the provisions of section 33 (1) (c) of the MFMA as well as regulation 6 of the Municipal PPP Regulations.

a contract or the acceptance of an offer emanates from a municipal council resolution as opposed to mere signature. It is proposed that the resolution of the municipal council constitutes the true affirmation that an agreement is to be concluded. The signature by the municipal manager / accounting officer is simply to relay this decision to the other party. The accounting officer / municipal manager must act accordingly if all other requirements have been met.

A further important consideration is that the MFMA and relevant regulations only contemplates the signature by or on behalf the municipality. It does not contemplate signature by or on behalf of the other party.

Furthermore, it would not make sense, for example, if the municipality or other party can deny contractual liability where performance in terms of the agreement has taken place although not signed. If the contract dealt with aspects of service delivery, the consequences on the public might be very grave. This might well have been a policy consideration by the legislature in not stipulating signature as a formal requirement for either party.

In light of the provisions above, it can be argued that non-signature of a PPP agreement, as in our case, ought not and should not be met with nullity due to statutory non-compliance where signature is not an expressly stipulated formality for either party to the agreement. Although signature is contemplated for the municipality, as it mostly happens in the ordinary course of business, it does not constitute a statutory formal requirement.

4.2. The intention of the parties

4.2.1. Contractual formalities in general

Formalities of writing and signature are often prescribed by legislation or agreed upon between the parties.

It is often the case that during negotiations leading the formation of a contract, or in terms of the formal contract itself, mention is made of a written document or reduction of the terms of the contract to writing.[18] This gives rise to the question of whether the informal

[18] Christie *The Law of Contract in SA* (5ed) 105.

agreement is binding and the written document merely serves as proof of the informal agreement, or whether there is not agreement until the written document has been drawn up and executed.[19]

The answer to this question derives from an old decision of the Appellate Division in *Goldblatt v Freemantle:*[20]

> "Subject to certain exceptions, mostly statutory, any contract may be verbally entered into; writing is not essential to contractual validity. And if during negotiations mention is made of a written documents, the Court will assume that the object was merely to afford facility of proof of the verbal agreement, unless it is clear that the parties intended that the writing should embody contract (Grotius 3.14.26 etc.). At the same time it is always open to parties to agree that their contract shall be a written one (see Voet 5.1.73; V. Leeuwen 4.2, sec 2, Decker's note); and in that case there will be no binding obligation until the terms have been reduced to writing and signed. The question is in each case one of construction."

Where it is demonstrated that parties are *ad idem* as to the material terms of the agreement, the onus in proving that the agreement has no contractual force until a written document has been executed lies on the party whom alleges it.[21]

In *Pillay and Another v Shaik and Others*[22] the relevant facts were the following. The appellants approached the High Court for an order declaring that the agreements allegedly concluded by each of them with the developers of a sectional title development (the first to sixth respondents) for the purchase of the member's interest in the close corporation which owned a particular unit in the development, to be of full force and effect. The developers resisted the application on the basis that the appellants' offers to purchase had not been signed on their (the developers') behalf and had therefore not been accepted. Applying the doctrine of quasi-mutual assent, the High Court found the agreements to be binding and gave judgment in favour of the appellants. The respondents appealed against that decision to the full court of the same division of the High Court. The full court reversed the decision of the trial court, finding that, because the agreements had not been signed

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[19] Christie *The Law of Contract in SA* 106.
[20] 1920 AD 23.
[21] Christie *The Law of Contract in SA* 106; *Woods v Walters* 1921 AD.
[22] 2009 (4) SA 74 (SCA).

on behalf of the developers, they were not binding. The appellants appealed against the decision of the full court to the Supreme Court of Appeal.

The SCA reversed the decision of the court a quo and confirmed the passage quoted in *Goldblatt* above. The SCA held that they:

> "do not agree with the court a quo's conclusion that there could be no binding contracts between the parties unless each was signed by or on behalf of the buyers and the sellers. In my opinion it is clear from Goldblatt v Freemantle, supra, and the authorities cited therein that, in the absence of a statute which prescribes writing signed by the parties or their authorised representatives as an essential requisite for the creation of a contractual obligation (something that does not apply here), an agreement between parties which satisfies all the other requirements for contractual validity will be held not to have given rise to contractual obligations **only if there is a pre-existing contract between the parties which prescribes compliance with a formality or formalities before a binding contract can come into existence**. [own emphasis].

The SCA found that as there was no agreements between the parties that their mutual consent would not operate in the absence of a document embodying its terms signed by the both the buyer and the seller. There were no negotiations prior to the purchasers signing the offers. The SCA ultimately found in favour of the purchasers.

From the above case law, it seems that our law is settled on whether an agreement will have the requisite contractual force. Where an agreement satisfies all elements for contractual validity, it will be binding unless there is a pre-existing agreement, which prescribes compliance with certain formalities. The intention of the parties is the deciding factor whether or not formalities must be complied with in order for agreement to have contractual force, or, as suggested in *Goldblatt,* merely facilitates proof of terms agreed upon previously. It is to be borne in mind that these considerations apply only in the case of absence of legislation dictating otherwise.

Christie raises an interesting argument that an informal contract may refer to the execution of a formal contract in such manner that the execution of the formal contract becomes a

contractual obligation and not necessarily a condition for its validity. As such, the court may then order specific performance of the obligation to sign, alternatively damages.[23]

In *Roberts v Martin*,[24] the respondent had his attorney draw up a sponsorship agreement that presented it for the first applicant (legal guardian of the second applicant whom was an aspirant professional tennis player) for signature. The applicants duly signed, but the respondent never signed. The respondent later argued that he was not bound by the agreement, as it was not signed and the agreement was never intended to bind him – he only sponsored out of kindness and not because of a legal obligation. The court rejected the respondent's contentions and held that there was an offer that was met with an unequivocal acceptance.[25] About the fact that the respondent did not sign the agreement, the court remarked the following:

> "It is trite law that where an offer is made and the party to whom it is addressed, with knowledge of the offer, performs an unequivocal and unambiguous act of acceptance, then the parties are in law held to have contracted with one another on the terms as contained in the offer. In the present case, his attorneys prepared the agreement, though not signed by the respondent, the respondent having issued instructions that they should draw such an agreement. It was presented to applicants with express intention that, if they were satisfied with contents thereof, they would sign the agreement. The signing by the applicants of the agreement presented to them, in my view, cannot but constitute an unequivocal act of acceptance. The respondent, on the other hand, had, although he did not sign the contract, continued acting in accordance with terms of the agreement."[26]

4.2.2. Application of the law to the facts

We have already concluded that no statutory provision exists in relation to PPP Agreements other than it is reduced to writing and approved of by the municipal council in terms of section 33 of the MFMA. These provisions were complied with.

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[23] Christie *Law of Contract in SA 107*. As authority for such proposition, she refers to the decisions in *Amoils v Amoils* 1924 WLD 88 and *Woods v Walters* 1921 AD 303.
[24] 2005 (4) SA 163 (C).
[25] *Roberts v Martin* 167 – 168.
[26] *Ibid*.

As it is argued that there is an absence of a statutory formality of signature, the next step of the enquiry would be whether the parties themselves had the intention that the final agreement must be in writing and signed for contractual validity (Goldblatt and Pillay supra). It is accepted that writing is a statutory formality and the only formality in question is the one of signature.

From the RFP document and the final PPP agreement, it seems that the intention of the parties on the face of it was that the PPP agreement would be signed. However, the actual intention of such signature on behalf of Interwaste remains the only consideration. This is so as pointed out earlier in this document, the GRDM Council has accepted the terms of the final PPP Agreement.

It is open to GDRM to argue that the requirement of signature was not intended to make the contract binding between the parties, but that signature was merely the mode of acceptance of the final terms and conditions the PPP agreement that govern their relationship. The basis for such contention lays in the actions of the parties and in particular those acting on behalf of Interwaste. The relevant facts in this regard are as follows:

a) The GRDM requested proposals from four bidders pre-qualified through a RFQ process. Only three bidders provided proposals.

b) The proposals were considered by GRDM in terms of their own procurement processes and based on the recommendations of the Bid Evaluation Committee (also approved by National Treasury), the proposal of Interwaste was accepted subject to negotiations to finalise the final terms and conditions of the PPP Agreement.

c) GRDM advised Interwaste of their appointment in writing on the 8th of April 2018. The municipal manager authorised thereto by council resolution duly signed the letter of appointment.[27] The appointment letter states further that the appointment of

[27] This is a separate Council Resolution. For every step in the process, the GRDm Council resolved to accept such a step and authorised the next.

Interwaste does not constitute a final award but mandates the relevant officials to negotiate the final terms of the PPP Agreement. It goes on further to state that:

> "Successful negotiations will culminate in awarding the contract, subject to compliance with all other steps in accordance with all relevant regulations and framework legislation relating to public private partnerships, including obtaining positive TVR III from National Treasury and Provincial Treasury and the Eden District Municipality's compliance with sections 33 and 120 (6) (c) of the Local Government: Municipal Finance Management Act 56 of 2003."

The letter therefore confirms the intention of the GRDM that successful negotiations will culminate in a final award. No conditions of a signed agreement are mentioned.

d) Interwaste accepted this appointment and the conditions attached thereto on the 11th of April 2018. Leon Grobbelaar signs this acceptance letter in his capacity as director of Interwaste. Shortly thereafter Interwaste provided a resolution of its board of directors in terms of which the same director (Grobbelaar) is authorised to sign all documents necessary to give effect to the tender.[28]

e) Negotiations ensued in May 2018 and was successfully finalised in November 2019.

f) Interwaste appointed attorneys to assist with the transaction, registered a ring fenced company as Project SPV, registered two further SPV' s to act as D&C Subcontractor and Operator Subcontractors, finalised and signed shareholder agreements for all three SPVs. Finalised and signed sub-contractor agreements. Submitted final designs of the landfill site to the licencing authorities, engaged, and obtained finance approval from DBSA.[29]

g) Interwaste also complied (by their own admission) with all conditions of the finance agreements with the only outstanding issue, the registration of buffer zone

[28] The Interwaste Resolution is dated the 14th of April 2020
[29] This list does not constitute a *numerus clausus* of all steps taken by Interwaste. It simply demonstrate some of the highlights.

servitudes at the site designated for the landfill.[30] The registration of the buffer zone is imminent and not a point in dispute.

h) Accordingly, Interwaste spent in excess of R12 million in development costs.

i) Representatives of Interwaste attended the soil spitting ceremony in February 2020 and confirmed their commitment to all guests. (This is on video).

j) In their correspondence respectively dated the 15th of May 2020 and 22nd of May 2020, they confirm the contract documents to be in final form and state the reason for their withdrawal their failing finances. No mention is made of any dispute with GRDM nor any outstanding terms and conditions still to be negotiated. This is so as there are not any.

k) The final PPP Agreement was drafted by the attorneys of Interwaste and presented to GRDM. This document together with all schedules as well as the Direct Finance Agreement was presented to the GRDM Council. The Council resolved to approve the PPP Agreement as it stand. It is thus arguable that signature of the PPP agreement was merely the prescribed form of acceptance of the final negotiated terms and conditions that would govern the relationship between GDRM and Interwaste. In any event, it may also be argued that acceptance in writing as winning bidder and confirmation by board resolution waived the requirement of acceptance by signature.

l) Although the PPP Agreement provides for signatures of the parties, the signature date does not confer any rights or obligations on the parties, rather the Effective Date does.

There appears to be no indication of the parties intention that failing to sign the PPP Agreement will be met with its enforceability. The contrary rather is true. Interwaste's proposal (or offer) was accepted by GRDM subject to negotiating the final terms of the

[30] See the Interwaste correspondence dated the 15th of May 2020.

agreement. The acceptance was conveyed to them in writing. Interwaste accepted the conditions of the acceptance of their proposal in writing and signed by a duly authorised director. Negotiations were successfully finalised and GRDM presented with a final PPP Agreement drafted by the attorneys of Interwaste. This final PPP Agreement constituted the final offer (with all material terms agreed) capable of acceptance by the GRDM. This they duly did as is evident from the GRDM Council Resolution taken in terms of section 33 of the MFMA.

Consequently, we are of the view that an agreement exists between the GRDM and the Private Party. The terms thereof is embodied in the PPP Agreement reduced to writing and approved of by the GRDM Council.

The letter of Interwaste dated the 22nd of May 2020 indicates a board decision that they are withdrawing from the Private Party structure. This amounts to a repudiation of the agreement and GRDM must carefully consider whether to accept or reject such repudiation, as their election will decide the relief available to them.

It is further also necessary to point out that if Interwaste cannot perform as they are obligated to do, then the project is in danger in any event. This is so as their non-performance would in any event be amount to a material breach. Interwaste are still willing to attend on the construction and operations of the landfill provided that they no longer has to provide equity or provide security for the loan. As GRDM has little choice but to make this work, it is necessary to consider if the PPP Agreement does allow for such drastic amendments.

5. CONTRACTUAL REMEDIES AVAILABLE TO ENSURE CONTINUED PERFORMANCE

As indicated earlier in the Problem Statement, GRDM does not have the luxury of a re tender process. The landfill needs construction immediately to ensure operations can commence as soon as possible. Interwaste has indicated that they will still be willing to provide the technical knowhow for the design, construction and operations. If it is correct that an enforceable agreement is in existence, the remedies to ensure performance albeit in a different form must be found in the contract document

In terms of the Request for Proposal Document (RFP), once the PPP Agreement is fully concluded, it shall constitute the entire Agreement between the parties, and serve as the sole basis of determining the relationship between the parties in the implementation of the Project.[31] Paragraph 6.8 thereof goes on to state that no right of recourse shall exist between other than that which is specified in the PPP Agreement.[32] Should there be conflict between the provisions of the RFP documentation and the PPP Agreement, the PPP Agreement shall apply.[33]

Where the PPP Agreement is deemed valid and binding on the contracting parties it shall determine their contractual relationship and respective duties to perform.

5.1 CHANGES IN CONTROL

Change in Control is defined as any direct change in control.[34] This may be necessary to reduce the shareholding interest of Interwaste and to accommodate the security requirements of a potential new investor introduced by Interwaste.

Changes in Control may take place upon prior written approval from the GRDM on the provision that the proposed change will not be in excess of 20% of the aggregate.[35]

Notwithstanding the above, prior to the expiry of two years (commencing on the service commencement date), Interwaste must procure that there will be no sale, assign, cession, transfer, exchange, remuneration or other disposal of the whole or any part of the equity / dilution of equity save with the written consent of the GRDM.[36] The proposed change may not alter the aggregate equity holding of the Black Shareholders below the minimum black equity.[37]

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[31] Eden District Municipality *Request for Proposal Document* for Bid No. E/02/14-15 at p 26.
[32] *Ibid*.
[33] *Ibid*.
[34] Clause 1.22 of the Private Party Partnership Agreement between entered into between the Garden Route District Municipality and Eden Waste Management (RF) Proprietary Limited.
[35] Clause 76.1 of the Private Party Partnership Agreement between entered into between the Garden Route District Municipality and Eden Waste Management (RF) Proprietary Limited.
[36] Clause 76.2 of the Private Party Partnership Agreement between entered into between the Garden Route District Municipality and Eden Waste Management (RF) Proprietary Limited.
[37] Clause 76.3.2 of the Private Party Partnership Agreement between entered into between the Garden Route District Municipality and Eden Waste Management (RF) Proprietary Limited.

Interwaste can therefore approach the GRDM to request the change of control in terms of the 76% shareholding; bearing in mind that the GRDM may not unreasonably withhold or delay such approval.

8.2 REFINANCING

Refinancing applies any time after the date of signature.

In terms of section 81(2)(a)(v) the Local Municipal Systems Act 32 of 2000 a municipality may, through a service delivery agreement, assign to a service provider responsibility for managing its own accounting, financial management, budgeting, investment and borrowing activities within a framework of transparency, accountability, reporting and financial control determined by the municipality, subject to the Municipal Finance Management Act (own emphasis).

Prior to proceeding with steps, to refinance Interwaste must notify the GRDM of such intentions.[38] In doing so, Interwaste must provide the full details of any proposed amendments to or waivers granter under any of their project documents in order to give effect to such refinancing. A copy of the proposed financial model relating to such financing (if any), the basis for the assumptions therein, the reasons sought for refinancing and any other information which will reasonably enable the GRDM to assess the refinancing must be provided.[39]

Interwaste may approach the GRDM in order to refinance the project wherefore the GRDM may not unreasonably withhold or delay its approval thereof. The GRDM will be entitled to receive a 50% share in of the refinancing gain arising out of such refinancing (other than Exempt Refinancing[40]).

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[38] Clause 72.1 of the Private Party Partnership Agreement between entered into between the Garden Route District Municipality and Eden Waste Management (RF) Proprietary Limited.
[39] Clause 72.2 of the Private Party Partnership Agreement between entered into between the Garden Route District Municipality and Eden Waste Management (RF) Proprietary Limited.
[40] "1.49 Exempt Refinancing means any Refinancing:
1.49.1 that effects a sale or cession of the whole or any part of Equity or the Shareholder Loans or securitisation of the rights attaching to the Equity or the Shareholder Loans; provided that this exemption shall not limit the application of clause 76 (Changes in Control and Black Equity);
1.49.2 that was taken account of fully in the calculation of the Unitary Payment;
1.49.3 that arises solely from a change in taxation or accounting treatment;

8.3 VARIATION

The PPP Agreement may be amended on the following basis:

> "9. (1) A public-private partnership agreement may be amended by the parties provided –
> (a) section 116(3) of the Act has been complied with; and
> (b) the amendment is consistent with the basic essentials of public-private partnership agreements set out in regulation 5 and other applicable provisions of these Regulations.
> (2) At least 30 days before a public-private partnership agreement is amended, the accounting officer must solicit the views and recommendations of the National Treasury and the relevant provincial treasury on the reasons for the amendment. The period may be shortened if the National Treasury and the relevant provincial treasury respond earlier."[41]

A service delivery agreement entered into after a competitive bidding process may be amended after the local community was given reasonable notice of the service provider's intention to amend the agreement, the reasons for the proposed amendment and they were given sufficient opportunity to make representation to the municipality.[42] This is reiterated and expanded upon in the National Treasury PPP Unit "Municipal Service Delivery and PPP Guidelines" at page 33 where it states:

> "A PPP Agreement may be amended by the parties, but only after:
> 7.1 The reasons for the proposed amendment have been tabled in the council of the municipality
>
> 7.2 The local community:
> (1) Has been given reasonable notice of the intention to amend the PPP agreement
> (2) Has been invited to submit representations to the municipality
>
> 7.3 The amendment is consistent with the basic essentials of PPP agreement set out in regulation 5 and other applicable provisions of the Municipal PPP Regulations.

1.49.4 that comprises a waiver, approval or any similar action taken in respect of breaches of any provisions or warranties or representations or the late or non- provision of required information, and which occurs in the ordinary day-to-day administration of the Financing Agreements, the Shareholders Agreements or the Subcontracts;
1.49.5 that effects any syndication, sell-down, cession or grant of any rights of participation or security by the Lenders (or any Agent acting on their behalf, or any security company or trust holding any security in respect of the Debt for the benefit of the Lenders) of or in relation to any of its rights under any of the Financing Agreements in favour of any Qualifying Financial Institution; or
1.49.6 that comprises Rescue Refinancing."

[41] Section 9 of the Municipal Finance Management Act 56 of 2003 (hereinafter the "MFMA") Municipal Public-Private Partnership Regulations (GG 1 April 2005 No 27431).
[42] Section 81(4) of the Local Municipal Systems Act 32 of 2000.

At least 60 days before a PPP agreement is amended, the accounting officer must solicit the views and recommendations of the National Treasury and the relevant provincial treasury on the reasons for the amendment"[43]

The wording of regulation 9 above is echoed in Section 81(4) of the Local Municipal Systems Act 32 of 2000.

Where a variation of the PPP agreement is sought, the private party must submit a variation proposal to the GRDM. The variation proposal must set out the details of the variation and the likely impact thereof on the PPP agreement especially as far as it relates to unitary charge payments.[44]

The municipality must, after a meeting in which the private party was given opportunity to modify its variation proposal, decide whether to accept or reject the proposal. In the case of acceptance thereof, the municipality must make arrangements for payment depending on how the funding regime was altered due to the variation agreement.

Variations are provided for in terms of clause 50 of the PPP Agreement. Clause 50.3.4 thereof states that the Private Party Variation shall be discussed between the parties and that the GRDM may propose modifications to such variation proposal, reject or accept it. In the event that the GRDM accepts the proposal, with or without requesting modification thereto, the private party shall implement such changes within twenty (20) business days of the acceptance being communicated.[45]

Should an approved Variation Proposal result in a material increase to the monthly Unitary Payment, the GRDM Council will have to authorise the previously mentioned in line with the provisions of the MFMA and MSA.[46]

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[43] Section 116(3) of the MFMA: Municipal PPP Regulation 9.
[44] National Treasury PPP Unit "Municipal Service Delivery and PPP Guidelines" at p 375.
[45] Clause 50.3.5 of the Private Party Partnership Agreement between entered into between the Garden Route District Municipality and Eden Waste Management (RF) Proprietary Limited.
[46] Clause 50.3.9 of the Private Party Partnership Agreement between entered into between the Garden Route District Municipality and Eden Waste Management (RF) Proprietary Limited.

6. REMEDIES IF NO AGREEMENT IS PROVEN

It has already been pointed out, we hold the view that a binding agreement does exist. The remedies under this heading are therefore theoretical and stated for sake of completeness.

In the event that any bidder, whether the Preferred Bidder, Reserve Bidder and/or its Member(s), opt for a change in its composition, control or structure; consent to do so must first be obtained from the Eden District Municipality (hereinafter the "EDM").

For clarification purposes it is worthy to mention that the Eden District Municipality have since been operating as the Garden Route District Municipality (hereinafter the "GRDM").

The aforementioned proposed changes have been specifically excluded for the period between the Proposal Submission date (03 February 2017) and the announcement of the Preferred Bidder (09 April 2018).

Proposed changes may be tabled after the previously mentioned dates. The process to be followed is for the Preferred Bidder/Reserve Bidder to apply to the EDM for consent to vary their composition, control or structure as set out in their Proposal.

Should new entities be proposed to participate in relation to the execution of the private party obligations under the Public Private Party Agreement (hereinafter the PPP Agreement), such new entities shall be post-qualified as follows:

(a) A party seeking to post-qualify must submit all relevant information;

(b)The post-qualification must be accompanied by a letter addressed by the party seeking to post-qualify to the Project Officer stating:

i.That it wishes to be post qualified in the name of the Bidder, Preferred Bidder or Reserve Bidder through which it wishes to be post-qualified;

ii.The capacity in which it wishes to be post-qualified, namely Relevant Entity, Key Contractor and/or Designated Member;

iii.That it has read and understood this RFP and upon being post-qualified undertakes to be bound by the procurement rules set out herein and this post-qualification procedure; and

iv. Declaring that the information furnished by it in its response is correct

(c)The Bidder, Preferred Bidder or Reserve Bidder through which the party seeking to post-qualify is applying for post-qualification must:

i. Indicate any change in information in its Proposal because of the application for post-qualification;

ii.Address a covering letter to the Project Officer for a Project indicating its request to post-qualify a new party, the reasons therefore and the impact on the Bidder, Preferred Bidder or Reserve Bidder;

iii.Enclose with the covering letter its Response Forms, the new party's Response Forms and the withdrawing party's cessation letter, if any.

(d)The EDM will not consider any request for any extension of any procurement stage or phase because of a post-qualified party;

(e)If the EDM, in its sole discretion, considers that the credentials of the post-qualified party are sufficient, it may choose to allow such post-qualifications; (own emphasis)

(f)The evaluation process and criteria, which previously applied to Bidders, Preferred Bidders or Reserve Bidders, will apply similarly to parties seeking to post-qualify.

It is clear from the above that allowing post-qualifications fall entirely within the discretion of the GRDM. A change in consortium is more acceptable than a complete withdrawal of the consortium, if same maintains its strength at least to the same level as seen prior to the proposed change.

Interwaste was appointed as the Preferred Bidder on 09 April 2018 and may therefore approach the GRDM with a request for a change in its composition, control and membership structure. This change in structure for purposes of allowing an investor to join the consortia is acceptable if Interwaste remains in de facto control of the construction and operation of the landfill site

This will affect the terms of the PPP Agreement and will require a resubmission of TVR III and Section 33 processes. Interwaste can walk away if the negotiations fail

7. SELF FINANCE

We have also been asked to comment on what the effect will be if GRDM provide their own funding for the project.

Firstly, if the finance of the project vests in the GRDM, it means that the risk in the project vests in the GRDM. The transfer of substantial financial and technical risk to the Private Party is a cornerstone of the PPP Model. The effect of self-finance will have the effect that the PPP business model presently underlying the project cannot be implemented.

Secondly, this would imply that the GRDM would have to withdraw the present project. If this is considered, GRDM must carefully consider whether they wish to follow the route of claiming an enforceable agreement. To do so will have the effect that the withdrawal of the project would amount to a municipal breach. The letter of the 22nd of May 2020 however provides a perfect escape for the GRDM in this instance. GRDM can simply accept their withdrawal and cancel the project. In terms of the RFP, such cancellation will not give rise to any liability for the GRDM.

Thirdly, the GRDM will have to revisit the section 78 feasibility studies already undertaken. This is so as the studies that were accepted by the GRDM Council found that the GRDM does not have the technical and financial ability to give effect thereto. This will have to be remotivated.

Fourthly, the GRDM will have to procure contractors and operators of the landfill site in terms of their procurement policies. The mere appointment of a service provider without such processes will be unlawful.

Until such time that GRDM has come to a decision either to proceed with the project in its present form or to cancel the project, their communication with Interwaste is of paramount importance. Any admission or concession made will influence the way forward.

We advise accordingly.

PREPARED BY NF DE VILLIERS

BROWN BRAUDE & VLOK INC.
317 Cape Road
Newton Park
Port Elizabeth
Tel: 041 365 3668
Fax: 041 365 3681
E-mail: nico@bbv.co.za

R G BUCHANAN SC

Tel: 041-813 1755 (Direct)
Tel: 041-811 6000 (Switchboard)
Fax: 041-5852818
Cell: 082 652 5410
Email: buchanan@aerosat.co.za

The Club
12 Bird Street
Central
PORT ELIZABETH
6001

IN RE:

GARDEN ROUTE DISTRICT MUNICIPALITY / EDEN WASTE MANAGEMENT (RF) (PTY) LTD

MEMORANDUM RE LEGAL OPINION PREPARED BY MR N DE VILLIERS

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1. I have read the relevant papers in this matter.

2. I have been requested, as a matter of urgency, to indicate whether I am in agreement with the views expressed by Mr de Villiers with regard to the enforceability of the Public-Private Partnership Agreement, a copy of which agreement has been made available to me and is marked "*final*" and is dated 9 June 2020.

3. Let me state at the outset that I am in agreement with the views and conclusions set out by Mr de Villiers in a document entitled "*legal opinion*". I should add the following:

   3.1. The real question to be determined is whether the written Public-Private Partnership Agreement referred to above,

constitutes a binding agreement between the parties thereto i.e. the Garden Route District Municipality (previously known as Eden District Municipality) (hereinafter referred to as the Municipality) and Eden Waste Management (RF) (Pty) Ltd (the Company). It seems clear that the Company was registered as a special purpose vehicle (SPV) as the private party to enter into the Public-Private Partnership Agreement with the Municipality.

3.2. The preparation of the written Agreement was preceded (some years ago) by a process referred to as a Request for Qualification (RFQ). Once the RFQ phase was completed and four bidders were pre-qualified, the second phase was a Request for Proposals (RFP).

3.3. The preparation of the Agreement was accordingly preceded by a public tender process, such process being governed by the Constitution and by the relevant procurement legislation promulgated pursuant to the Constitutional provisions enshrined in Section 217 of the Constitution. Administrative law principles are accordingly to be applied to the procurement phase, which in the present case would include both the RFQ and the RFP. The provisions of PAJA are equally applicable to that phase.

3.4. Once a contract has however been awarded pursuant to lawful procurement process, different considerations arise.

3.5. As was said by Harms J in ***Steenkamp NO v Provincial Tender Board, Eastern Cape*** 2006(3) SA 151 (SCA) at 158 [12]:

> *"Everything, though, is not administrative law. Seen in isolation the invitation to tender is no doubt an offer made by a state organ "not acting from a position of superiority or authority by virtue of it being a public authority", and the submission of a tender in response to the invitation is likewise the acceptance of an offer to enter into an option contract by a private concern who does so on an equal footing with the public authority. The evaluation of a tender is, however, a process governed by administrative law. Once the tender is awarded the relationship of the parties is that of ordinary contracting parties, though in particular circumstances the requirements of administrative justice may have an impact on the contractual relationship."*

3.6. The approach of the Supreme Court of Appeal in the ***Steenkamp*** case to the juristic nature of a tender and the legal and contractual consequences which flow from the award of a tender, were impliedly accepted by the Constitutional Court when the matter went on appeal to that Court.

3.7. The principle has subsequently also received further approval by the Supreme Court of Appeal in the case of ***Government of RSA v Thabisa Chemicals (Pty) Ltd*** 2009(1) SA 163 (SCA) at 168 – 169. In that case the Supreme Court of Appeal again

emphasise that once a tender has been awarded, the relationship between the parties is governed by the principles of contract law. The only qualification to this principle is that organs of state, in enforcing their contractual rights, are required to act fairly. See ***Logbro Properties CC v Bedderson NO and Others*** 2003(2) SA 460 (SCA) at 467 – 468.

3.8. If, as Mr de Villiers correctly concludes, a binding written Agreement came into being between the Municipality and the Company, the terms being reflected in the written Agreement referred to above, then and in that event, the Municipality is entitled to enforce its contractual rights.

3.9. The recent communication from the Company that, for financial reasons, it no longer wishes to "*proceed with the project as currently envisaged*" (see their letter dated 15 May 2020) constitutes a clear repudiation as envisaged in our law of contract.

3.10. A repudiation by a contracting party affords the innocent party an election as to whether to enforce the contract (i.e. claim specific performance) or to accept the repudiation, regard the contract as being terminated, and claim damages.

3.11. Having considered the urgent need set out by the Municipality for the services to be provided by the Company, and having regard to the fact that the Company is a special purpose vehicle, a claim for damages, would not only be difficult to

quantify, but in any event the prospect of substantial recovery is limited.

3.12. It seems clear that what the Municipality requires is performance not damages.

4. To revert to the opinion prepared by Mr de Villiers it seems to me appropriate to record that:

4.1. I agree with Mr de Villiers that there is a more than reasonable prospect of the Municipality establishing a binding contract between itself and the Company. The terms of that contract are to be found in the Agreement referred to above.

4.2. Despite the passing reference to signature (in the definition section) it does not seem to me that signature of both parties was a requirement for the enforceability of the Agreement.

4.3. In this regard it is perhaps also relevant to point out that Section 116 of the Municipal Finance Management Act which expressly provides for "*contract and contract management*" requires that a contract or agreement procured through the Supply Chain Management System of the municipality must be in writing. Neither the Act nor the Regulations require a signature per se. The Public-Private Partnership Regulations promulgated in terms of the MFMA also do not, expressly, require the written Agreement to be signed by both parties. Regulation 6, which provides for the signature of the accounting officer of the Municipality seems to be directed,

primarily, to issues of accountability and record keeping rather than the enforceability of the underlying Agreement.

4.4. I have been referred by Mr de Villiers to two further authorities which deal with the validity of underlying agreements concluded by municipalities where the procurement process itself expressly provided for certain procedures and formalities to be followed. I refer in this regard to ***Lepogo Construction (Pty) Ltd v Govan Mbeki Municipality*** [2015] 1 All SA 153 (SCA) and ***Bosch Munitech (Pty) Ltd v Govan Mbeki Municipality*** [2015] 4 All SA 674 (GP). The present case is distinguishable as the prescribed formalities do not, in my view, require signature by both parties, albeit that a written agreement is required (and has been achieved).

4.5. A further factor which may be of considerable importance is the content of the recent communication received from the Company. I note that the letter was apparently prepared by the Company's legal officer. In that letter the Company does not contend that there is not an enforceable agreement (albeit that there is a reference to certain suspensive conditions which can still be fulfilled), but rather proceeds on the basis of financial constraints being the reason for the Company's repudiation of the underlying Agreement.

5. Assuming that the Municipality wishes to enforce performance, notwithstanding the repudiation by the Company, it must be emphasised

that our Courts retain a residual discretion not to grant specific performance in certain instances such as impossibility or undue hardship.

6. With regard to impossibility it is clearly established that the onus is on the defaulting party to show that, objectively, it is no longer possible to perform. See **Christie's Law of Contract in South Africa – 7th Edition** at 620 – 621.

7. The so-called "*undue hardship*" principle has only been invoked in certain specific circumstances and, once again, there would be a significant onus on the Company to persuade a Court that the principles should be applied. See **Christie** *supra* at 621 – 624.

8. In addition, and assuming that the Municipality wishes to enforce the contract and claim specific performance, it will be necessary to determine the correct procedure to be followed to enforce such rights.

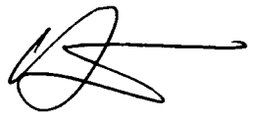
9. If there are disputes of fact, relevant to the underlying question as to whether a contract has been concluded, and/or whether it should be enforced, the correct procedure would be, usually to proceed by way of action.

10. If the essential facts are not genuinely disputed, then conceivably an application could be instituted. This procedure is, usually, a far quicker remedy.

11. In either event it would be necessary to make a formal demand, preferably through the Municipality's attorneys, to record that there indeed exists an underlying enforceable Agreement, and to again call

upon the Company to reconsider its position and to undertake to perform in terms of the underlying Agreement, failing which appropriate further legal steps will be taken. The response to such letter of demand (if any) would, in itself, be of considerable assistance in determining the appropriate way forward for the Municipality. I have, subsequently, been furnished with a copy of a letter addressed by the Municipal Manager to the Company. It does not seem to me that the letter can be construed as constituting an election on the part of the Municipality whether to enforce the contract or to claim damages. The rights of the Municipality are expressly reserved. Any further correspondence should, however, be undertaken or vetted by the Municipality's attorneys.

12. In any event it seems that consultations with the senior officials of the Municipality, preferably to take place in person, alternatively remotely, would be essential in order to debate the various issues which inevitably arise in this matter.



R G BUCHANAN, S C

- **Chambers**
- **Port Elizabeth**
- **10th June 2020**
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Appendix H

Garden Route
DISTRICT MUNICIPALITY | UMASIPALA WESITHILI | DISTRIKSMUNISIPALITEIT

54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
Fax: 086 555 6303
E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries:	*M E Hubbe*
Reference:	*17/5/1/1*
Date:	*18 June 2020*

The Chief Executive Officer
Inter-Waste Proprietary Limited
P O Box 382
GERMISTON
1400

"Without Prejudice"

By e-mail: jason@interwaste.co.za

Dear Mr. Jason McNiel

RE: EDEN WASTE MANAGEMENT PROJECT: COVID-19.

Your letters of the 15th and 22nd of May 2020 as well as our initial response thereto dated the 28th of May 2020 has reference.

We have now obtained legal advice in respect of the current position involving GRDM and Interwaste represented by Eden Waste Management Services (RF) (Pty) Ltd.

On consideration of the processes to date, the RFP and your correspondence referred to above, the following salient facts are relevant:

1. Interwaste was appointed as the preferred bidder on the 9th of April 2018;

2. The appointment was accepted by Interwaste and communicated in writing to the GRDM under cover of your correspondence dated the 11th of April 2018.

3. On the 17th of April 2018 you provided a resolution of your board accepting the selection as preferred bidder and appointed Leon Grobbelaar in his capacity as director with the authority to sign all necessary documents that maybe necessary to fulfil the requirements of the tender.

4. The negotiation phase commenced in May 2018 and was successfully completed in November 2019;

5. During this time you established Eden Waste Management Services as the Project SPV, as well as a D&C Subcontractor SPV and Operator SPV. The respective shareholder agreements were finalised and signed as well as the sub-contractor agreements between EWMS and the respective sub-contractor SPVs. You also engaged DBSA as the financier.

6. The completion of negotiations in November gave rise to your attorneys producing a PPP Agreement (marked final) together with all relevant schedules.

7. This PPP Agreement was presented to National, Provincial Treasury, and the relevant National Departments and published for public comment and eventually accepted by the GRDM Council (the legislative and executive decision making body of the GRDM) on the 13th of December 2019.

8. As correctly stated in your letter of the 15th of May 2020: "all project and finance agreements were in final form and we (Interwaste) had satisfied all material suspensive conditions to the financing. The only material outstanding items were the servitudes to be procured by the Municipality (GRDM) from PetroSA and Eskom which remained a condition to the DBSA providing funding to the Private Party."

9. The registration of the servitudes mentioned will be finalised in the coming weeks.

10. In addition all legislative contractual formalities as set out in sections 33, 116 and 120 of the Local Government: Municipal Finance Management Act 2003 read with regulation 6 of the Municipal PPP Regulations issued in terms thereof were complied with.

11. As a result a contractual relationship governed by the terms of the PPP Agreement came into being.

12. Despite this and on the 22nd of May 2020 you conveyed to us the Interwaste board decision that "Interwaste Proprietary Limited is to withdraw its participation as a shareholder in the Private Party in respect of the Project."

13. In light of what has been stated herein, this decision of Interwaste amounts to a repudiation of the agreement reached.

We hereby inform you that GRDM does not accept your repudiation and intents to hold you to the agreement reached. Should you wish to adjust your position within the terms of the underlying Agreement, you are to do so in line with the terms and conditions of the PPP Agreement. To this end, we refer you to Clause 76: Changes in Control; Clause 72: Refinancing and Clause 50: Variations.

The onus to present any suggested changes is on you. On receipt thereof the GRDM will in line with the agreed terms and conditions consider their position and revert.
It must however be made clear that GRDM regards the agreement concluded between the Municipality and Eden Waste as binding and of full force and effect.

We await your urgent response.

Yours faithfully

15/6/2020

MONDE STRATU
MUNICIPAL MANAGER
Y:/Letter May 2020/GRDM Response Letter Interwaste.doc.

BACK TO AGENDA

PROGRESS REPORT FOR THE ROADS DEPARTMENT FOR THE FINANCIAL YEAR 2019/2020 /
VORDERINGSVERSLAG RAKENDE DIE PAAIE AFDELING VIR DIE 2019/2020 FINANSIËLE JAAR /
INGXELO YOMSEBENZI YESEBE LEZENDLELA KUNYAKAMALI KA 2019/2020 (1062245)

(10/1/3)

23 June 2019

REPORT FROM THE EXECTIVE MANAGER: ROADS & TRANSPORT PLANNING SERVICES (JG DANIELS)

PURPOSE OF THE REPORT

The purpose of the report is to inform Council regarding the progress of the Roads Department financial year 2019/2020.

BACKGROUND / DISCUSSION

We recently successfully constructed the 7.5 km road in Friemersheim to the value of R78 million with 212 EPWP contract workers employed and trained over the 3 year period.

We service approximately 47 000 sq km roads with areas divided into 15 wards that we service with 16 maintenance grader operators.

Based on our agreement with Provincial Government, a minimum of 10 000km gravel road surface must be graded annually.

We have also completed 26.31km of Reseal and 32km of Re-gravel for the whole Garden Route.

We are currently busy with the Slangriver project, DR1263 & DR1297 which commenced on the 13th January 2020. We employed 20 EPWP workers from the Slangriver community that will be empowered by this project through the in-house training provided to them and 40 more will be employed.

COVID-1

The Corona virus pandemic was declared National Disaster which led to National lockdown that has delayed the progress of Roads. A stagggered approach will be used due to Maintenance trucks only able to have capacity of 5 employees per truck as social distance regulations are enforced.

A plan is in process to resume construction of Slangriver on the 29th June 2020 as precaution measures set out by the Department of Health are taken into consideration.

FINANCIALS FOR THE 2019/2020 YEAR

The revised allocation in respect of the capital and current expenditure for the Garden Route District Municipality for the 2019/2020 financial year is therefore now as follow:

The initial budget:	R160 185 000
Revised Addendum1:	R163 185 000
Revised Addendum 2:	R 187 185 000
Total Expenditure:	**R 188 261 621.14**
Over Expenditure:	**R 1 076 621.14**

The Department overspend due to the high volume of Roads works and unanticipated challenges/ changes in the Construction of Friemersheim.

RELEVANT LEGISLATION

None

RECOMMENDATION

That Council takes note of the content of the report.

AANBEVELING

Dat die Raad kennis neem van die inhoud van die verslag.

IZINDULULO

Sesokuba iBhunga lithatlele ingaqlelo umongo wengxelo.

BACK TO AGENDA

REPORT ON THE ACTIVITIES OF THE GARDEN ROUTE ECONOMIC CLUSTER IN RESPONSE TO THE COVID-19 CRISIS / *VERSLAG TEN OPSIGTE VAN DIE GARDEN ROUTE EKONOMIESE WERKSGROEP IN ANTWOORD OP DIE COVID-19 KRISIS* / INGXELO NGEMISEBENZI YECANDELO LEZOQOQOSHO LE GARDEN ROUTE NGOKUJONGANA NONTLEKELE YE COVID-19 (1054434)

(19/2/2/20)

05 June 2020

REPORT FROM THE EXECUTIVE MANAGER: PLANNING AND ECONOMIC DEVELOPMENT (L. MENZE) / MANAGER: DISTRICT ECONOMIC DEVELOPMENT AND TOURISM (M. WILSON)

PURPOSE OF THE REPORT

To inform Council of the District Economy cluster that was established in response to the covid-19 crisis and to engage with the committee with regards to the activities of this cluster.

The Garden Route Disaster Management Joint Operations Committee (JOC) was officially activated on 19 March 2020 to provide a coordination platform for the coordination of the COVID -19 pandemic. The first District JOC meeting took place on 23 March 2020, and it was agreed that the same structure that Province had initiated will be copied in the District JOC to ease the flow and effectiveness of information to Province and also via the DJOC to the different clusters that were established.

This led to the establishment of the following clusters on a district level namely:

- Transport and Logistics cluster (Transport/ ACSA and Ports Authority)
- Social Services cluster
- Education cluster
- Tourism /Economy/ Business Cluster
- Health Cluster
- Safety and security Cluster
- Communications Cluster

These contact leads were requested to convene their own district cluster meetings and provide feedback at the Garden Route Disaster Centre JOC scheduled for 10:00 on Monday to Fridays.

It was advised that, in order to ensure coordination at sub-district level (B-Municipal level) the persons responsible for disaster management at their local authority set-up a facility to be used as local coordination platform. Initially it was only meant to be the Heath cluster outbreak response teams that would be at the local platform, but as this pandemic escalated it was deemed to be necessary for the duplication of the proposed formulation of clusters at a local municipal level.

Establishment of the Economy cluster

This cluster was established on 20 March 2020. It was required from our sector to establish an Economy Cluster aimed at assisting government in the process of assessing the current situation and developing any kind of support where possible focusing on the following:

- Challenges experienced by businesses
- Requests from businesses for guidance and advice
- Working towards a plan post Covid-19 crisis

It was required to meet to discuss these issues, but in light of the current circumstances it was agreed that technology be used as a means to host the meetings virtually. Access was granted to the Zoom facility. It was requested that stakeholders indicate their availability to participate in meetings via Zoom (Video conferencing platform). Those that were not able to participate in this manner, were encouraged to make use of email or telephonic submission of information and contributions to the Economy Cluster. Microsoft teams is currently being used for the virtual meetings, as some municipal officials indicated that they are not allowed to use the Zoom facility.

List of stakeholders in the Economy cluster

The following list of stakeholders are currently forming part of the cluster:

- Garden Route DM
- South Cape Economic Partnership/Western Cape Economic Development Partnership

- All B-municipalities (Hessequa, Mossel Bay, Bitou, Knysna, George, Oudtshoorn and Kannaland)
- Department of Economic Development and Tourism;
- Wesgro
- Department of Agriculture
- Department of Employment and Labour
- Small Enterprise Development Agency (Seda)/Small Enterprise Finance Agency (Sefa)
- AHI Western Cape
- Small Business Development Forum
- Business Chambers (George, Mossel Bay, Still Bay, Bitou, Knysna and Oudtshoorn)
- Local Tourism Offices
- SATSA
- Sector expert's e. g. South African Boat Builders Export Council (SABBEX)/ South Africa Furniture Initiative (SAFI).
- Garden Route Film Office

The first Economy cluster meeting took place and the approach was as follows:
The cluster was initiated by utilizing the existing working groups focusing on the different growth sectors in our Economy and it was ensured that all the formal Business Chambers, as well as the Small Business forum that has been established in our region, are included. At the first meeting it was agreed on the establishment of smaller groups that will report into the Economy cluster, which then in turn report to and back from the DJOC.

The focus of the cluster include, but are not limited to:

- Collation of information to understand what the status and impact of the covid-19 crisis in our business community is (hence the survey that was done by George Business Chamber, Knysna Business Chamber);
- Sharing of information with the business community regarding all relevant government assistance, including Small and Medium Enterprises (SME's) and the informal sector;
- Guide and advise businesses in terms of the Regulations that was published and the follow-up amendments;
- Guide businesses with regards to where to find assistance to apply for relief/stimulus packages (www.supportbusiness.co.za , www.bizportal.gov.za etc.)
- Working towards a plan focussing on business rescue, business support, etcetera, utilising info from surveys done by all relevant stakeholders.
- Sector experts will be drawn in to ensure that the recovery plan will be efficient and effective and address the challenges of the different growth sectors in our District.
- Weekly Economy cluster meetings with feedback from all relevant Departments and municipalities regarding their interventions.
- Three work streams, namely LED Managers work stream, Business Continuity and Tourism work streams (Tourism work stream is currently operating via WhatsApp and webinars)
- Alignment with the Western Cape Recovery Plan that is currently in process of development.
- Collaboration with our partners and other stakeholders to ensure all are involved.

The formation of the Business continuity work stream took place on 02 April 2020.
One of the outcomes decided on by the cluster was that the local municipality LED manager would team up with business representatives and a tourism person to form a mini cluster / town ambassadors group to act as eyes and ears, ensuring communication flow and being a go-to person in each town, conveying provincial and regional messages for local municipality adaptation to local circumstances.

There were quite a number of surveys doing the round, including:

- George business Chamber which was extended to all towns in our region. Feedback was brisk, and results were shared soon after the closure of the survey.

- The Seda survey,
- Business Partners,
- Sake Liga and;
- A local survey initiated by the Knysna Business Chamber survey

The results of all these surveys will be used to guide the thinking for this Business Continuity work stream, with the focus intended to look at business survival for the next few months and the next year, such as; what can businesses do differently in the here and now and to build resilience? Looking at formulating strategies as a region, lessons learnt from other areas (including best practises from overseas) and to try and address the following aspects:

- Business Continuity – through this period for the next year while the effects of the virus still have an influence (more so for the Tourism and Hospitality industry)
- Business Revival / Rebuild – how to look internally at new business ideas to rebuild the local economies as we knew it
- Business Innovation – what is the new normal and what can be done to implement totally new ideas that wasn't there before.

The Local Economic Development Managers representing the local municipalities in the district form part of the Garden Route Economy cluster. The overall purpose of the cluster is to respond in a coordinated approach to the impact of COVID 19 on businesses and the district economy, through the mitigation and alleviation of occurring risks and the provision of relevant support and guidance to key economic role players and stake holders as required.

Information regarding government departmental interventions, activities, processes and regulations are distributed on a daily basis to local LED and Tourism managers, business chambers and relevant government role players who form part of the Economy cluster.

Meetings dedicated to only the LED Managers also take place on a bi-weekly basis to ensure a platform is created where municipalities can discuss COVID 19 inflicted economic challenges, opportunities and strategies in the absence of private business organisations.

Municipalities are requested to report weekly on the below interventions:

- Provision of Municipal Account Payment Relief/Holidays for rates, taxes, leases, rentals, etc. for businesses.
- Assistance and guidance provided to small businesses within their municipal areas, enabling them to access business relief and support packages from government and other business support sources.
- Communication with business stakeholders and participation in the local COVID 19 Joint Operation Centre per municipal area.

Municipalities have to date reported as follow:

Mossel Bay Municipality

- Decided to assist businesses in the Mossel Bay municipal area with a payment plan where for the first three months they do not have to pay, but have to bring the account up to date over a period of 6 months thereafter, interest free.
- Accounts need to be settled by the end of June 2021 in terms of the municipality's policy.
- An item was prepared in this regard and submitted to council for approval.

  This item was shared with all LED Managers as example and guideline of what can be done.
- Businesses that do not generate an income during this period automatically receives a 3 month grace period.
- Residential property owners also receive 3 month grace period for payment of rates and taxes.
- Many businesses went the Unemployment Insurance Fund route to supplement their cash flow for salaries and wages.
- Blocked water and electricity supply has been unblocked for this period.
- Costing of income loss = R12 million

- The municipality felt that no legislation exists prohibiting municipalities from doing this, also considering that this period has been declared as a state of national disaster.
- Business hives (informal traders) are all closed, and will get 6 months to get their accounts up to date.
- Municipality is assisting small businesses with the completion of relevant application documentation to access support.
- Providing business assistance and guidance on regulations to navigate them through the uncertainties of the lockdown period.
- Distributing relevant information and communication to businesses, rural representatives and Informal Traders through emails, WhatsApp groups, websites and newspaper.

George Municipality

- Awaiting input from Finance Department for item on payment holidays to be approved.
- Permitting is currently a challenge for George Municipality.
- Planning Department refuses to allow spaza shops to operate if it is not zoned.
- Needs to determine whether national regulations can supersede municipal policy, and will discuss internally with Legal Department and Municipal Manager, and advise the municipality to consider allowing spaza shops to operate with Health Certificates during the lockdown period.
- Fresh Produce stalls can operate without Certificate of Acceptance (Heath Certificates from 06H00 – 18H00).

Hessequa Municipality

- Internal discussions took place regarding provision of payment holidays for businesses.
- In terms of scheme regulations a consent/approval letter is issued for a spaza shop to operate from 08H00 until 18H00.

- Planning Department has to approve the spaza shop on residential premises and they also have to have the Certificate of Acceptance for Health and Hygiene (COA) / Health Permits from the District Municipal Health Department.
- Without a letter of approval a spaza shop is operating illegal.
- Provided permits to small farmers for daily feeding of their livestock.
- Small town dynamics where not all businesses have access to emails.
- Experience challenges as they receive many requests to operate from people wanting to operate informal trading from their homes, by making food for delivery/collection.
- Assisting businesses with applications, providing support where needed and communicating through emails.

Bitou Municipality

- Item on payment holidays submitted to Mayoral committee for approval, and will receive feedback at the end of May 2020.
- In frequent discussion with local business chamber and tourism forums/partners.
- Currently focusing predominantly on spaza shops and informal traders.
- Working closely with the District Municipal Health department through issued Certificate of Acceptance (COA) / Health Permits.
- Rolled out many tourism safety projects.
- Town planning principles and building regulations need to be synchronized.
- Assisting small businesses with applications, information and business guidance.

Knysna Municipality

- The municipality reported that due to its financial position it is unfortunately not able to provide payment holidays to businesses.

- Forms part of the local JOC and works closely with local tourism and business stakeholders,
- Assisting and guiding businesses with information and support.

Oudtshoorn Municipality

(Not part of cluster until now).

The municipality provided the following press release:

RESOLVED BY COUNCIL

1. Council approved the relief on consumer's municipal accounts, in the form of exempting the billing of interest on all overdue consumers' accounts for a period of four (4) months from March 2020 – June 2020.

2. Council extended the consumer incentive scheme approved by Council on 19 December 2019, resolution number 60.162/12/19, whereby consumers would be required to settle 50% of debt in arrears before 30 June 2019 once-off, and will then be assisted through the write-off of the remainder 50% of the debt, from April 2020 to June 2020.

3. That all consumers electricity be unblocked from 24 March 2020 – 20 April 2020 to allow for the purchase of pre-paid electricity over the lock-down period, excluding consumers which were disconnected or blocked for tampering with their electricity meter box/supply.

4. That a compulsory auxiliary percentage charge of 30% collection be implemented on all pre-paid consumers unblocked for the mentioned period as per the credit control and debt collection policy of council.

5. That should consumers fail to settle their municipal account in April 2020 after the lock-down period, normal debt collection procedures be followed as per approved credit control and debt collection policy of council.

6. That the extension of the Incentive Scheme be advertised on all media platforms to inform consumers of such extension up to 30 June 2020.

7. That if the status of any consumer changed during the COVID-19 period to indigent, that they be registered after the twenty one (21) days lock down period.

Kannaland Municipality

- Could not form part of the cluster up until now.

Further discussions on interventions

- In the discussion with business chambers it was emphasised that the private sector also need to contribute and not only want to be on receiving end.
- All the business chambers were requested to identify and liaise with the top 5 (biggest) commercial property landowners in their respective towns to look at rental holidays and relief.
- Municipalities cautioned one another against over-regulation of businesses during this time.
- Businesses are referred to the Western Cape's support business website for a support finder tool which determines which stimulus package they qualify for, and provided with the links to these programmes.

Municipalities' assistance efforts to businesses are guided by outcomes from business impact surveys conducted by the Department of Economic Development and Tourism and the George Business Chamber.

Debt Relief Funding – Sefa

- Maximum funding is R 500 000
- Interested is Prime less 5% and if the funding is abused interest rate will revert to Prime + 10%

- Maximum repayment period is 60 months
- A moratorium is being placed of which payment can only happen after a six month period
- Funding must be for: Rent, Salaries and or Utilities – if funding is needed for other support then a detailed motivation must follow
- Sole proprietors can also apply for funding support
- Liquor stores/Taverns can also apply provide they comply to all the legal requirements to operate a business

As of 08 May 2020 Sefa approvals on the debt relief funds in the Garden Route and Central Karoo stands at R 4 373 391.77 with 16 SMEs benefiting to date. Applications from the country in excess of 8 000 which is to be referred to Small Enterprise Development Agency branches still to be followed up with these SMMEs on outstanding documents and hopefully from those more applications can go for final approvals.

	Area	Approved amount	Jobs sustained
1	Great Brak River	R461 244.00	10
2	Plettenberg Bay	R500 000.00	10
3	Plettenberg Bay	R197 646.00	6
4	Plettenberg Bay	R91 035.00	3
5	George	R212 415.00	2
6	Plettenberg Bay	R395 298.00	6
7	George	R434 699.29	7
8	Oudtshoorn	R132 756.00	3
9	Sedgefield	R356 814.72	3
10	Karoo	R169 257.00	4
11	Knysna	R185 850.00	2
12	Mossel Bay	R127 322.58	2
13	Mossel Bay	R51 510.00	3
14	George	R177 000.00	2
15	George	R460 343.80	17
16	George	R420 200.38	26

Spaza shops/Informal Traders/SME's

The section collated the information/databases from the B-municipalities of spaza shops and Informal traders within the Garden Route District Municipality as well as from the GRDM Municipal Health Section. The requested information was gathered, collated, and forwarded to SALGA and DEDAT for their perusal.
Subsequently to above-mentioned, DEDAT, Wesgro, GRDM Occupational Health and Safety Office and the GRDM Supply Chain Management Office requested the databases of SME's manufacturing masks and PPE within the Garden Route District. This information was collated and forwarded to the respective institutions. The purpose for collating this information was to buy masks and PPE from local suppliers (SMME's) within the District. The circulation of information as received from the JOC meetings as well as new regulations are disseminated on a continuous basis to the SME's that are on our database.

The Spaza shop/General Dealer programme was initiated by Government in May 2020 in partnership with Nedbank and Standard Bank. It entails R7 000 facility of which R3 500 will be in cash (in the form of a vouched to buy stock) and R3 500 credit facility.
Businesses will be able to purchase goods from certain stores only as per list from the National Department of Small Business Development – Cashbuild, Macro, Cash and Carry and Cash Build. A list of wholesalers in the Garden Route was collated and submitted via Province (Department of Economic Development and Tourism, to the National Department of Small Business to ensure that it is accessible to businesses who is approved for this programme.

- Businesses will be required to register with Nedbank who will refer them to exactly where they can make purchases.
- Businesses will be required to open a business bank account with Nedbank at reduced banking fees.
- The Ministry is in process of trying to get other banks involved as well; Standard Bank has also joined as a partner in this programme.
- SEDA will mentor spaza shop owners as part of their normal services.
- Unemployed graduates will be identified and trained to mentor spaza shop owners at their premises; this will be done by the Department of Small Business Development.

Applicants must physically go to the nearest branch and the staff will assist them with completion of applications. Applications received, was reported by Nedbank as being slow, but with the assistance of the Garden Route Communication unit, the opportunity was again marketed as wide as possible (social media platforms and website) to ensure that the public is aware of the opportunity.
Seda is reporting on a weekly basis at the Cluster about the progress in terms of this programme.

Conclusion:

The full effect of the Covid-19 pandemic on the world, our Country, Province and District will not be fully understood until this crisis has passed.

Various surveys has been done to have some idea on how this is affecting businesses, and one of the major outcomes is the issue of cash flow. Many smaller companies (lower turnover) do not have the financial resources to manage the Covid-19 response options.

All the growth sectors in the District have been impacted, especially the tourism and hospitality sector and retail sectors which have been hardest hit by this pandemic, and which will also be the last sectors to recover from this crisis. The impact on the informal sector, spaza shops and SMMEs must still be determined, but will certainly increase the poverty headcounts which was already on 40,5% prior Covid-19, as this is the "bread and butter" for many families.

The survey, done by the George Business Chamber specifically, which was completed by 345 business across the district, specifically indicated that the Covid-19 pandemic has disrupted businesses much more severely than the challenges this District has seen and is still facing in terms of load shedding, drought, fires and crime.

A total of 37,54% (128 respondents) of 341 respondents has indicated that they are considering closing their business due to the disruptive factors, whilst 51,32% (175 respondents) has indicated that they are considering retrenching staff.

An Economic Cluster was established with stakeholders across the sectors being represented, which is a platform where information is shared, assistance and guidance is given in terms of government interventions.

A Business Continuity working group was formed from the Economic Cluster who are focusing on a recovery plan for the District, which will address business rescue, business support, business resilience etc. This plan will be informed by the Economy Recovery Plan that DEDAT is in the process of drafting and the results of the District survey and other surveys that was done, as well as input from sector experts and other stakeholders such as relevant Government Departments, municipalities, Wesgro, SCEP/WCEDP, Small Business Development forum, Business Chambers etc. This plan will address solutions which will be implemented on a short, medium and long term basis, and financial resources from all spheres of government will be needed to make the implementation of this plan a reality.

Challenges:

- Accessing the links to the different relief funds, some websites crashed from time to time due to the flood of applications lodged and the backlog that call centres are experiencing;
- Turn-around time for Temporary Employer/Employee Relief Fund (TER);
- Confusion in terms of the application of the regulations and openness of interpretation;
- Cost of Data;
- Access to online applications, as many SMME's do not always have internet access
- Rental and other service fees that had to be paid by businesses amidst this crisis;
- Perceived discrimination on certain funding applications e.g.: Tourism Relief Fund (BEE codes)
- Funding support mostly in the form of loans also pose a challenge for the complete recovery of businesses.
- Salary cuts
- Job losses
- Businesses will have to cope with low staff capacities when they re-open which will make recovery slow initially.
- Lack of support to sole proprietors

(References: WC Business Survey Report; Garden Route Business Impact and Continuity Survey)

Attached hereto find the following Annexures:

Annexure A – GRDM Survey results (Garden Route Business Impact and Continuity Survey), **Annexure** B – Western Cape Business Survey report and **Annexure C** – Greater Knysna Business Chamber survey report

FINANCIAL IMPLICATIONS

None currently, but an application for funding to support SME's and the Informal sector has been submitted for consideration within the 2020/21 budget.

RELEVANT LEGISLATION

Section 152 and 153 of the Constitution of South Africa.

Section 152. Objects of local government

1. The objects of local government are –

a) to provide democratic and accountable government for local communities;
b) to ensure the provision of services to communities in a sustainable manner;
c) to promote social and economic development;
d) to promote a safe and healthy environment; and
e) to encourage the involvement of communities and community organisations in the matters of local government.

2. A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

Section 153. Developmental duties of municipalities

A municipality must -

a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
b) participate in national and provincial development programmes.

COMMENTS: EXECUTIVE MANAGER FINANCIAL SERVICES

Noted.

COMMENTS: EXECUTIVE MANAGER CORPORATE SERVICES

Noted.

COMMENTS: EXECUTIVE MANAGER COMMUNITY SERVICES

Noted.

COMMENTS: EXECUTIVE MANAGER ROADS & TRANSPORT PLANNING SERVICES

COMMENTS: MANAGER LEGAL SERVICES

Noted.

UITVOERENDE OPSOMMING

Die doel van die verslag is om die Raad in kennis te stel van die vestiging van 'n Garden Route Ekonomiese werksgroep in antwoord op die Covid 19 krisis.
Die Distriks Gesamentlike Operasionele Komitee was in werking gestel op 19 Maart 2020 en tydens die eerste vergadering in Maart 2020 is ooreengekom dat die Provinsiale GOK struktuur op Distriksvlak gekopieër word. Die werksgroepe("clusters") wat geaktiveer is sluit in Vervoer en Logistieke, Sosiale Dienste, Opvoeding, Ekonomie, Gesondheid, Veiligheid en Sekuriteit en Kommunikasie.
Die werkgroep leiers was getaak om hul eie distriks werksgroep vergaderings te reël met al die relevante rolspelers en terugvoering te gee aan die Garden Route Rampbestuur Gesamentlike Operasionele Komitee wat op die aanvangstadium daagliks vergader het. Tans is die vergadering geskeduleer op Maandae, Woensdae en Vrydae vanaf 10h00.
Die Ekonomiese werksgroep is van stapel gestuur op 20 Mei 2020 gefokus op uitdagings ervaar deur besighede, versoeke van besighede vir leiding en advies, asook om 'n plan te ontwikkel wat die navolge van die Covid 19 krisis aanspreek.
Die benadering tot hierdie werkgroep se stigting was om die bestaande werksgroepe wat op spesifieke groei sektore fokus in die distrik te integreer en dan verder ander rolspelers wat nie tans deel is van hierdie werksgroepe nie, addisioneel in te sluit.

Die fokus van die Ekonomiese werkgroep sluit in, maar is nie beperk tot:

- *Insameling van informasie om die status en impak van die covid 19 krisis op die besigheidsgemeenskap te verstaan;*

- *Deel van informasie aangaande alle relevante regeringsondersteuning, ingesluit kleiner besighede en die informele sektor;*
- *Leiding en advies aan besighede in terme van die Regulasies wat gepubliseer is en die opvoldende aanpassings;*
- *Leiding aan besighede ten opsigte van waar om voor hulp aansoek te doen;*
- *Die ontwikkeling van 'n herstel plan post covid 19, gefokus op besigheidsredding, ondersteuning ensovoorts, deur gebruik te maak van die inligting voortspruitend uit die opnames wat deur verskeie instansies/organisasies gedoen was.*
- *Die insluit van sektor kenners om sodoende te verseker dat die herstelplan doeltreffend en effektief is om die uitdagings van die verskillende sektore aan te spreek.*
- *Weeklikse Ekonomiese werksgroep vergaderings om terugvoering te ontvang van alle relevante Regaeringsdepartements en munisipaliteite insake intervensies.*
- *Drie werkstrome naamlik Plaaslike Ekonomiese Bestuurdersforum, Besigheidskontinuïteit, en Toerisme (Toerisme werkstroom kommunikeer tans via WhatsApp en webinare.*
- *Belyning met die Weskaapse Herstelplan wat tans in die proses van ontwikkeling is;*
- *Meewerk met vennote en ander aandeelhouers om te verseker dat almal betrokke is.*

'n Aantal opnames is gedoen ingesluit George Sakekamer wat versprei is na al die dorpe in ons distrik, Seda opname; Business Partners se opname, Sake Liga, asook 'n plaaslike opname te Knysna geinisieër deur die Knysna Sakekamer. Die resultate van hierdie opnames sal benut word om so doende die Distriks Herstelplan saam te stel.

Die Plaaslike Ekonomiese Bestuurdersforum wat die munisipaliteite verteenwoordig en wat twee-weekliks plaasvind, se doel is om die Covid 19 krisis se ekonomiese impak op 'n gekoördineerde wyse te benader. Informasie rakende regeringsintervensies, aktiwiteite, prosesse en regulasies word daagliks na al die lede van die Distriks Ekonomiese werksgroep versprei.
In die besprekings met Sakekamers, was dit beklemtoon dat die privaat sektor ook moet bydraes lewer en nie slegs aan die ontvangkant wil wees nie.
Al die Sakekamers was versoek om die top 5 kommersiële eiendoms eienaars in hul onderskeie dorpe te identifiseer om huur uitstel en verligtings moontlikhede met hierdie eienaars te bespreek.

Munisipaliteite was gemaan teen oor-regulering van besighede gedurende hierdie krisistyd. Besighede word verwys na die Weskaapse besigheidsondersteunings webwerf www.supportbusiness.co.za , asook die Nasionale webwerf www.bizportal.gov.za.

Al die munisipaliteite is tans deel van die Distriks Ekonomiese werksgroep behalwe Kannaland en Oudtshoorn munisipaliteite.

'n Distriks Spaza winkels/Informele handelaar databasis is opgestel uit inligting ontvang vanaf die plaaslike munisipaliteite sowel as die GRDM Munisipale Gesondheidsafdeling en was ingedien by SALGA en DEDAT soos versoek. 'n Databasis is ook saamgestel van al die kleinsake ondernemings wat maskers/persoonlike beskermende toerusting in die distrik verkoop of vervaardig. Dit word versprei aan institusies wat persoonlike beskermende toerusting en maskers wil aankoop om plaaslike besighede 'n geleentheid te bied en plaaslike aankope aan te moedig.

Alle informasie word ook versprei na die kleinsake ondernemings wat op die databasis van die distrik is.
Die volle impak van die Covid 19 pandemie op die wêreld, ons land, provinsie en distrik sal nie ten volle verstaan word tot na die afloop van die krisis nie. Al die groei sektore in die streek in geaffekteer, veral die Toerisme en gasvryheid, asook die kleinhandels sektore en dis ook die sektore wat laaste sal herstel van hierdie krisis.
Vind meegaande aangeheg **Aanhangsel A** – GRDM Opname resultate ("Garden Route Business Impact and Continuity Survey"), **Aanhangsel B** – Weskaapse Besigheids Opname verslag en **Aanhangsel C** – Groter Knysna Besigheidskamer Opname verslag.

RECOMMENDATION

That Council takes note of the report on the activities of the District Economy Cluster that was established in response to the Covid 19 crisis.

AANBEVELING

Dat die Raad kennis neem van die verslag rakende die aktiwiteite van die Distriks Ekonomiese werksgroep wat tot stand gebring is in antwoord op die Covid 19 krisis.

ISINDULULO

Sesokuba iBhunga lithathele ingqalelo imisebenzi yeCandelo Lezoqoqosho Lwesithili neliye lamiselwa ukuse lijongane nentlekele ye Covid-19.

BACK TO AGENDA

RENEWAL OF LEASE AGREEMENT FOR CELLPHONE OPERATORS / *HERNUWING VAN HUUROOEENKOMS VIR SELFOON OPERATEURS* / ISIVHUMELWANO SOHLAZIYO LWE CELLPHONE OPERATORS

(18/4/1/1/6)

1 June 2020

REPORT FROM THE EXECUTIVE MANAGER: PLANNING AND ECONOMIC DEVELOPMENT SERVICES (L MENZE) / PROPERTIES & RESORTS (M APPELS)

PURPOSE OF THE REPORT

To obtain permission from Council to renew the lease agreements with the cell-phone operators for a period not exceeding 9 years and 11 months.

BACKGROUND / DISCUSSION

The Garden Route District Municipality (GRDM), like many similar district municipalities in the country, is facing serious financial stresses that threaten the very survival of the institution. Currently the municipality is highly grant dependent and cannot survive without it. The financial grant dispensation in the country is not showing any signs of improvement and the outlook is not promising, as the economy and the national revenue base are not growing. Various studies have been performed and all have concluded that the current financial dispensation is not sustainable and new strategies need to be employed.

In achieving these broad strategic objectives enunciated [above] Council therefore committed to empower and monitor management in engaging in the following decision-making process thus guided by applicable legislative prescripts:

1. Leasing of certain properties of Council on a long-term basis;
2. Partnering with developers in certain properties of Council;
3. Own development of certain properties to achieve certain development goals;
4. Partnering with provincial- and national government and entities to achieve certain development goals.

Council will further vividly recall that the advancement of these strategies was reinforced with a fundamental resolution which gave concurrence to management's quest on the future management of resorts. On May 23, 2017, Council then resolved as follows on the utilization of Council Properties that:

1. the Municipal Manager, assisted by Executive Management and monitored by the Executive Mayor, ensures that various legislative processes are employed to facilitate decision-making to achieve the following :
   1.1 Leasing of certain properties on a long term basis;
   1.2 Alienation (out-right sale) of certain properties;
   1.3 Partnering with developers in certain properties;
   1.4 Exchange with B-Municipalities of certain properties for mutual benefit;
   1.5 Own development of certain properties to achieve certain development goals;
   1.6 Partnering with Provincial and National governments and entities to achieve certain development goals

In implementation of the above resolution, the municipality received letters from Mobile Telephone Networks Proprietary Limited (MTN) and Vodacom requesting extension of leases for sites known as T5142 Victoria Bay on Farm 195 Portion 108, Kraaibosch, dated May 27, 2020 and [for] ERF2219 Lorie Park, dated May 19, 2020 (respectively).

GRDM currently has four (4) lease agreements with cellphone operators. Two (2) of these, are active and need not to be renewed/extended. The proposed renewals both have expired. There was no initiation from the previous Manager charged with the responsibility of Properties Section.

At this stage there is no indication as to why such an action was not done, however this was one of the chargers preferred against him for such procrastination. Despite these not being renewed the municipality has received income from MTN, as well as, arrears payments. The signed Lease Agreement for Vodacom could not be located, as a result an amount of R709 471.33 including VAT has not been paid to the Municipality. There was verbal indication that the Tower was transferred to Provincial Department of Roads and Public Works but no transfer agreements are in place to ascertain that. This is for the period of 1 August 2013 – 31 July 2018. However, Vodacom has since indicated in writing to the municipality that they are willing to make the payment and furthermore, they have thus indicated that they are willing to settle to July 2020 as they are currently operating the tower. However there is still a 1% VAT

increase that Vodacom has not taken into consideration from August 2018 to date that the Finance Department is currently in negotiation with them.

The biggest challenge that the Property section observed on both towers was that an agreement was entered by Garden Route District Municipality and respective cellphone providers – however, there has been a perturbing trend wherein these cellphone providers are subletting to providers and thus a loss of potential income to the municipality. For the anticipated/requested renewal the issue of subletting will be inserted through the Legal Section of the Municipality on the Lease Agreement, wherein it must be done by the lessor. We have noted on the previous agreements there was no such provision. This will enable the municipality to have full control of the operations of the tower.

In May 2018, Council will recall that management obtained a Council decision on determining the market value of high value capital assets, and [also] obtained authorization to amend Council's delegations and to inform Council of the administrative processes in terms of the Municipal Asset Transfer Regulations. In that Council Meeting of May 29, 2018, council resolved as follows:

1. That, in terms of Regulation 1(1) the market value of high-value capital assets be set at a threshold which is equal to the lesser value of R50 million or 1% of the total value of the capital assets of the Municipality.
2. That, in terms of Regulation 34(4), provision is made in the current system of delegations that the Municipal Manager be authorized to approve the public participation process for granting of rights to use, manage or control capital assets not exceeding R10 million and for a period not longer than three (3) years.
3. That Council delegates to the Municipal Manager its power to approve the granting of rights to use, manage or control capital assets not exceeding R10 million and for a period not longer than three (3) years.

The Municipal Asset Transfer Regulations (hereinafter referred to as the Regulations) came into effect on 1 September 2008. The purpose of the Regulations is to regulate the transfer and disposal of municipal capital assets.

The Regulations intends to create structure in the management of capital assets by Municipalities. The Regulations defines "capital asset" as –

a) any immovable asset such as land, property or buildings; or
b) any movable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which future economic or social benefit can be derived, such as plant, machinery and equipment.

The Regulations also distinguishes between "exempted capital assets" which is exempted by section 14(6) or 90(6) of the Municipal Finance Management Act 56 of 2003 (MFMA) and "non-exempted capital assets" which is not exempted by section 14(6) or 90(6) of the MFMA from the other provisions of that section. However, this report will only deal with non-exempted capital assets.

The Regulations furthermore distinguishes between the transfer and permanent disposal of non-exempted capital assets and the granting of rights to use, control or manage municipal capital assets. In terms of Regulation 1(1), a "high-value" in relation to a capital asset of a Municipality means that the fair market value of the capital asset exceeds any of the following amounts:

a) R50 million;
b) 1% of the total value of the capital assets of the Municipality; or
c) an amount determined by resolution of the Council which is less than (a) and (b).

On **granting of rights to use, control or manage municipal capital assets** the [*next category of non-exempted capital assets*] are those where rights to use, control or manage municipal assets are granted. The Regulations differentiate between capital assets where the rights that are granted has a value in excess of R10 million and are regarded as long-term if more than three (3) years. The same process in terms of capital assets of a higher and lesser value applies.

However, for the purposes of these two requests from MTN and Vodacom the lease period is for 9 years and 11 months. In nature they are long-term and would therefore require Council concurrence. The actual value of the lease period is still to be determined by all the parties involved. We have noted of the past few months challenges which are currently being resolved with regards to some telephone networks not being billed and such these lease agreements will not be concluded if there is still outstanding amount from the previous lease.

A team from Finance and Property Section is working on this issue to ensure that all payments due to Council are honoured. It is therefore for this reason that we request the Council in line with the above cited Regulations to embark on the process of renewing the above lease agreement.

Renewal

In assessing the considerations, it is clear that lease renewal should be driven largely by evenhandedness and what is perceived to be fair between lessor and lessee. The two effective parties namely:

- Kaaimans Pass, Remainder of Farm 195 (MTN)
- George GRDM Erf 2219 (Vodacom)

FINANCIAL IMPLICATIONS

None at this stage.

RELEVANT LEGISLATION

South Africa: Constitution of the Republic of South Africa 1996
Local Government: Municipal Structures Act 117 of 1998
Local Government: Municipal Systems Act 32 of 2000
Local Government: Municipal Finance Management Act 56 of 2003
Local Government: Municipal Property Valuations Act 6 of 2004
Eden Immovable Property Management Policy June 2012
Local Government: Municipal Asset Transfer Regulations RN878

UITVOERENDE OPSOMMING

Die Raad het goedkeuring aan die Munisipale Bestuurder verleen om, in terme van die Bate-Oordragregulasies, kontrakte aan te gaan vir 'n period van drie (3) jaar en minder as R10 miljoen. 'n Versoek was ontvang vanaf MTN en Vodacom om hul kontrakte wat gedurende 2018 en 2019 verval het, te hernu vir 'n period van 9 jaar en 11 maande. In terme van die Bate-Oordragregulasies, berus hierdie bevoegdheid by die Raad om goedkeuring te verleen vir die hernuwing van kontrakte vir 'n periode meer as drie (3) jaar.

RECOMMENDATIONS

1. That Council grants approval for a long term lease to be entered into between MTN and Vodacom for a period of 9years and 11months.
2. That Council resolves that the property is not required for the provision of basic municipal services as provided for in Section 14 of The Local Government: Municipal Finance Management Act 56 of 2003.
3. The lease period be for a period of 9 years 11 months subject to all outstanding payments owed to the municipality paid in full.
4. That both Vodacom and MTN will be responsible for the advertisement costs to source the comments from the public as outlined in the Asset Transfer Regulations.
5. That this item be referred back to Council after the Public Participation Process and negotiations with both Vodacom and MTN has been concluded.

AANBEVELINGS

1. *Dat die Raad goedkeuring verleen dat 'n langtermyn kontrak aangegaan kan word met MTN en Vodacom vir 'n period van 9 jaar en 11 maande.*
2. *Dat die Raad bevestig dat die grond nie benodig word vir die voorsiening van basiese munisipale dienste soos bepaal in artikel 14 van die MFMA nie.*
3. *Dat die huurooreenkoms onderworpe is aan die betaling van alle uitstaande huurgelde wat aan die munisipaliteit verskuldig is.*
4. *Dat beide huurders (Vodacom en MTN) aanspreeklik gehou word vir die advertensie-kostes om die kommentaar van die publiek te verkry soos voorsienin in die Bate-Oordragregulasies.*
5. *Dat hierdie item aan die Raad terugverwys word na die publieke deelname proses en onderhandelinge met beide Vodacom en MTN afgehandel is.*

IZINDULULO

1. Sesokuba Ibhunga linike isivumelwano senqgesho yexesha elide bakathi kuka MTN no VODACOM esingangeminyaka eyi 9 nenyanga eziyi11.

2. Sesokuba iBhunga liqgibe Kwelokubakuba iprophathi ayimfuneko kulungiselelo lweenkonzoezisisiseko zikamasipala njengoko kubonelelwe kwicandelo 14 likaRhulumente waseKhaya :UMthetho woLawulo LweMali Act 56 of 2003.
3. Xesha lenqgesho lizobangangeminyaka eyi 9 nenyanga ngokuxhomekeke kuzozonke intlawulo ezabelwe umasipala zihlawulwe ngokupheleleyo.
4. uVodacom neMTN bazothatha uxanduvha lwentlawulo zentengiso zokufuna izimvo zabahlali ngokumisiweyo kwi Asset Transfer Regulations.
5. Ukuba Lengxelo ibuyiselwe kwiBhunga emva kwenkqubo yokuThatyathwa kwenxaxheba luluntu nengxoxo kunye neMTN neVODACOM kuqgityiwe.

ANNEXURES

Letter from Vodacom

Letter from MTN

GRDM Debtor Rental ERF2219 Lorie Park

OPERATIONS EASTERN REGION

To: Garden Route Municipality

From: Willem Muller

Date: 19 May 2020

Subject: **LEASE OF ERF 2219 – LOERIE PARK**

With reference to the abovementioned matter, Vodacom is definitely interested in concluding a further lease period.

Kind regards

willem.muller@vodacom.co.za
Digitally signed by willem.muller@vodacom.co.za
DN: cn=willem.muller@vodacom.co.za
Date: 2020.05.19 10:37:50 +02'00'

Willem Muller
Property Specialist
Vodacom Eastern Region
041 3963022

MOBILE TELEPHONE NETWORKS PROPRIETARY LIMITED
(Registration number:1993/ 001436/07)
216 14th Avenue, Fairland, 2195
Private Bag 9955, Cresta, 2118, South Africa
Tel +2711 912 3000 Fax +2711 912 4670

Eden District Municipality
Property Department
PO Box 12
George
6530

Attention: Property Department

27 May 2020

RE: REQUEST TO EXTEND MTN LEASE AGREEMENT FOR FARM 195, PORTION 108 KRAAI BOSCH

Y'ello Mr Mario Apples,

As per email correspondence dated 27 May 2020, pertaining to the lease renewal for the MTN site known as T5142 Victoria Bay on Farm 195 Portion 108, Kraaibosch, we would hereby like to request an extension on the lease.

Details pertaining to the extension as follows:

Lease commencement date:	01 February 2018
Lease period:	60 months
Termination Date:	31 January 2023
Renewal period:	60 months
Monthly rental:	R 3,238.40 (excl VAT)
Annual escalation:	8%

Should there be any queries with regards to our request, please don't hesitate to contact me on the number highlighted below.

Yours in communication,

Nadene van Wyk
Regional Property Lead
Cell: 083 209 1861
Email: Nadene.vanWyk@mtn.com

Directors: *MJ Harper (Chairman), GN Motsa (Chief Executive Officer), SSB Ntsele (Chief Financial Officer), MJ Bosman, SA Fakie, CWN Molope, RT Mupita, PD Norman, J Schulte-Bockum, RA Shuter and SA Zinn*
Company Secretary: *PT Sishuba*
Reg. No. *1993/001436/07*
VAT Reg. *4630140434*

LEASE AGREEMENT

BETWEEN

EDEN DISTRICT MUNICIPALITY

AND

VODACOM PROPRIETARY LIMITED

Lessor's lease identification name and/or number	
Lessee's lease identification name	**KAAIMANS PASS**
Lessee's lease identification number	**14495**

LEASE AGREEMENT

1. PARTIES

The parties to this Agreement are

1.1 Eden District Municipality (hereinafter referred to as the "Lessor", further information in respect of whom is recorded in Annexure 1); and

1.2 Vodacom Proprietary Limited, a private company duly registered in South Africa with Company Registration Number 1993/003367/07 and VAT Registration Number 4010139121 (hereinafter referred to as the "Lessee").

2. PREAMBLE

The Lessee wishes to hire certain premises from the Lessor and the Lessor wishes to let such premises to the Lessee, further to which the parties have agreed the terms and conditions detailed herein.

3. DEFINITIONS AND INTERPRETATION

3.1 In this Agreement and all appendices hereto, unless inconsistent with or otherwise indicated by the context

3.1.1 **"Agreement"** means this lease agreement together with all appendices hereto;

3.1.2 **"Equipment"** means any or all, as the context indicates, of the structures, equipment and components provided for in Clauses 9.2.1.1 to 9.2.1.6;

3.1.3 **"Install"** means to install, erect, construct or affix and, **"installed"**, **"installing"** and **"installation"** shall have corresponding meanings;

3.1.4 **"Lease Commencement Date"** means the date upon which the lease of the Premises commences, as recorded in Annexure 1;

3.1.5 **"Lease Termination Date"** means the date upon which the lease of the Premises terminates, as recorded in Annexure 1;

3.1.6 **"Premises"** means the portion of the Property leased by the Lessee in terms of this Agreement, further information in respect of which is recorded in Annexures 1 and 2; and

3.1.7 **"Property"** means the property, being either a portion of land or, a building or other structure, upon or within which the Premises are situated, further information in respect of which is recorded in Annexure 1.

3.2 The headings of the clauses in this Agreement are for the purpose of convenience and reference only and shall not be used in its interpretation.

3.3 Unless inconsistent with or otherwise indicated by the context, words used in this Agreement importing

3.3.1 any one gender include the other two genders;

Initials of Lessor, Lessee and witnesses

3.3.2 the singular include the plural and *vice versa*; and

3.3.3 natural persons include created entities (incorporated or unincorporated) and *vice versa.*

3.4 Where in this Agreement

3.4.1 a reference is made to the Lessee, it shall include, unless the context indicates otherwise, the Lessee's employees, agents, contractors and/or duly authorized representatives;

3.4.2 a reference is made to the Lessor, it shall include, unless the context indicates otherwise, the Lessor's employees, agents, contractors and/or duly authorized representatives;

3.4.3 any number of days is prescribed, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the succeeding day which is not a Saturday, Sunday or public holiday;

3.4.4 any amounts or values are referred to, same shall be exclusive of Value Added Tax; and

3.4.5 the consent or approval of either party is required for any purpose, same shall, unless otherwise indicated by the context, refer to the prior written consent of such party, which consent shall not be unreasonably withheld.

4. LEASE OF THE PREMISES

The Lessor herewith lets the Premises to the Lessee, which Premises the Lessee hires from the Lessor.

5. TERM AND RENEWAL OF THE LEASE

5.1 The term of this Agreement shall be for the Initial Lease Period as recorded in Annexure 1, commencing on the Lease Commencement Date and terminating on the Lease Termination Date.

5.2 The Lessee shall have the option to renew this Agreement on the same terms and conditions (except for the right of renewal) for the Option Lease Period as recorded in Annexure 1, which option shall be exercisable by the Lessee by way of written notice to the Lessor given not later than thirty (30) days prior to the Lease Termination Date; provided that the Lessee is not at the time of the exercise of the option in breach of any of the terms of this Agreement.

6. USE OF THE PREMISES

6.1 The Premises shall, unless otherwise approved by the Lessor, only be used for the installation and operation of electronic communications equipment, as further detailed herein.

6.2 Subject to the foregoing limitation on usage of the Premises and to the terms and conditions generally of this Agreement, the Lessee shall, on written notice to the Lessor, be entitled to allow any other communications entity to share the Premises

Initials of Lessor, Lessee and witnesses

with it and to there install and operate its own Equipment. Such allowance by the Lessee shall not establish any rights or obligations between the Lessor and such entity and shall not release the Lessee from any of its obligations in terms of this Agreement. For the avoidance of doubt, this clause is not applicable to and notice shall not be required in instances where the Lessee's Equipment installed on the Premises is being indirectly utilized by another communications entity further to a network roaming relationship existing between the Lessee and such entity.

7. RENTAL, ELECTRICITY AND OTHER PAYMENTS

7.1 The Lessee shall pay to the Lessor the rental and other amounts as set out in Annexure 1.

7.2 The rental amounts payable to the Lessor shall escalate annually on each anniversary of the Lease Commencement Date at the rate recorded in Annexure 1. If charges in respect of the consumption of electricity at the Premises are payable to the Lessor in fixed amounts, same shall escalate annually together with the rental amounts; provided that further adjustments may be made if and when the supplier of the electricity increases its rates to the Lessor.

7.3 All rental and other amounts payable to the Lessor shall

7.3.1 unless otherwise provided for herein or in Annexure 1, be paid annually in advance on or before the fourteenth (14th) day of the start of each period; provided that, for administrative reasons, the first payment in respect of such amounts shall be made not later than the sixtieth (60th) day of the Lease Commencement Date; and

7.3.2 be paid, free of bank exchange and without deduction or set-off, into the Lessor's or other nominated bank account by way of direct deposits or electronic funds transfers; provided that the Lessee is in receipt of a banking indemnity form, duly completed and signed by the Lessor, and stamped by its bank. If the Lessee is not in receipt of such form, payments shall be made by cheque, which shall, at the risk of the Lessor, be delivered to its *domicilium* or postal address as recorded in Annexure 1. The Lessor may at any time amend its banking details by written notification to the Lessee by providing it with a duly completed, signed and stamped banking indemnity form indicating the amended details.

7.4 As indicated in Annexure 1, the charges in respect of the consumption of electricity at the Premises shall be payable by the Lessee either directly to the supplier of the electricity or to the Lessor and, if payable to the Lessor, shall either be paid in fixed amounts annually in advance together with the rental amounts or in varying monthly amounts based on actual metered consumption, within thirty (30) days from the date of receipt of invoice by the Lessee. Invoices, which shall be based on the readings of metering equipment to be installed, shall be generated and delivered to the Lessee either by a third party contracted by the Lessee to perform such functions or by the Lessor. Where invoices are to be generated and delivered by the Lessor, such shall

7.4.1 specify that the invoice is for the consumption of electricity and, contain the Lessee's identification name and number of the Premises as set out on the cover page of this Agreement as well as in Annexure 1;

7.4.2 be accompanied by proof of the meter readings;

Initials of Lessor, Lessee and witnesses

7.4.3 not be pre-dated or post-dated; and

7.4.4 be sent to the Lessee by pre-paid post and/or E-mail to the addresses recorded in Annexure 1.

7.5 If the Lessor is obliged to pay Value Added Tax ("VAT") in respect of rental and other amounts received by it in terms of this Agreement, it shall provide the Lessee with a copy of its VAT registration certificate, further to which the Lessee shall pay relevant VAT amounts to the Lessor.

7.6 In the event of the early termination of this Agreement through no fault of the Lessee, the Lessee shall be entitled to a *pro rata* refund of such rental and/or other amounts paid by it in advance.

8. SUITABILITY OF THE PREMISES

The Lessor does not warrant that the Premises or any utility services provided to it are fit and adequate for the purposes of the Lessee or, if fit and adequate at the Lease Commencement Date, that same shall remain so throughout the currency of this Agreement.

9. EQUIPMENT ON THE PREMISES

9.1 Permissions and consents to install and operate Equipment

9.1.1 The Lessee shall at its own cost apply for and use its best endeavours to obtain all municipal, environmental and other permissions and consents necessary for the installation and operation of its Equipment on the Premises. Should the Lessor's cooperation or approval be required in support of any such applications, the Lessor undertakes to provide such without delay.

9.1.2 Should any necessary permission or consent not be obtained within a reasonable period after the Lessee has applied therefore, or should any such permission or consent, having been granted, be suspended or revoked by the relevant authority, the Lessee shall be entitled to terminate this Agreement by giving the Lessor not less than thirty (30) days' written notice.

9.2 Installation of Equipment

9.2.1 The Lessee shall be entitled, at its own cost and expense, and without seeking any specific approvals from the Lessor, to install, as applicable, any or all of the following Equipment on or at the Premises:

9.2.1.1 a communications mast or tower, the maximum height of which is indicated in Annexure 2;

9.2.1.2 communications antennas and dishes, as well as all ancillary equipment required for the operation thereof;

9.2.1.3 an equipment room, being a container, room or other defined space on the Premises, in which parts of the Equipment are to be housed or situated;

9.2.1.4 foundations, flooring, paving, cabling, piping, wiring, fittings, fixtures and related accessory structures or components as may be necessary to support the installation and/or operation of parts of the Equipment;

Initials of Lessor, Lessee and witnesses

9.2.1.5 perimeter structures, equipment and/or warning signs, as may be necessary for security and safety purposes; and

9.2.1.6 signage identifying the Lessee and/or the communications entity sharing the Premises with it.

9.2.2 The foregoing entitlement shall include the right to, from time to time, change or upgrade the Equipment installed on the Premises and to install additional Equipment; provided that any change, upgrade or addition does not require the Premises to be increased in size or, if applicable, in any way affect internal structural aspects of the building or other structure on which it may be located. Should any change, upgrade or addition require the Premises to be increased in size or potentially have an affect on internal structural aspects of the building or other structure, such change, upgrade or addition shall only be effected with the consent of the Lessor.

9.2.3 Relevant details of the initial Equipment to be installed on the Premises by the Lessee, the position of such Equipment on the Premises and the location of the Premises on the Property, if applicable, are provided for in Annexure 2.

9.2.4 The Lessee shall be allowed to lay such cables, pipes and wires across the Property to the Premises as it may deem necessary for the operation of its Equipment installed on the Premises, subject to the Lessor's directives as to their position and/or route.

9.3 Ownership and removal of Equipment

All the Lessee's Equipment installed on the Premises shall be and remain the property of the Lessee and shall at all times be regarded as movable property. The Lessee shall, at its cost at the termination of this Agreement, for whatever cause, remove all such Equipment and restore the Premises to the good order and condition in which they were at the Lease Commencement Date, fair wear and tear excepted.

9.4 Relocation of Equipment

Should the Lessor at any time wish to develop the Property, including alterations or renovations to the building upon or within which the Premises may be situated, and such development, alteration or renovation negatively impact the position or operation of the Lessee's Equipment installed on the Premises, it shall provide the Lessee with at least twelve (12) months' written notice in this regard. Following such notice, the parties shall meet and use their best endeavours to make suitable alternative arrangements to accommodate such Equipment during the development, alteration or renovation, including such arrangements as may be reasonable pertaining to the cost of relocating such Equipment. Failing agreement in this regard, the Lessee shall be entitled to terminate this Agreement by giving the Lessor not less than thirty (30) days' written notice. In light of the high construction costs incurred by the Lessee in installing its Equipment on the Premises, the Lessor warrants that it shall not undertake any development, alteration or renovation that may impact the Equipment as contemplated above, for a period of three (3) years from the Lease Commencement Date.

9.5 Interference with Equipment

In order to avoid electromagnetic or other interference with the Lessee's Equipment installed on the Premises, the Lessor shall not, unless compelled thereto by law,

Initials of Lessor, Lessee and witnesses

without first advising the Lessee, allow any other communications entity to install and operate any electronic communications equipment at or on the Property.

10. ELECTRICAL AND OTHER POWER SUPPLY TO THE PREMISES

10.1 All costs in relation to the supply and consumption of electricity to or on the Premises, including the supply and installation of metering equipment, if required, shall be paid by the Lessee.

10.2 The detail pertaining to the provision of electrical power to the Premises, if applicable, shall be determined by Eskom and/or the relevant local or other authority.

10.3 As a constant supply of electrical power to the Premises is critical to the operation of the Lessee's Equipment installed on the Premises, the Lessor shall at all times use its best endeavours to ensure that all amounts due and payable by it in respect of the supply of electrical power to the Property and/or the Premises are timeously paid by it to the relevant supplier.

10.4 The Lessee shall be entitled, if required and at its cost, to upgrade the electricity supply to the Premises and shall in all events that it alters any electrical installation on the Property or the Premises provide the Lessor with an electrical compliance certificate.

10.5 Should the electrical power supply to the Premises for any reason become unavailable, the Lessee shall be entitled to deploy generators at the Premises and to operate same for the period during which the electrical power supply remains unavailable. The deployment of generators shall be subject to the Lessor's consent with respect to the positioning thereof; provided that same shall not be required in emergency situations. The Lessee shall in the deployment and operation of a generator comply with all relevant laws and by-laws, as well as safety and fire regulations, and use its best endeavours to ensure that it does not create an impediment or nuisance to other occupants of the Property.

10.6 The Lessor shall not, without the consent of the Lessee, attach any electrical or other appliance to the electrical system supplied for the purposes of the operation of the Lessee's Equipment installed on the Premises, or interfere, alter or do any repairs to such electrical system. Should the Lessor for any reason wish to attach any electrical or other appliances to such electrical system or wish to alter or do any repairs to such system, it shall give the Lessee not less than fourteen (14) days written notice of its intention in this regard. Following such notice, the Lessee shall either arrange for the execution of such works as the Lessor wants done or make such other arrangements in connection therewith as may be reasonably acceptable to the Lessor. Should the Lessee fail to act as aforesaid, the Lessor shall be entitled to make its own arrangements in order to have the works executed.

11. ACCESS TO THE PREMISES

11.1 The Lessee shall be allowed access to the Premises on a twenty-four (24) hour basis any day of the week and the Lessor shall not for any reason refuse or prevent such access. The Lessee shall use its best endeavours to conduct all maintenance and other activities that are required to be done at the Premises during normal business hours, but equipment failures or other emergency situations may necessitate that work be done outside of such hours.

Initials of Lessor, Lessee and witnesses

11.2 Should the Lessee be required to gain access to the Premises and/or the Property via a gated or similarly controlled entrance, it shall ensure that such gate or entrance is properly secured whenever it enters or departs from the Premises or the Property.

11.3 When accessing the Property, the Lessee shall respect and abide by the Lessor's security arrangements, provided that such do not seek to prevent or refuse access, and the Lessee shall not obstruct or impede any activities on the Property.

11.4 Should the Premises only be accessible via an access road across the Property, the Lessee shall

11.4.1 if such access road exists, be entitled to the use of such access road; and

11.4.2 if such access road does not exist or exists but does not extend fully to the Premises, be entitled to construct an access road or part thereof along a route to be agreed with the Lessor. In such instance the Lessee shall be responsible for the maintenance of the access road or part thereof constructed by it.

12. ADDITIONS OR ALTERATIONS TO THE PREMISES BY THE LESSEE

Save as provided for in Clause 9, the Lessee shall not, without the consent of the Lessor, make any additions or alterations whatsoever to the Premises. Should the Lessor grant such consent, all additions or alterations shall be effected by the Lessee at its cost and the Lessee shall, should it or the Lessor so require, at its cost at the termination of this Agreement, remove all additions or alterations and restore the Premises to the good order and condition in which they were at the Lease Commencement Date, fair wear and tear excepted.

13. DESTRUCTION OF OR DAMAGE TO THE PREMISES

13.1 In the event of the Property or the Premises being destroyed or damaged, through any cause

13.1.1 to the extent that the Premises become untenantable, this Agreement shall automatically terminate with effect from the date of such occurrence, unless the parties are able to negotiate alternative arrangements, including the temporary suspension of the Agreement, whilst the Lessor rebuilds or repairs the Property or the Premises; and

13.1.2 to the extent that the Premises remain tenantable, this Agreement shall not terminate. If the Lessor in such circumstances decides to rebuild or repair the destroyed or damaged portion of the Property or Premises, it shall do so with reasonable expedition and the Lessee shall be entitled to a reduction of the rental payable by it *pro rata* to the extent to which it may be deprived of the beneficial occupation of the Premises.

13.2 The costs of rebuilding or repair of the Property or the Premises shall be for the Lessor's account, unless the destruction or damage was caused by the wilful or negligent act or omission on the part of the Lessee, in which case such costs shall be for the Lessee's account. The Lessee shall have no claim of any nature against the Lessor as a result of the destruction or damage of the Premises, unless such destruction or damage was due to wilful misconduct or gross negligence on the part of the Lessor.

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14. LIABILITY, INDEMNITY, *FORCE MAJEURE* AND INSURANCE

14.1 The Lessor shall not be liable for any loss, damage, injury or cost which may be suffered or incurred by the Lessee, nor shall the Lessee be entitled to withhold any rental payments, as a result of any failure, malfunctioning or interruptions in the supply of electricity, water or any other service or by reason of the Premises or any part of the Property being in a defective condition or falling into disrepair, arising from any cause whatsoever, other than due to wilful misconduct, gross negligence or a breach of a term of this Agreement on the part of the Lessor.

14.2 The Lessee herewith indemnifies and holds the Lessor harmless against any loss, damage, injury, cost or liability that may be suffered or incurred by the Lessor arising from any action, proceeding or claim that may be instituted by any person against the Lessor as a result of the Lessee's lease of the Premises, unless such action, proceeding or claim arose from wilful misconduct, gross negligence or a breach of a term of this Agreement on the part of the Lessor.

14.3 Any damage that may be caused to the Premises or the Property as a result of any act or omission of the Lessee shall be made good by the Lessee at the Lessee's cost.

14.4 Neither party shall be liable to the other for any inability to perform or for delayed performance in terms of this Agreement, should such inability or delay arise from any cause beyond the reasonable control of such party (hereinafter referred to as a "*force majeure* event"); provided that the existence of such *force majeure* event has been drawn to the attention of the other party within a reasonable period of time of the occurrence thereof. If the *force majeure* event continues for more than six (6) months from the date of notification thereof and such event prevents the affected party from performing its obligations in terms of this Agreement, the unaffected party shall be entitled to terminate this Agreement by giving the other party not less than thirty (30) days' written notice.

14.5 Notwithstanding anything to the contrary contained in this Agreement, neither party shall, under any circumstances, be liable for any indirect, special and/or consequential damages suffered by the other party.

14.6 The Lessee shall ensure that it is at all relevant times properly insured against all public liability and other risks that may arise from or be associated with the lease of the Premises and shall not do or omit to do anything which may affect any insurances policy which the Lessor may have in place in respect of the Property or premiums payable in respect thereof.

15. EARLY TERMINATION BY THE LESSEE

Should the Lessee's

15.1 licence to operate a communications network be suspended or terminated for whatever reason;

15.2 Equipment installed on the Premises becomes outdated owing to technological development and not be economically replaceable or upgradable;

15.3 network be rearranged or any major changes made to it, making for its Equipment installed on the Premises to become redundant; or

Initials of Lessor, Lessee and witnesses

15.4 Equipment installed on the Premises be measurably interfered with by buildings or other structures erected in close proximity to the Premises, or by electronic communications equipment installed by another communications entity at or on the Property, after the Lease Commencement Date,

the Lessee shall be entitled to terminate this Agreement by giving the Lessor not less than thirty (30) days' written notice.

16. BREACH OF THE AGREEMENT AND HOLDING-OVER BY THE LESSEE

16.1 Should the Lessee

16.1.1 fail to pay rental or any other amounts due by it in terms of this Agreement on the due date and thereafter fail to make payment thereof within thirty (30) days after receipt of the Lessor's written notice requiring such payment to be made;

16.1.2 breach any material term of this Agreement and fail to remedy such breach within thirty (30) days after receipt of the Lessor's written notice requiring such breach to be remedied; or

16.1.3 be liquidated or sequestrated (whether provisionally or finally) or placed under judicial management or business rescue, or any steps be taken to accomplish any of the foregoing,

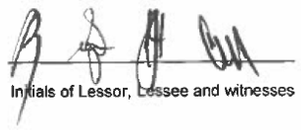
the Lessor shall be entitled, without prejudice to any other rights or remedies to which it may be entitled at law or in terms of this Agreement, to forthwith terminate this Agreement.

16.2 Should the Lessor breach any material term of this Agreement and fail to remedy such breach within thirty (30) days after receipt of the Lessee's written notice requiring such breach to be remedied, or should the Lessor be liquidated or sequestrated (whether provisionally or finally) or placed under judicial management or business rescue, or any steps be taken to accomplish any of the foregoing, the Lessee shall be entitled, without prejudice to any other rights or remedies to which it may be entitled at law or in terms of this Agreement, to forthwith terminate this Agreement.

16.3 Should the Lessor terminate this Agreement and the Lessee dispute the Lessor's right to do so and remain in occupation of the Premises pending the determination of such dispute, the Lessee shall continue to pay all amounts due to the Lessor in terms of this Agreement on the due dates thereof and the Lessor shall be entitled to accept and recover such payments, without prejudice to the Lessor's claim for cancellation then in dispute. Should the dispute be determined in favour of the Lessor, such payments shall be deemed to be amounts paid by the Lessee on account of damages suffered by the Lessor further to the unlawful holding over of the Premises by the Lessee.

17. GENERAL OBLIGATIONS OF THE LESSEE

17.1 The Lessee shall at all times comply with all laws (including the provisions of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993), and regulations issued thereunder), by-laws, ordinances, proclamations and regulations relating to the tenancy of the Premises, in particular also those relating to fire fighting appliances on the Premises, as well as any specific rules or regulations that the Lessor may reasonably impose.



Initials of Lessor, Lessee and witnesses

17.2 The Lessee shall not knowingly contravene any conditions of the title deed of the Property. In this regard the Lessor shall notify the Lessee of any specific conditions that the Lessee should be aware of.

17.3 Save as specifically provided for herein, the Lessee shall not, without the Lessor's consent, cede, assign, transfer or make over any of its rights in terms hereof, nor sub-lease or give up occupation or possession of the Premises or any portion thereof.

18. GENERAL OBLIGATIONS OF THE LESSOR

18.1 The Lessor shall notify any prospective purchaser of the Property of the existence of this Agreement and shall, upon the sale of the Property, furnish the Lessee with the full particulars of the purchaser.

18.2 Should this Agreement be managed by an agent on behalf of the Lessor, the Lessor shall provide the Lessee with details of such agent and shall also update such details in the event of a change of agent.

19. DISPUTE RESOLUTION AND JURISDICTION

19.1 Any dispute arising from or in connection with this Agreement shall be finally resolved in accordance with the Rules of the Arbitration Foundation of Southern Africa by an arbitrator or arbitrators appointed by the Foundation. Nothing herein contained shall, however, preclude either of the parties from approaching a court of competent jurisdiction for an interdict or for relief on an urgent basis.

19.2 The parties hereby consent in terms of section 45 of the Magistrate's Courts Act, 1944 (Act No. 32 of 1944), (or any similar section of an act replacing such Act) to the jurisdiction of the Magistrate's Court for the purpose of any proceedings in terms of or incidental to this Agreement, notwithstanding that the amount claimed or the value of the matter in dispute may exceed such jurisdiction; provided that either party shall, at its option, have the right to institute proceedings in any division of the High Court having jurisdiction.

20. *DOMICILIA* AND NOTICES

20.1 The parties choose as their *domicilia citandi et executandi* their respective addresses set out in this clause for all purposes arising out of or in connection with this Agreement, at which addresses all processes and notices arising out of or in connection with this Agreement may validly be served or delivered.

20.2 For purposes of this Agreement the parties' respective addresses shall be

20.2.1 as regards the Lessor, at the address recorded in Annexure 1; and

20.2.2 as regards the Lessee, at Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand,

or at such other address, not being a post office box or *poste restante*, of which the party concerned may notify the other in writing.

20.3 All notices given in terms of this Agreement shall be in writing and shall be deemed, until the contrary is proved

Initials of Lessor, Lessee and witnesses

20.3.1 if delivered by hand, to have been received by the addressee on the day of such delivery;

20.3.2 if transmitted by facsimile, to have been received by the addressee on the day after such transmission; and

20.3.3 if posted by prepaid registered post, to have been received by the addressee on the fourteenth (14th) after such posting.

20.4 Notwithstanding anything to the contrary contained in this Agreement, a written notice or communication actually received by one party from the other shall be adequate written notice or communication to such party.

21. GENERAL

21.1 Should either party require the registration of this Agreement against the title deeds of the Property, the parties shall cooperate with one another in good faith to effect such, on the understanding that all costs in relation thereto shall be born by the party requesting the registration.

21.2 Unless otherwise agreed, no addition to or variation, consensual cancellation or novation of this Agreement and no waiver of any right arising from this Agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by both parties. For purposes hereof "writing" shall exclude any written document that is in the form, either wholly or partially, of a data message as defined in the Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002), and "signed" shall mean a signature executed by hand with a pen without any electronic process or intervention.

21.3 If any provision of this Agreement is declared by a competent court to be unenforceable, illegal, void or contrary to public policy, such declaration shall have no effect upon the binding force or effectiveness of any of the remaining provisions of this Agreement, it being the intention and declaration of the parties that had they known of such unenforceability, illegality, invalidity or that the provision was contrary to public policy, they would nevertheless have entered into this Agreement, containing all such remaining provisions.

21.4 The parties shall regard the terms of this Agreement, anything done pursuant to it and all information concerning the other which may come to its knowledge as a result of the discussions leading to this Agreement, as confidential information and shall safeguard and prevent the unauthorised use or disclosure of such information using the same standard of care used to safeguard and prevent the unauthorised use or disclosure of its own information of a confidential nature, but in all events at least applying a reasonable standard of care; provided that neither party shall be obliged to safeguard and prevent the use or disclosure of such confidential information where such information has already been disclosed or published to the general public other than as a result of a breach of the terms of this clause. The provisions of this clause shall not apply to the disclosure or publication of such confidential information for the purpose of any legal proceedings or the listing on any stock exchange.

21.5 Each party shall be responsible for its own legal and other costs incidental to the preparation and execution of this Agreement.

21.6 This Agreement constitutes the whole agreement between the parties as to the subject matter hereof and no agreements, representations or warranties between the

Initials of Lessor, Lessee and witnesses

parties regarding the subject matter, other than those set out herein, shall be binding on them.

21.7 Each party warrants to the other that it has the necessary rights and authorities to enter into and perform its obligations in terms of this Agreement. In particular, the Lessor warrants to the Lessee that it is the owner or lawful lessor of the Property and that it is lawfully entitled to enter into this Agreement and grant to the Lessee the rights provided for herein, further to which it indemnifies the Lessee against any claim, damage or cost arising from any legal proceedings that may be instituted against it by any third party proving superior title to the Property.

22. SUPPORTING DOCUMENTATION

The following documents shall form part of this Agreement and be attached hereto:

22.1 In the event that the Lessor is a natural person

22.1.1 a copy of his identity document; and

22.1.2 proof of his tax reference number;

22.2 In the event that the Lessor is a corporate entity

22.2.1 a copy of its certificate of incorporation;

22.2.2 a copy of its VAT registration certificate; and

22.2.3 a copy of a resolution or other document authorizing the signatory to enter into this Agreement on its behalf;

22.3 In both of the foregoing events

22.3.1 proof of ownership of the Property or of the right to let same; and

22.3.2 a completed, signed and stamped banking indemnity form.

Initials of Lessor, Lessee and witnesses

Signed at GEORGE on 11 DECEMBER 2013

Signature: _____

For and on behalf of the Lessor

Full name in block letters: GODFREY WINSTON LOUW

Signature of witness: _____

Signed at George on 13 December 2013

~~Signature:~~ _____

For and on behalf of the Lessee

Full name in block letters: _____

Signature of witness: _____

Initials of Lessor, Lessee and witnesses

ANNEXURE 1

INFORMATION RELATING TO PROPERTY AND PREMISES	
LESSOR'S LEASE IDENTIFICATION NAME, ADDRESS AND/OR NUMBER (IF APPLICABLE)	
LESSEE'S LEASE IDENTIFICATION NAME	KAAIMANS PASS
LESSEE'S LEASE IDENTIFICATION NUMBER	14495
LESSEE'S RESPONSIBLE REGION	EASTERN REGION
STREET ADDRESS AND, IF APPLICABLE, DESCRIPTION, OF PROPERTY	WIESENHOF VICTORIA BAY HEIGHTS GERORGE
ERF NUMBER OF PROPERTY	REMAINDER OF FARM KRAAIBOSCH 195: DIVISON GEORGE
SIZE IN SQUARE METRES AND, IF APPLICABLE, DESCRIPTION, OF PREMISES	54m²

INFORMATION RELATING TO LESSOR			
FULL NAMES	EDEN DISTRICT MUNICIPALITY		
DOMICILIUM ADDRESS	54 YORK STREET GEORGE 6530		
POSTAL ADDRESS	P.O. BOX 12 GEORGE 6530		
E-MAIL ADDRESS	henry@edendm.co.za		
CONTACT NAME 1	HENRY HILL	CONTACT NAME 2	
WORK NUMBER	044 8031446	WORK NUMBER	
FAX NUMBER	0865556284	FAX NUMBER	
CELL NUMBER	0829067331	CELL NUMBER	
RENTAL PAYEE NAME	EDEN DISTRICT MUNICIPALITY		
POSTAL ADDRESS	P.O. BOX 12 GEORGE, 6530		
BANK NAME	STANDARD BANK		
BRANCH NAME	YORK STREET		
BRANCH CODE	05214		
ACCOUNT TYPE	CHEQUE		
ACCOUNT HOLDER NAME	EDEN DISTRICT MUNICIPALITY		
ACCOUNT NUMBER	060832630		
COMPANY REGISTRATION NUMBER			
VAT PAYABLE	YES		
VAT REGISTRATION NUMBER	4000846289		

Initials of Lessor, Lessee and witnesses

ANNEXURE 1 (Continued)

LEASE DETAILS	
LEASE COMMENCEMENT DATE	01 JUNE 2013
LEASE TERMINATION DATE	30 APRIL 2023
INITIAL LEASE PERIOD	9 YEARS 11 MONTHS
OPTION LEASE PERIOD	

INFORMATION RELATING TO ELECTRICITY SUPPLIER AND CONSUMPTION CHARGES	
SUPPLIER OF ELECTRICITY	GEORGE MUNICIPALITY
ELECTRICITY PAYEE NAME	GEORGE MUNICIPALITY
POSTAL ADDRESS	P.O. BOX 10558
BANK NAME	ABSA BANK
BRANCH NAME	PROCESSING CENTRE
BRANCH CODE	632005
ACCOUNT TYPE	
ACCOUNT HOLDER NAME	GEORGE MUNICIPALITY
ACCOUNT NUMBER	01022220981
COMPANY REGISTRATION NUMBER	
VAT PAYABLE	YES/NO
VAT REGISTRATION NUMBER	4360101146
NAME OF ENTITY OR PERSON RESPONSIBLE FOR GENERATION AND DELIVERY OF INVOICES	
LESSEE'S POSTAL AND E-MAIL ADDRESSES FOR DELIVERY OF INVOICES	POST: NOE ACCOUNTING, VODACOM (PTY) LTD, PRIVATE BAG X198, HALFWAY HOUSE,1685 E-MAIL: NOE.JHB@vodacom.co.za POST: THE PROPERTY ADMINISTRATOR, VODACOM (PTY) LTD, PO BOX 7243, ROGGEBAAI, 8012 E-MAIL: opex.capetown@vodacom.co.za

RENTAL AND OTHER AMOUNTS

	RENTAL	ELECTRICITY CONSUMPTION	ACCESS	ELECTRICITY ACCESS	SUNDRY
AMOUNT	R 2500.00 PER MONTH				
FREQUENCY	ANNUALLY				
METHOD OF PAYMENT	EFT				

RENTAL ESCALATION RATE	THE RATE OF ESCALATION SHALL BE EQUAL TO THE PERCENTAGE INCREASE TO THE HEADLINE CONSUMER PRICE INDEX (FOR ALL URBAN AREAS) AS PUBLISHED BY STATISTICS SOUTH AFRICA THREE (3) MONTHS PRIOR TO THE DATE OF ESCALATION, PROVIDED THAT THE PERCENTAGE SHALL NOT BE GREATER THAN EIGHT PERCENT (8%)
RENTAL ESCALATION COMMENCEMENT DATE	ON THE FIRST ANNIVERSARY OF THE LEASE COMMENCEMENT DATE

NOTES

Initials of Lessor, Lessee and witnesses

ANNEXURE 2

SKETCH PLAN INDICATING RELEVANT DETAILS OF EQUIPMENT TO BE INSTALLED ON THE PREMISES, THE POSITION OF SUCH EQUIPMENT ON THE PREMISES AND THE LOCATION OF THE PREMISES ON THE PROPERTY

Initials of Lessor, Lessee and witnesses

BACK TO AGENDA

REQUEST FOR HOUSING ACCREDITATION LEVEL ONE (1) APPLICATION / *VERSOEK VIR BEHUISINGS-AKKREDITASIE (VLAK EEN [1]) AANSOEK* / ISICELO SOLWAMKELO LWEZINDLU KWINQANABA LOKUQLA (1)

(20/5/12)

19 JUNE 2020

REPORT FROM MUNICIPAL MANAGER (M STRATU); EXECUTIVE MANAGER PLANNING AND ECONOMIC DEVELOPMENT (L MENZE)

PURPOSE OF THE REPORT

To request Council to grant the Municipal Manager permission to apply for Housing Accreditation Level One (1) accreditation with the Provincial Department of Human Settlement.

BACKGROUND

Council of Garden Route District Municipality (GRDM) is committed in affirming and implementing its key mandate of improving the lives of its community and thereby working with various entities (private or public), government to ensure that this mission is realised fully. Part of this is to ensure that Council harnesses its key mandatory functions as embedded in the Constitution and other legislative prescripts and also pursuing other possible functions that Council can implement on agency basis as determined by various policies or legislative prescripts. Such an approach is not alien to GRDM, the current Roads Agency function has semblance of that course.

The mandate was given more impetus by the municipality's vision of being "*the leading, enabling and inclusive district, characterised by equitable and sustainable development, high quality of life and equal opportunities for all*'. This bold statement was further embraced by the municipality's commitment of implementing all the functions that are delegated to District Municipalities or Category C municipalities as embedded in section 84 of Local Government: Municipal Structures Act 117 of 1998. Moreover, this is in-line with our strategic

objective 1 (**Healthy and Socially Stable Communities**) and strategic objective 3 (**Bulk Infrastructure Coordination**).

While the Constitution of the Republic of South Africa (RSA) 1996 (hereafter referred to as the Constitution) permits the shift of functions from one sphere of government to another, the reality has been that the two (2) top spheres (provincial and national) are not ready to defer their constitutional obligations to municipalities. This is, attributed to the power that accompanies functions and the 'lack of adequate capacity' at local government level. Local government as a sphere closest to communities finds it hard to deliver as expected due to lack of Constitutional mandate to implement on some functions. The housing function is one of the examples of the functional areas of concurrent national and provincial legislative competence listed under Schedule 4 Part A of the RSA Constitution.

The Constitution provides for assignment of such function towards their shift from national and provincial sphere to local sphere if those functions would be administered effectively in municipalities and also if municipalities have amassed requisite capacity for administering those functions. The assignment that is envisaged herewith forms part of the subject of decentralisation which is a global debate. In pursuit of decentralisation, local governments should be strengthened towards delivery of social services to citizens.

According to the Constitution of the Republic of South Africa the housing function is a national and provincial competence (RSA, 1996). The National Department of Human Settlements (DHS) is responsible for facilitation of a conducive policy environment for the delivery of integrated sustainable human settlements, whereas provincial departments (provinces) are responsible for the actual delivery. Unless in the context of accreditation of municipalities, housing delivery function remains an unfunded mandate in local government since it is within a purview of national and provincial competence. The importance of the Accreditation and Assignment Programme becomes much clearer when looking at the challenges facing the human settlements (housing) sector. Concisely, the human settlements sector faces an ever-burgeoning housing backlog that cannot be easily addressed through the current mode of provincial delivery. The backlog of over 2, 3 million people who are in need of adequate housing, as well as, as just over above 1.5 million people in urban informal settlements are in dire need for shelter (Ojo-Aromokudu, 2013).

Although these figures based on Ojo-Aromokudu (2013) maybe be obsolete the demand has multiplied over the years.
Therefore, municipalities, as governance custodians of communities where service delivery takes place, should assist provinces by administering the human settlements/housing function in order to directly contribute in addressing the housing backlog.

Involvement of municipalities in the Accreditation of Municipalities to Administer Housing Programmes: The Decentralisation Dilemma 325 housing delivery is possible through the Accreditation and Assignment Programme, among other means. In brief, the Accreditation Programme is all about building additional capacity in qualifying municipalities in order to enable them to administer/manage the housing function on behalf of provinces.

DISCUSSIONS

The rationale behind the move towards the accreditation of municipalities is dictated to primarily by provisions in the Constitution, and further, by the logic of cooperative governance and current constraints in the housing delivery process. Thus, consistent with Section 156(4) of the Constitution of the Republic of South Africa 1996, the accreditation of municipalities to administer National Housing Programmes has been emphasised as a key government priority. In support of an overall principle for cooperative governance, it is government's policy intention to locate the decision-making authority and funding capacity for local development at the most local sphere of government.

The accreditation of a municipality involves the delegation and, subsequently, assignment of certain clearly defined functions in respect of the administration of National Housing Programmes, leading to eventual assignment of all the functions by formal proclamation of assignment by the Premier in the Government Gazette. This does not detract from any housing functions or powers a municipality may already have, as set out in Part 4, Section 9 of the Housing Act 1997; and, does not include the power to design housing programmes to be funded from national housing subsidy funds.

Accreditation involves the delegated authority to exercise functions relating to the administration of National Housing Programmes at the municipal sphere. This will enable municipalities to plan the implementation of the range of their developmental functions

on a coordinated basis. In order for accreditation to be effected, municipalities must have the capacity required to take on the ensuing functions, which implies:

- an enhanced capacity building, supporting and monitoring and evaluation role for the Provincial Department's as they assist municipalities in taking on their new-delegated functions, and monitor and evaluate their progress in this regard.
- that the National Department of Human Settlements (assisted by its Provincial Department's) will expand its financial administration, capacity building, monitoring and evaluation role beyond the nine provinces to also include accredited municipalities as they will become responsible for determining the focus of National Housing Programmes in their municipal areas.

Objectives of Accreditation

The National Housing Code on accreditation of municipalities identifies two inter-linked objections *i.e.*

Coordinated Development (Horizontal Integration):

- By relocating the decision making authority with regards to the implementation of National Housing Programmes to the local sphere, municipalities will be able to coordinate these decisions with other decisions that relate to the broader sustainability of human settlements.
- Municipalities are ideally situated for the effective alignment of inter-departmental and inter-governmental funding streams.
- With the authority to take such decisions, opportunities for the application of innovative planning principles arise contributing to the potential for the development of integrated and sustainable human settlements within municipal jurisdictions.
- This is a key emphasis of the Comprehensive Plan for the Development of Sustainable Human Settlements, (Comprehensive Plan) "Breaking New Ground", as well as the Intergovernmental Relations Framework Act, 2005.

Accelerated Delivery (Vertical Integration):

- The efficiencies associated with creating certainty in respect of funding allocations and devolving delivery authority to the local sphere should lead to accelerated delivery and improved expenditure patterns.
- This should result in a reduced requirement to roll over unspent funds as well as a more coordinated approach to planning approval and implementation.

Process as outlined in the Housing Code

In keeping with the spirit of devolution, the Housing Act provides for the accreditation of municipalities to administer national housing programmes. At this stage accreditation is only permitted in respect of the administration of certain instruments of the Housing Subsidy Scheme.

Two levels of accreditation exist in respect of the Housing Subsidy Scheme:

- **Level One Accreditation** involves the administration of non-credit linked individual subsidies. This is the simplest form of accreditation as subsidies are dealt with in a straightforward manner on an individual basis.
- **Level Two Accreditation** may be obtained in respect of non-credit linked individual subsidies, project-linked subsidies, project-linked and individual consolidation subsidies, institutional subsidies, and the management of the pay-outs of residual amounts of non-credit linked subsidies and individual consolidation subsidies. This form of accreditation requires more sophisticated administrative systems to deal with the complexities of the various subsidy mechanisms.

When applying for accreditation, a municipality specifies the level of accreditation for which it is applying. If a municipality is awarded Level Two Accreditation, this also includes accreditation for Level One.

Once accredited, a municipality administers National Housing Programmes and may *receive, evaluate and approve or deny applications for subsidies on* the basis of its level of accreditation, in its area of jurisdiction.

In this regard, it must carry out all the duties assigned to a Provincial Housing Development Board in its administration of national housing programmes.

Procedures for Municipal Accreditation

A municipality is accredited if an application to the MEC for accreditation status is approved. The procedure for accreditation is explained below. The Procedures are succinctly as follows:

1. A municipality makes an application for accreditation in the manner and form specified by the MEC.
2. The MEC appropriately evaluates the capacity of the applicant to administer the national housing programme(s).
3. If the MEC is satisfied that the municipality complies with criteria for accreditation (see below), then the MEC approves the application subject to any directions consistent with national policy.
4. If the MEC rejects the application, full reasons are provided to the municipality.
5. After approval of the accreditation application, the MEC concludes an agreement with the municipality that defines:
    - Powers, duties, functions and responsibilities assigned to the municipality.
    - Financing arrangements.
    - Minimum capacity specification.
    - Performance standards.
    - Reporting standards.
    - Agency fee to be paid by the Provincial Housing Development Board to the municipality for administering each and every subsidy application of subsidy beneficiaries. This fee will be a uniform national fee determined by the Minister of Housing and will be the same as the fee payable to lenders in terms of Chapter 4 of Part 3 of the National Housing Code.
    - The rights of the MEC in the event of the municipality breaching obligations.

The agreement must be substantially in accordance with the agreement as contained in Annexure A of Chapter 2 of Part 2 of the Code and be approved by the State Attorney. In terms of section 126 of the Constitution of the Republic of South Africa, the agreement takes effect on proclamation thereof by the Provincial Premier in the Provincial Gazette.

Criteria for Accreditation

In respect of the two levels of accreditation enunciation under 3.2 the Provincial MEC for Housing must satisfy himself/ herself that in the case of Level One accreditation applications, the municipality has:

- Computer linkage to the national housing database and to the various deeds offices in the Republic of South Africa.

- A designated housing office, accessible to the general public, from which it will give advice and receive non- credit linked individual subsidy applications.
- A sufficient number of staff members who are fully conversant with the Housing Subsidy Scheme to enable compliance with administrative functions and obligations.
- A housing sub- committee of the Council to attend to matters in an effective and expeditious manner.
- Financial control mechanisms that are adequate and ensure the integrity of funds that are received and disbursed by the municipality.
- Reporting mechanisms required to monitor and evaluate the activities of the municipality.

In the case of Level Two accreditation, the Provincial MEC must satisfy himself/ herself that the municipality:

- complies with the requirements for level one accreditation
- has prepared the land development objectives envisaged in Section 28 of the Development Facilitation Act, or a business plan and programme for housing development, and that it has obtained the approval of the relevant MEC in respect of those objectives or business plan and programme;
- has access to the appropriate professional expertise required to:
    - evaluate the town planning of any proposed project
    - evaluate the engineering designs and specifications in respect of any proposed project and to inspect and supervise the progress made by the developer in implementing any particular project
    - evaluate designs, specifications and cost of any particular top structures to be constructed (in the case of a project- linked subsidy), or of any particular upgrading or improvement work to be done (in the case of an institutional subsidy application or a consolidation project) and to inspect and supervise the progress made by the developer in implementing the required work
    - ensure that the required agreements between the local authority and the developer are prepared and signed
    - handle the management of the housing funds allocated to it and to evaluate both the feasibility of a project and the financial capacity of a developer

It is based on all the above principles that permission is sought to Council to allow Municipal Manager permission to proceed applying for housing accreditation to the Member of Executive Council (MEC) responsible for Human Settlements in the Western Cape for GRDM. This approach if approved will be in sync with GRDM's vision and will enable the municipality to be catalyst for delivery of human settlements across the region.

Furthermore, this is aligned with the Presidents vision of a 'one district'- 'one plan' approach as envisioned in the Joint District Approach aimed at expediting delivery of services to communities, including Human Settlements Delivery. Garden Route is engaged in a number of processes to ensure the implementation of this approach including the application for Water Services, the regional waste project and the Energy Security project to name a few.

Council will recall that local government has been a victim of some sort from the other spheres of government with certain functions devolved without any funding e.g. (the Environmental Health Function). The Housing Code explicitly makes it clear that funding follows function, therefore it is important that municipalities have sufficient funding to operate within the new roles for which they become accredited to.
Systems efficiency is an important principle that must be pursued so that municipalities receive funding consistent with their delivery performance and success. In addition, municipalities must have sufficient funding to create the necessary capacity to perform the delegated functions associated with accreditation.

FINANCIAL IMPLICATIONS

None at this stage

RELEVANT LEGISLATION

Constitution of the Republic of South Africa 1996
Local Government: Municipal Structures Act 117 of 1998
Local Government: Municipal Finance Management Act 56 of 2003
Housing Act 107 of 1997
Inter-Government Relations Framework Act 13 of 2005

UITVOERENDE OPSOMMING

Die doel van hierdie verslag is om die Raad te versoek om goedkeuring aan die Munisipale Bestuurder te verleen om aansoek te doen vir behuising akkreditasie vlak een (1) by die Provinsiale Administrasie: Menslike Ontwikkeling.

Die Raad van die Garden Route Distriksmunisipaliteit is toegewyd om sy mandaat om die gemeenskap se omstandighede te verbeter en daardeur te werk met verskeie organisasies (publiek en privaat), staat om te verseker dat hierdie doelwit materialiseer. Deel hiervan is om te verseker dat die Raad sy mandatoriese funksies soos neergele in die Grondwet en ander wetgewing, sowel as ander moontlike funksies na te streef dat die Raad 'n agentskapbasis kan implementer deur verskeie beleide en wetgewing. Hierdie is nie vreemd vir die munisipaliteit nie, inaggenome die huidige Paaie-agentskap funksie wat die munisipaliteit tans verrig.

Hierdie mandaat het meer krag verkry deur die munisipaliteit se visie en is in lyn met die Raad se strategiese objektiewe 1 en 3. Terwyl die Grondwet sekere funksies van een owerheid na 'n ander toelaat, is die realiteit dat twee owerhede (provinsiaal en nasionaal) nie gereed is om hul grondwetlike verantwoordelikheide na munisipaliteite te verskyf nie.
Dit is toegeskryf deur die funksies wat gepaard gaan met die kapasiteit tekort op plaaslike vlak. Plaaslike Owerheid as 'n sfere van die staat is die sfere naaste aan die gemeenskap en vind dit moeilik om dienste te lewer as gevolg van gebrek aan grondwetlike mandaat om die funksies te implementer. Die behuisingsfunksie is een voorbeeld van konkurrente provinsiale en nasionale wetgewinde funksies soos voorgeskryf in Skedule 4 Deel A van die Grondwet.

Die Grondwet maak voorsiening vir die toedeling van funksies van nasionaal en provinsiaal na plaaslike sfeer indien daardie funksies effektief deur munisipaliteit geadministreer kan word e nook indien die munisipaliteit die mandaat en kapasiteit het om die funksies te verrig. Die toedeling soos voorsien vorm deel van die onderwerp van desentralisasie wat 'n globale debat is. In die nastrewe van desentralisasie, moet plaaslike owerhede versterk word om die sosiale dienste aan die gemeenskap te lewer.

Betrokkenheid van munisipaliteite in die Akkreditasie van Munisipaliteite om die Behuisingsprogramme te Adminstratreer:

Die Desentralisasie Dilemma 325 behuising is moontlik deur die Akkreditasie van Toedelingsprogramme, onder andere. In kort, die Akkreditasieprogram gaan oor addisionele kapasiteit te bou vir kwalifiserende munisipaliteite om hul in staat te stel om die behuisingsfunksie te administreer/behartig namens provinsies.

Die akkreditasie van 'n munisipaliteit behels die delegasie en toedeling van sekere duidelik uiteengesette funksies om die Nasionale Behuisingsprogram te administreer, wat verdermeer daartoe sal lui tot die formele toedeling van funksies deur die Premier in die Provinsiale Koerant.
Dit sal nie afbreuk maak op enige behuisingsfunksies wat 'n munisipaliteit alreeds het nie, soos voorsgeskryf in Deel 4, artikel 9 van die Behuisingswet, 1997 en sluit ook nie die mag in behuisingsprogramme te ontwerp met befondsing vanaf die nasionale behuisingsubsidie nie.

Akkreditasie sluit in die gedelegeerde bevoegdheid om die funksies rakende die Nasionale Behuisingsprogramme op plaaslike vlak te administreer.
Dit sal die munisipaliteite in staat stel om die implementering te beplan vir 'n reeks van hul funksies op 'n gekoordineerde basis. Vir die akkreditasie om effektief te wees, moet munisipaliteite die kapasiteit hê om die daaropvolgende funksies.

Die Nasionale Behuisingskode op akkreditasie van munisipaliteite identifisser twee onderliggende objektiewe, naamlik horizontale integrasie en vertikale integrasie.
Die Behuisingswet maak voorsiening vir akkreditasie vir munisipaliteite om die nasionale behuisingsprogram te adminsitreer. Op hierdie stadium word akkreditasie slegs toegelaat vir die administrasie van sekere instrumente van die Behuising-subsidieskema. Twee vlakke van akkreditasie vir die Behuising Subsidie-skema bestaan, naamlik:

Vlak 1 Akkreditasie – behels die administrasie van nie-geakkrediteerde individuele subsidies. Dit is die simplistiese vorm van akkreditasie aangesien subsidies op 'n eenvoudige manier gehanteer word op 'n individuele basis.
Vlak Twee Akkreditasie – mag verkry word vir projek-gekoppelde subsidies, projek-gekoppeld individuele gekonsolideerde subsidies en die bestuur van uitbetalings vir nie-geakkrediteerde subsidies en individuele gekonsolideerde subsidies.

Hierdie vorm van akkreditasie vereis meer gesofistikeerde administratiewe sisteme om met die kompleksiteit van verskeie behuising-meganismes te werk.

'n Munisipaliteit is geakkrediteer indien hul aansoek aan die Minister vir akkreditasie- status goedgekeur word. Die prosedure sluit in, onder andere, aansoek deur die munisipaliteit aan die Minister op die voorgeskrewe manier; die Minister evalueer die kapasiteit van die applikant om die nasionale behuisingsprogram te administreer; indien die Minister van mening is dat die munisipaliteit voldoen aan die kriteria vir akkreditasie, word die aansoek goedgekeur deur die Minister (onderworpe aan sekere voorwaardes, indien enige) en indien die Minister die aansoek afkeur, moet volle redes aan die munisipaliteit voorsien word.
Indien die Minister die aansoek goedkeur, word 'n ooreenkoms aangegaan wat die voorwaardes uiteensit, befondsing, agentskapfooie en ook die regte van die Minister sou die munisipaliteit in kontrakbreuk wees.

Die Raad sal onthou dat plaaslike owerheid die slagoffer was van ander sfere waar funksies oorgedra was sonder enige befondsing. Die Behuisingskode maak dit duidelik dat befondsing the funksie volg, daarom is dit belangrik dat munisipaliteite genoegsame befondsing het om die nuwe rolle te implementeer indien akkreditasie toegestaan word. Sistematiese effektiwiteite is 'n belangrike aspek wat nagestreef moet word sodat munisipaliteite befondsing ontvang konsekwent met hul dienslewering en sukses. Addisioneel tot dit, moet munisipaliteite genoegsame befondsing he om die nodige kapasiteit te bou om hul gedelegeerde funksies uit te voer wat gepaardgaan met die akkreditasie.

RECOMMENDATIONS

1. That Council takes note of the process to be undertaken to apply for Housing Accreditation.
2. That Council supports and grants Municipal Manager and management authority to proceed with the application for Housing Accreditation for Level One (1) accreditation to MEC of Human Settlements in the Western Cape.
3. That progress reports be submitted to Council on a regular basis.

AANBEVELINGS

1. *Dat die Raad kennis neem van die proses wat beoog word om aansoek te doen vir Behuising Akkreditasie.*

2. *Dat die Raad ondersteuning verleen en aan die Munisipale Bestuurder en bestuur toelaat om voort te gaan met die aansoek om Behuising Akkreditasie Vlak 1 aan die Minister vir Menslike Ontwikkelinge in die Wes-Kaap.*

3. *Dat vorderingsverslae aan die Raad voorgele word op 'n gereelde basis.*

IZINDULULO

1. Sesokuba IBhunga lithathe Inqgalelo inqgubo yesicelo sokwamkelwa kwesivhumelwano sezindlu.

2. Sesokuba Ibhunga lixhase kwaye linike imvhume uMphathi Masipala nabaphathi Ighunya lokuqgubeka nesicelo sokwamkelwa lwezindlu kumPhathiswa wesebe lezezindlu Entshona Koloni.

3. Ingxelo yenqubela phambili ingeniswe kwiBhunga roqo.

ANNEXURES

Annexure 1: The National Housing Code for Accreditation of Municipalities

Annexure 2: Municipal Accreditation Process

The National Housing Code

FINANCIAL INTERVENTIONS

Accreditation of Municipalities

Enhanced Extended Discount Benefit Scheme Individual Subsidies Operational Capital Budget Integrated Development Plans Part 1 Integrated Development Plans Part 2 Provision of Social and Economic Facilities Rectification of Pre-1994 Residential Properties Subsidy Quantum - Financial Intervention

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

Volume 3

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ACRONYMS

Accreditation Business Plan	ABP
Division of Revenue Act (Annual)	DORA
Housing Subsidy System	HSS
Integrated Development Plan, incorporating the municipality's Housing plan	IDP
Information Technology	IT
In-Year Monitoring report of expenditure against budget and funds transferred required to be submitted before the 20th of every month in terms of DORA and Treasury requirements	IYM
Key Performance Area	KPA
Provincial Member of the Executive Council responsible for human settlement	MEC
Committee of the Minister, the nine MECs and a Councillor representing organised local government	MINMEC
Municipal Finance Management Act	MFMA
Municipal Housing Committee delegated responsibility for housing affairs by the municipal council	
MHCMunicipal Infrastructure Grant	MIG
Medium Term Expenditure Framework	MTEF
National Department of Human Settlements	ND
National Housing Subsidy Data Base	NHSDB
Provincial Department responsible for human settlement	PD
Public Finance Management Act	PFMA
Supply Chain Management	SCM

ACCREDITATION OF MUNICIPALITIES

PART A: Accreditation Framework

14. Overview
15. Accreditation Provisions and Prescripts
16. Application Procedure
17. Institutional Arrangements
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20. Governance, Reporting and Oversight Arrangements
21. Conflict Resolution
22. Systems and Procedures
23. Reporting and Monitoring Requirements
24. Implementation Arrangements

PART A: ACCREDITATION FRAMEWORK

1 OVERVIEW

The rationale behind the move towards the accreditation of municipalities is dictated to primarily by provisions in the Constitution, and further, by the logic of cooperative governance and current constraints in the housing delivery process.

Thus, consistent with Section 156(4) of the Constitution of the Republic of South Africa 1996, the accreditation of municipalities to administer National Housing Programmes has been emphasised as a key government priority. In support of an overall principle for cooperative governance, it is government's policy intention to locate the decision-making authority and funding capacity for local development at the most local sphere of government.

The accreditation of a municipality involves the delegation and, subsequently, assignment of certain clearly defined functions in respect of the administration of National Housing Programmes, leading to eventual assignment of all the functions by formal proclamation of assignment by the Premier in the Government Gazette. This does not detract from any housing functions or powers a municipality may already have, as set out in Part 4, Section 9 of the Housing Act 1997; and, does not include the power to design housing programmes to be funded from national housing subsidy funds.

Accreditation involves the delegated authority to exercise functions relating to the administration of National Housing Programmes at the municipal sphere. This will enable municipalities to plan the implementation of the range of their developmental functions on a coordinated basis. In order for accreditation to be effected, municipalities must have the capacity required to take on the ensuing functions, which implies:

- an enhanced capacity building, supporting and monitoring and evaluation role for the PD's as they assist municipalities in taking on their new-delegated functions, and monitor and evaluate their progress in this regard.
- that the ND (assisted by the PD's) will expand its financial administration,

capacity building, monitoring and evaluation role beyond the nine provinces to also include accredited municipalities as they will become responsible for determining the focus of National Housing Programmes in their municipal areas.

In order to ensure that municipalities achieve the capacity necessary for assignment in the long term without compromising their delivery capacity in the short term, a process of progressive delegation towards ultimate assignment is adopted.

ACCREDITATION OF MUNICIPALITIES

PART A: Accreditation Framework

- Overview
- **Accreditation Provisions and Prescripts**
- Application Procedure
- Institutional Arrangements
- Funding Arrangements
- Capacity Support
- Governance, Reporting and Oversight Arrangements
- Conflict Resolution
- Systems and Procedures
- Reporting and Monitoring Requirements
- Implementation Arrangements

- **ACCREDITATION PRESCRIPTS AND PROVISIONS**

- **OBJECTIVES OF ACCREDITATION**

Accreditation seeks to achieve two inter-linked objectives:

COORDINATED DEVELOPMENT (HORIZONTAL INTEGRATION):

- By relocating the decision making authority with regards to the implementation of National Housing Programmes to the local sphere, municipalities will be able to coordinate these decisions with other decisions that relate to the broader sustainability of human settlements.
- Municipalities are ideally situated for the effective alignment of inter-departmental and inter-governmental funding streams.
- With the authority to take such decisions, opportunities for the application of innovative planning principles arise contributing to the potential for the development of integrated and sustainable human settlements within municipal jurisdictions.
- This is a key emphasis of the Comprehensive Plan for the Development of Sustainable Human Settlements, (Comprehensive Plan) "Breaking New Ground", as well as the Intergovernmental Relations Framework Act, 2005.

ACCELERATED DELIVERY (VERTICAL INTEGRATION):

- The efficiencies associated with creating certainty in respect of funding allocations and devolving delivery authority to the local sphere should lead to accelerated delivery and improved expenditure patterns.
- This should result in a reduced requirement to roll over unspent funds as well as a more coordinated approach to planning approval and implementation.

The rationale and usefulness of any specific approach to accreditation (and delegation) must be measured against these two objectives.

- **PRINCIPLES OF ACCREDITATION**

The accreditation framework is based on the following principles:

5 LOGICAL APPLICATION OF ROLES AND FUNCTIONAL DELEGATION AND

ASSIGNMENTS:

5.1. The motivating basis for accreditation is that it has potential to make delivery more efficient and effective.

As a result of a concentration of funding at the local level, municipalities will be better equipped to make productive decisions on the developmental progress in their areas of jurisdiction.

5.2. In order to ensure that these expectations are achieved by the delegation and subsequent assignment of specific responsibilities, identified municipalities must be accredited to take on such responsibilities.

6 AUTHORITY AND ACCOUNTABILITY MUST ACCOMPANY RESPONSIBILITY:

6.1. Accreditation would entail a progressive transfer of responsibility in respect of decision-making in the administration of National Housing Programmes and must be accompanied by the progressive transfer of accountability for such decision-making, and crucially, the progressive transfer of real authority to perform in that role.

7 ACCREDITATION FOLLOWS CAPACITY:

7.1. In order to ensure that delivery is not interrupted or undermined, accreditation must only be granted on the basis of (existing or created) capacity within the municipality concerned.

7.2. Capacity requirements will be dependant on the level of accreditation being sought, and will include the ability to undertake budgetary planning for and to allocate subsidies to subsidy projects within the municipal area, procurement capacity and municipal financial administration capacity.

7.3. The ND and PD's will therefore be responsible for the periodic facilitation of the necessary capacitation processes within municipalities that have been identified for accreditation, prior to accreditation being granted.

8 FUNDING FOLLOWS FUNCTION:

8.1. It is important that municipalities have sufficient funding to operate within the new roles for which they become accredited.

8.2. Therefore, systems efficiency is an important principle that must be pursued so that municipalities receive funding consistent with their delivery performance and success.

8.3. In addition, municipalities must have sufficient funding to create the necessary capacity to perform the delegated functions associated with accreditation.

9 FUNDING ARRANGEMENTS MUST BE CONSISTENT, CERTAIN, AND BEYOND INTERROGATION:

9.1. It would be counter-productive for the funding arrangements, including the annual allocation of housing subsidy funding to the accredited municipality, to be an annual cause for negotiation and dispute between the province and the municipality.

9.2. Funding arrangements must first be linked to the MTEF through the DORA, with annual budgets on a three-year rolling basis.

9.3. The calculation of housing funds to accredited municipalities must be transparent and consistently applied without exception.

9.4. If any accredited municipality fails to utilise its housing subsidy budget in a particular budget year, the relevant PD (i.e. Level One and Level Two accreditation) and the ND (i.e. Level Three accreditation) may reallocate under-utilised portions to another municipality during a particular financial year.

10 EFFICIENCY:

10.1. The accreditation of a municipality, and the delegation of authority to administer National Housing Programmes, in respect of either level one, two or three accreditation must result in improved efficiencies in the housing delivery process.

10.2. It is accepted, therefore that some municipalities might not seek Level Two or Three accreditation, given the level of housing

demand in their area of jurisdiction which may not allow them to achieve economies of scale.

11 PRIORITISED UNIVERSAL AND FLEXIBLE APPLICATION ACROSS THE COUNTRY:

11.1. The accreditation framework will be equally applicable to prioritised metropolitan (Category A), local (Category B) and district (Category C) municipalities across South Africa.

11.2. In this regard, the framework will accommodate the variety of housing intentions being expressed at a local level, and the varying capacity that exists to realise these intentions.

11.3. If a PD wishes to accredit a District municipality, for instance, it may do this so that the accredited municipality then acts on behalf of all or some of the local councils that operate in their area of jurisdiction.

12 COOPERATIVE GOVERNMENT:

12.1. Having regard for the constitutional origins of accreditation, a fundamental component of the accreditation process is that it supports enhanced cooperation across the three spheres of government.

12.2. Notwithstanding the delegation and possible assignment of key housing functions to the municipal sphere that accreditation envisions, the housing functions remain a concurrent function (and shared mandate) that is dependant on sound intergovernmental relations.

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8 APPLICATION PROCEDURE

8.1 THREE LEVELS OF ACCREDITATION

The fact that all municipalities do not operate with uniform capacity, necessitated the creation of three levels of accreditation.

The three levels are:

8.1.1. **Level One:** Beneficiary management, subsidy budget planning and allocation, and priority programme management and administration (delegated functions)

8.1.2. **Level Two:** Full programme management and administration of all housing instruments/ programmes (in addition to Level One) (delegated functions)

8.1.3. **Level Three:** Financial administration (in addition to Level Two) (All functions – Levels one, two and three are assigned)

Municipalities will thus, depending on their capacity, determine to which level they become accredited and the pace at which they access accreditation for such levels. PD's, as well as National Government, as part of a national programme, will co-operatively process their intentions.

8 Accreditation levels are both functionally and programmatically defined. All levels are meaningful in terms of how they respond to the principles of accreditation, given the various capacity constraints that might be experienced by different municipalities.

9 In Levels One and Two, functions are initially delegated to the municipality.

10 In Level Three, all functions can be assigned to the municipality, based on capacity created for Level Three and their track record in respect of delegated Level One and Two functions.

11 Progressive levels require a higher degree of capacity, which the municipality must demonstrate to the satisfaction of an external auditor.

- **LEVEL ONE ACCREDITATION**

To achieve level one accreditation a municipality must possess the capacity for:

- **Subsidy budget planning and allocation, and priority programme management and administration:** which includes the delegation of housing subsidy budgetary planning functions across National and Provincial Housing Programmes and projects; the delegation of subsidy/fund allocations, and the delegation of project identification functions. The annual budget allocation will be published in DORA, providing the municipality with budget certainty.
- **Priority programme management and administration:** which includes the delegation of programmes and project evaluation and approval functions for (a) specific priority programme(s); and for contract administration, subsidy registration (where agreed), programme management including cash flow projection and management and technical (construction) quality assurance functions for that/those priority programme(s).
- These municipalities may, on an annual basis, progressively increase the complement of priority programmes that they administer, as incremental steps towards Level Two. This is the most significant step that can be made within the capacity constraints that exist at municipal level and the extensive requirements of the National Housing Programme, both in terms of delegating responsibility and enabling integration and coordination to take place.
- Level One Accredited municipalities must carry out their new responsibilities in addition to, and not instead of, its existing Housing Act 1997 responsibilities. In this regard, beneficiary management, the definition of local housing priorities, and the management of all public stock remain a municipal function even with the addition of Level One accreditation functions. This will include focused internal capacity to commission, produce and implement housing strategies, plans and budgets. The municipality will also be required to do the range of tasks associated with project identification and preliminary project assessments.

- MECs, in consultation with priority municipalities, will need to programme an appropriate and ordered accreditation process in their provinces.

- **LEVEL TWO ACCREDITATION**

To achieve level two accreditation a municipality must possess the capacity for:

- **Programme management and administration:** which includes the delegation of project evaluation and approval functions for all ND and PD housing programmes, the delegation of contract administration, subsidy registration, programme management including cash flow projection and management and technical (construction) quality assurance functions.

10 This involves the additional delegation of responsibility for programme management and administration of all National and Provincial Housing Programmes. In order to undertake the functions associated with this level of accreditation, municipalities will require the necessary capacity to commission, produce and implement project feasibility assessments, which will be undertaken by professional engineers, town planners or certified project managers etc.

11 Municipalities will also require programme administration capability (skills and experience) in line with the scale of activities planned for the municipality including project cash flow management. With Level Two accreditation, subsidy registration via the HSS into the NHSDB is also delegated to the municipality. This means that the municipality will be required to install the standardized programme management systems and a municipal HSS.

12 Municipalities with Level One and Level Two accreditation will not, however, undertake the financial management of their budgets. This will continue to be undertaken by the PD, which has the capacity and systems necessary for that function to be performed efficiently.

13 Legislative provisions, in DORA, will ensure that PD's will be obliged to allocate housing subsidy funding as prioritized and

programmed by the accredited municipality, in a manner that is both effective and efficient and which does not delay the municipality's ability to operate within their sphere of responsibility.

- **LEVEL THREE ACCREDITATION**

To achieve level three accreditation a municipality must possess the capacity for:

- **Financial administration:** which involves the formal assignment by Provincial Gazette of all Level One and Level two functions, and the additional assignment of responsibility for financial administration. This includes subsidy payment disbursements, and financial reporting and reconciliation. In order to undertake the functions associated with the financial administration, municipalities will require focused internal financial management and administrative capacity.

- In addition, the municipality will be required to have in place financial systems that are compliant with national specifications. A standard subsidy financial administration package, including reporting systems, management information systems, standard accounting procedures, and so on will be required.

8.2 KEY ISSUES IN RESPECT OF THIS ACCREDITATION APPROACH:

8.2.1. **Accreditation based on priority:** Prioritised municipalities will be entitled to be accredited and subsequently delegated functions in respect of each level, once they meet the eligibility criteria, corresponding capacity and governance requirements. The assessment of whether or not a municipality meets the requirements will be done by the municipality's external auditor.

8.2.2. **Principle of efficiency:** There will be instances, in which it will be inefficient to delegate progressive functions to a municipality – for instance, when a municipality finds that it will be unable to deliver the service economically. In such cases, subsequent levels of accreditation and delegation beyond Level One or Two may not be sought, although delegation of Level One and/or Level Two functions may be effected. Such decisions will be made jointly by the municipality and the province

concerned co-operatively.

8.2.3. **PD's roles and responsibilities:** In assigning municipalities a particular level of accreditation, the PD's monitoring and oversight role will grow accordingly. PD's and the ND will have the authority to stop payments in cases where there is clear evidence of financial or programmatic mismanagement. Where Level One and Level Two accredited municipalities are involved, the MEC may withdraw the delegation when necessary.

At the same time, PD's and ND will be responsible for supporting the capacity development of municipalities, and must monitor and evaluate their performance to identify areas for support and/or intervention.

8.3 EXEMPTIONS

Notwithstanding the progressive approach to accreditation, the following functions and programmes are better retained at a PD level:

8.3.1. **Special approval of non-eligible individual beneficiaries:** While the subsidy registration function will be devolved to a municipality, the PD will retain responsibility for the approval of extraordinary applications (i.e. special approval of non-qualifiers). This will guard against any conflict of interest.

8.3.2. **Individual subsidies:** The administration of the Individual Subsidy Programme (both in terms of credit linked and non-credit linked subsidies) should be retained at the PD level. The reason for this relates primarily to the need to support residential mobility and support administrative efficiency and simplicity within a policy framework that encourages secondary market transactions and the linking of credit with subsidies.

8.4 OBTAINING ACCREDITATION

All priority municipalities shall be entitled to a particular level of accreditation, depending on their ability to meet certain capacity criteria. The following process will apply:

8.4.1. **PRIORITISATION BY MINISTER AND MECS:**

8.4.1.1. MECs will prioritise specific municipalities in the province to be accredited and advise the Minister accordingly.

8.4.1.2. PD's will facilitate the applications from priority municipalities culminating in a letter of intent to the MEC.

8.4.1.3. The MEC must provide a formal response to this application, stating when such accreditation is likely to be granted and on what conditions.

8.4.2. **ACCREDITATION APPLICATION:**

8.4.2.1. Municipalities will indicate they want to be accredited in respect of a particular level of accreditation – starting at level One.

8.4.2.2. To do so, they must already have their housing plan approved by the council as part of the municipal IDP.

8.4.2.3. Municipalities that have already submitted an application for accreditation, in terms of the previous requirements as set out in the National Housing Code, will have to go through the new process as set out in terms of this framework.

8.4.3. **PRE-ACCREDITATION CAPACITATION:**

8.4.3.1. On the basis of the municipality's stated accreditation intention and identified capacity needs in order to carry out this intention, the PD will provide technical assistance towards the development of the accreditation business plan.

8.4.4. **ACCELERATED MUNICIPAL HOUSING DELIVERY PLAN:**

8.4.4.1. A business plan is then developed for the particular level of accreditation that is being sought with the technical support of the PD, if necessary, and submitted to the PD for review.

8.4.5. **ENDORSEMENT OF ACCELERATED MUNICIPAL HOUSING DELIVERY PLAN, AND CAPACITATION FUNDING:**

8.4.5.1. Once the business plan is finalised, it is reviewed and approved on the basis of the accreditation guidelines. The PD

then provides capacity funding to enable the municipality to implement the capacity requirements of the business plan (hiring of staff, development of new systems, etc.).

8.4.6. **IMPLEMENTATION OF ACCELERATED MUNICIPAL HOUSING DELIVERY PLAN:**

8.4.6.1. On the basis of the approved plan, the municipality implements the business plan and provides monthly progress reports to the PD.

8.4.7. **COMPLIANCE CERTIFICATION:**

8.4.7.1. Within a specified time frame, the municipality implements the capacity requirements and an external auditor confirms compliance by issuing a compliance certificate.

8.4.7.2. This certificate confirms that the municipality has fulfilled the capacity requirements in terms of the business plan and is entitled to receive full accreditation for the delegation of functions related to the level of accreditation applied for.

8.4.8. **ACCREDITATION APPROVAL:**

8.4.8.1. The compliance certificate is submitted to the PD, on the basis of which the MEC delegates, for Level One and Level Two, the respective functions, or for Level Three, recommends to the Premier to issue a proclamation, assigning the municipality all functions provided for in this framework (Levels One, Two and Three).

A municipality may seek accreditation in respect of each level on a consecutive basis, or with the approval of the MEC, Levels One and Two concurrently, depending on its own capacity parameters and housing intentions. However, no municipality may seek accreditation in respect of Level Three without already being accredited or seeking accreditation for Levels One and Two. Similarly, municipalities seeking Level Two accreditation must already be accredited for Level One, or be seeking Level One accreditation in the same application.

The Premier must, in the Provincial Gazette, proclaim the assignment of functions following Level Three accreditation.

8.5 ACCREDITATION CRITERIA

Municipalities must meet the following specific criteria in order to be accredited for a particular level.

LEVEL ONE DELEGATION: SUBSIDY BUDGET PLANNING AND ALLOCATION PROCESS & PRIORITY PROGRAMME ADMINISTRATION

- Approved housing strategy, plan and budget
- Accreditation business plan – section for Level One
- Necessary capacity to be enhanced, confirmed by an auditor, including:
  - Ability to draft a business plan for Level One accreditation.
  - Ability to produce and implement housing strategies, plans and budgets, or commission and manage such functions.
  - Ability to do project identification and assessment.
  - Ability to produce and undertake project feasibility assessments (undertaken by professional engineers, town planners or certified project managers (in-house or contracted) for priority programme(s).

Programme administration skills/experience relevant to the priority programme(s) and in line with the scale of activities planned for the municipality.

LEVEL TWO PROGRAMME DELEGATION: TO UNDERTAKE FULL MANAGEMENT/ ADMINISTRATION

- Approved housing strategy, plan and budget
- Accreditation business plan – section for Level Two
- HSS in place and ability to undertake subsidy registration function
- Necessary capacity to be enhanced, including:
  - Ability to draft a business plan for Level Two accreditation
  - Ability to produce and undertake project feasibility assessments

(undertaken by professional engineers, town planners or certified project managers (in-house or contracted) for all programmes.

- Programme administration skills/experience in line with the scale of activities planned for the municipality.

LEVEL THREE: FINANCIAL ADMINISTRATION - ASSIGNMENT

- Approved housing strategy, plan and budget
- Accreditation business plan – section for Level Three
- Necessary capacity to be enhanced, confirmed by an auditor, including:
  - Ability to prepare or commission a business plan for Level Three accreditation.
  - Financial management with ability to review, report and manage subsidy disbursements and financial reporting and reconciliation.

8.6 SUPPORT FOR CAPACITY BUILDING

The following are the various capacity building stages to support accreditation:

8.6.1. **Pre-accreditation support:** Over time, and within a prioritised framework that acknowledges the diverse range of capacity enjoyed by the various municipalities, it is envisaged that prioritised municipalities seeking Level One accreditation will require capacity enhancements.

In support of their intentions, the PD's will establish a pre-accreditation support programme with the following objectives:

- To support the municipality in undertaking a capacity audit of its housing department or division;
- To identify and source the capacity necessary to assist the municipality in drafting an accreditation plan;
- To support municipalities that are unable to undertake current housing functions and assist with the drafting of a Housing Strategy and Plan where necessary; and
- To offer any other form of support that may be required by the particular municipality concerned.

- Accreditation implementation support: Once the PD has, in principle, approved a municipality's accreditation business plan, it will support the sourcing of the capacity necessary to implement this plan - including personnel, business systems etc.
- Ongoing accreditation support: PD's will maintain an Accreditation Management Unit that will constantly liase with municipalities with reference to particular aspects of their delegated functions.

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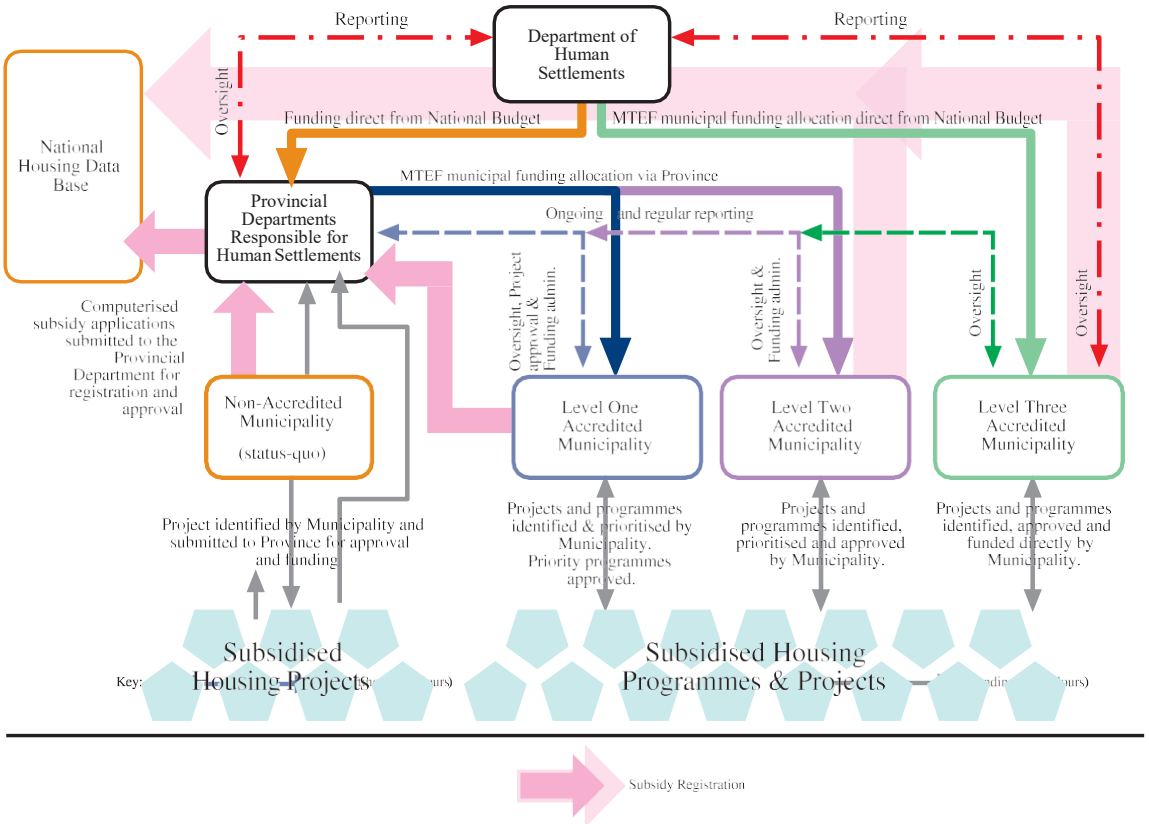
4 INSTITUTIONAL ARRANGEMENTS

- The roles and responsibilities of the three spheres of government change depending on the level of accreditation achieved by a particular municipality.
- In terms of non-accredited municipalities, housing subsidy funding is allocated to the PD by the ND, on the basis of a formula, articulated in the annual DORA.
- Municipalities, acting in terms of the procurement procedures for the delivery of subsidised housing, may apply to the PD to carry out subsidised housing projects.
- The interaction of the various governmental spheres and the various levels of accreditation is illustrated in the following diagram. In this diagram, the thick, coloured lines represent funding flows, while the thin dotted lines represent lines of reporting, oversight and accountability.

Figure 1: Accreditation Institutional Arrangements



LEVEL ONE ACCREDITED MUNICIPALITIES:

- Will have to identify and plan for local housing programmes and projects and allocate housing subsidy funds from their annual housing subsidy funding allocation to these. In this regard, Level One accreditation delegates the authority and responsibility, to respond to national housing policy directly.

- Will have to determine their housing plans (approved as part of the municipalities' IDP by Council resolution, taking into account comments by the PD) which identify the specific programmes and projects to be undertaken within the fiscal year in their municipal area. These accredited Level One municipalities must develop specific individual housing project plans for submission to PD's for approval. Following the PD's approval, the municipality proceeds with implementation on the basis of funding disbursements from the PD on a cash flow basis.

- Will also have the responsibility for evaluating and approving housing projects in respect of pre-determined priority programme(s).

LEVEL TWO ACCREDITED MUNICIPALITIES:

- Will have the added delegated responsibility for evaluating and approving specific housing projects against pre-determined project criteria and undertaking the housing subsidy registration function, for all National and Provincial Housing Programmes. Responsibility for housing subsidy registration will require that municipalities also put in place municipal housing subsidy systems that will be the extension of the NHSDB.

- Will need to establish their own governance arrangements to allow for the necessary checks and approvals, and these will be among the criteria set out in the guidelines for achieving Level Two accreditation.

- Following internal approval of the housing project plan the municipality proceeds with implementation on the basis of a cash flow funding disbursements from the PD.

LEVEL THREE ACCREDITED MUNICIPALITIES:

- Will have the added authority for all Level One and Two functions, and the authority and responsibility for the financial administration of housing

development in their area. The municipal fund allocation will be disbursed on a cash flow basis to the accredited municipality directly from the ND. In line with governance arrangements and in compliance with the MFMA, 2003 (Act No. 56 of 2003), the municipality will report directly to the ND in respect of housing draw-downs and financial reconciliation.

- Will provide a regular financial reconciliation report to the PD on their progress in respect of delivery, as ongoing reporting, monitoring and evaluation is fundamental to the accreditation process.
- Will also report to the ND. The ND and PDs will need to establish a dedicated monitoring and evaluation function within their structures to engage in this process.

4.1 KEY ACCREDITATION FUNCTIONS

The key accreditation (delegated) functions to be performed per level of accreditation are outlined in the following table, together with an outline of existing functions that are performed at municipal and PD level. New municipal functions are highlighted in bold in the table opposite.

AS ILLUSTRATED BELOW THE ACCREDITATION RELATES DIRECTLY TO THREE CATEGORIES OF FUNCTIONS:

- Subsidy budget planning and allocation process, as well as priority programme management: Level One accreditation
- Full programme management and administration: Level Two accreditation
- Financial administration: Level Three accreditation (pre-condition for full assignment)

The remaining categories of functions are not included in the municipal accreditation programme and therefore remain as currently defined:

- **Policy and planning:** Undertaken by both the PD and the municipality as it relates to their own specific areas of jurisdiction.
- **Subsidy and property administration:** Undertaken largely by the developer, this in almost all cases is the municipality or the PD.
- **Subsidy registration – special approvals:** The approval of special applications will continue to be undertaken by the PD.

Table 1: Summary of housing functions

FUNCTIONS	Current	Level 1	Level 2	Level 3
Policy and planning				
Housing strategy: (IDP)	Municipality	Municipality	Municipality	Municipality
Housing plan and budget: (IDP)	Municipality	Municipality	Municipality	Municipality
Housing policies: Procurement, allocation, etc	Municipality	Municipality	Municipality	Municipality
Level 1: Subsidy budget planning and allocation process and priority programme management / admin				
Housing subsidy budget	PD	Municipality	Municipality	Municipality
Subsidy / fund allocations	PD	Municipality	Municipality	Municipality
Project identification	PD	Municipality	Municipality	Municipality
Priority programme management / admin	PD	Municipality	Municipality	Municipality
Level 2: Full programme management / administration				
Full Project / Programme approval	PD	PD	Municipality	Municipality
Full contract administratio n	PD	PD	Municipality	Municipality
Full programme management	PD	PD	Municipality	Municipality
Subsidy registration	PD	PD	Municipality	Municipality
Subsidy registration (Approval of special applications)	PD	PD	PD	PD
Full technical (construction) quality assurance	PD	PD	Municipality	Municipality
Level 3: Financial administration				
Subsidy disbursements	PD	PD	PD	Municipality
Financial reporting and reconciliation	PD	PD	PD	Municipality
Subsidy & property administration				
Eligibility check	Developer	Developer	Developer	Developer
Subsidy applications	Developer	Developer	Developer	Developer

Allocation of subsidy / house	Municipality	Municipality	Municipality	Municipality
Transfer	Deeds Office	Deeds Office	Deeds Office	Deeds Office
Project management	Developer	Developer	Developer	Developer

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5 FUNDING ARRANGEMENTS

- Funding arrangements relate to the allocation of housing subsidy funds and to the administrative costs associated with the new responsibilities conferred through accreditation.
- At all levels, a critical component of accreditation is budgetary certainty, defined on a formula-basis over the MTEF period.
- Once a municipality becomes accredited for Level One, the direct budgetary allocation to that municipality is no longer subject to the PD discretion, but is determined by the existing formula for the equitable share and subsidy fund, as set out in DORA.
- The delegated discretion to allocate the budget in Level One does not include the assignment of cash management, which only occurs in Level Three.
- Budgetary certainty gives municipalities the opportunity to respond creatively to their housing responsibilities and local challenges and, ensure a coordinated and integrated delivery process.

5.1 ALLOCATION OF HOUSING SUBSIDY FUNDS

- National housing subsidy funds will be allocated from the IGR Transfer Allocations on the basis of the formula determined in the annual DORA, which is applied equally across all accredited municipalities and provinces. This will apply to all accredited municipalities, irrespective of their level of accreditation.
- Periodically, the MINMEC must agree on a universally applicable formula that takes into account the housing backlog and other agreed and quantifiable factors.
- Accredited municipalities and PD's are required to submit a budget every year, within the framework of the three-year MTEF.
    - For Level One and Level Two accreditation, allocations will be dedicated to the accredited municipality but held and administered by the PD and, disbursed against actual cash flow

requirements.

- For Level Three accreditation, allocations will be made to the accredited municipality directly from the ND (upon the Premier's proclamation) and disbursed on a cash flow basis.

5.1.1 CLAW BACK

- Where it is apparent that a particular accredited municipality will not be able to utilise the housing subsidy budget allocated to it in a particular budget year, the relevant PD shall in its discretion (i.e. Level One and Level Two accreditation) or after consultation with the ND (i.e. Level Three accreditation) be entitled to reallocate the projected unutilised portion during the particular budget year.
- In the event of this happening, the claw back of housing subsidy funding must be accompanied by targeted capacitation interventions from the PD to assist the accredited municipality to develop the necessary capacity to overcome its implementation challenges.
- The particular accredited municipality would then fund its delayed projects with allocations to subsequent years. Projects already approved should have first preference to any municipal housing subsidy allocation, unless the particular project is in fact formally cancelled.

5.1.2 FUNDING FOR INDIVIDUAL SUBSIDY MECHANISMS

- The administration of the Individual Subsidy mechanisms will remain the responsibility of the PD's.
- Funding for this will be accommodated in the formula calculations.
- The specific proportion to be dedicated to the Individual Subsidy mechanism will be agreed upon by the MECs and the Minister co- operatively, to encourage the growth of the secondary residential property market and the potential extension of mortgage finance.

5.2 OPERATIONAL FUNDING

- In accepting the wider responsibilities delegated upon accreditation at

whatever level, municipalities will be incurring higher operational costs.

- In keeping with the principle that funding must follow function, an accreditation fee has been defined.
- Payment of the accreditation fee will be conditional on the receipt of the required reporting formats, as set out in the guidelines.

5.3 FUNDING FLOWS

Funding flows in respect of the equitable housing subsidy allocation, the PD housing subsidy supplement, the accreditation fee and, funding for capacity building throughout the accreditation process are set out below:

5.3.1 EQUITABLE SUBSIDY ALLOCATION

- For Level One and Level Two accreditation (delegation), budgetary allocations in respect of the equitable subsidy allocation (per national allocation formula) are dedicated to the accredited municipality, but held by the ND and administered by the PD, and disbursed against actual cash flow requirements from the relevant accredited municipalities.
- For Level Three accreditation (assignment), funds are disbursed to the accredited municipality directly from the ND.

5.3.2 OPERATIONAL FUNDING - ACCREDITATION FEE

- Accreditation will necessarily lead to expanded capacity requirements on the part of all spheres of government as each adapts to the new roles in respect of the accreditation arrangements, while also carrying on in respect of its current roles, for the balance of its responsibilities.
- The accreditation of municipalities is a National Housing Programme for which operational funding will be provided through the Operational Capital Expenditure (OPSCAP). The accreditation fee to cover operational costs will be paid out of the ND's housing subsidy budget, via the PD in terms of Level One and Level Two accreditation, and directly from the ND in terms of Level Three accreditation.
- The accreditation fee is for the accreditation-linked (delegated)

functions only and not for the other housing functions that will form part of the municipality's normal responsibilities.

- The fee will be performance based linked to the subsidy expenditure achieved.

5.3.3 CAPACITATION FUNDING

- The success of the municipal accreditation programme is wholly dependent on sufficient capacity existing at each sphere of government to implement their new and enhanced functions effectively.
- While this framework envisions that each sphere will be responsible for providing the capacity support required by the next sphere, it is also envisioned that the entire cost of capacitation will be supported by national government.
- The ND will also develop an accreditation capacitation programme on the basis of which this budget can be expended.
- Funding for capacity building will come from the ND, but will be paid to the relevant accredited municipality via the appropriate PD.
- Three different sorts of capacitation funding are available:
- Pre-accreditation support: This is realised by a municipality when it participates in a PD's pre-accreditation support programme. Municipalities will seek funded provincial support to:
    - Undertake a capacity audit of its housing department or division
    - Identify and source the capacity necessary to assist the municipality in drafting an accreditation plan
    - Draft a Housing Strategy and Plan, if necessary; and
    - Undertake a range of other tasks associated with accreditation, based on the requirements of the particular municipality concerned
- **Accreditation implementation support:** This is realised by a municipality formally seeking a particular level of accreditation, once the PD has, in principle, approved that municipality's

accreditation business plan. The PD will support the sourcing and appointment of the capacity necessary to implement this plan.

- **Ongoing accreditation support:** This is realised by a municipality on a basis to be agreed with the PD concerned. Support may be in the form of funding for ongoing capacity building programmes, or the purchase of specific facilities.

The arrangements for the four different funding flows (equitable subsidy allocation, provincial housing subsidy supplement, accreditation fee and capacitation funding) are illustrated opposite:

Table 2: Accreditation Functions and HR capacity implications

FUNCTIONS	**HR capacity implications**
Policy and planning	
Housing strategy: (IDP)	No change – existing arrangements apply.
Housing plan and budget: (IDP)	
Housing policies: procurement, allocation, etc.	
Level 1: Subsidy budget planning and allocation process & priority programme management / admin	
Housing subsidy budget	• Ability to draft a business plan for Level One accreditation. • Ability to produce and implement housing strategies, plans and budgets, or commission and manage such functions. • Ability to do project identification and assessment
Subsidy / fund allocations	
Project identification	
Priority programme management / admin	• Ability to produce and undertake project feasibility assessments for the priority programme(s) • Programme administration skills/experience in line with the scale of activities planned for the municipality.
Level 2: Full programme management / administration	
Project / Programme approval	• Ability to draft a business plan for Level Two accreditation • Ability to produce and undertake project feasibility assessments (undertaken by professional engineers, town planners or certified project managers (in-house or contracted). • Programme administration skills / experience in line with the scale of activities planned for the municipality.
Contract administration	
Programme management	
Subsidy registration	
Technical (construction) quality assurance	

FUNCTIONS	HR capacity implications
Level 3: Financial administration	
Subsidy disbursements	• Ability to prepare or commission a business plan for Level Three accreditation • Financial management with ability to review, report and manage subsidy disbursements and financial reporting and reconciliation.
Financial reporting and reconciliation	
Subsidy & property administration	
Eligibility check	No change: Existing arrangements apply.
Subsidy applications	
Allocation of subsidy / house	
Transfer	
Project management	
Subsidy registration	
Approval of special applications	No change: Functions remain responsibility of PD.

- When municipalities' applications are approved for accreditation for a particular level, they will receive provincial support to implement the capacity requirements of their accreditation business plan.
- These capacity requirements will be based on an analysis of the municipality's staffing requirements for the particular level of accreditation that is being sought and an audit of what needs to be filled with additional staff.
- Filling of posts could include the realignment of personnel within the municipality, the new appointment of specific, identified personnel, or the transfer of PD staff to the new posts established

within the municipal department or division.

- The municipality will need to negotiate the approach to be taken with the PD, along the parameters defined by the Transfer of Staff to Municipalities Act, 1998 (Act No. 17 of 1998) and any other applicable Public Service Policy and/or processes.

5.3.4 HUMAN RESOURCES IMPLICATIONS AT PD LEVEL

- The accreditation of municipalities will no doubt have an impact on the human resources arrangements at PD level. PD's will need to address this issue based on the agreements they make with the accredited municipality regarding the transfer of staff and other details.
- Accompanying each approval for accreditation by an MEC (as proclaimed by the Premier) should be a PD accreditation plan that addresses the consequential shifts in capacities and responsibilities in that PD, and how it will be managed.
- The drafting of the PD accreditation plan will be the responsibility of the PD accreditation unit.

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6 CAPACITY SUPPORT

- To ensure that delivery is not stalled as a result of the accreditation process, it is critical that the necessary capacity for the given level of accreditation is in place within the municipality before the specific roles and functions are assigned.
- PD's and municipalities are jointly responsible, for ensuring that such capacity either exists or is developed.

6.1 ACCREDITATION UNITS AT PD LEVEL

- PD's will do everything they can to facilitate the capacity development of all municipalities within their area of jurisdiction.
- Municipalities prioritised for accreditation will however be their priority. Consequently, PD's will establish specific accreditation units within their PD's, whose responsibility it will be to:
    - Implement capacity building and support programmes in those municipalities on the basis of the needs identified;
    - Resolve any changes in institutional arrangements, staffing and other details that must happen at provincial level as a result of the accreditation of a particular municipality; and
    - Resolve any provincial and municipal blockages to the accreditation process, identifying and responding to problems as they arise.
- PD accreditation units will also be responsible to ensure that all the necessary systems and procedures are in place, both within the PD and the accredited municipality.
- In this regard, the PD unit will need to have the necessary IT, programme and project management, and financial administration capacity to develop the required systems and procedures.

6.2 ACCREDITATION UNIT AT ND LEVEL

- An accreditation unit will also be established within the ND, with the responsibility of facilitating the Programme nationally as well as monitoring and evaluating progress of the National Accreditation

Programme.

- This unit will interface with the capacity building, monitoring and evaluation, financial and system components within the ND's establishment to ensure the capacity development of prioritised municipalities seeking accreditation as well as the establishment of the necessary reporting systems.

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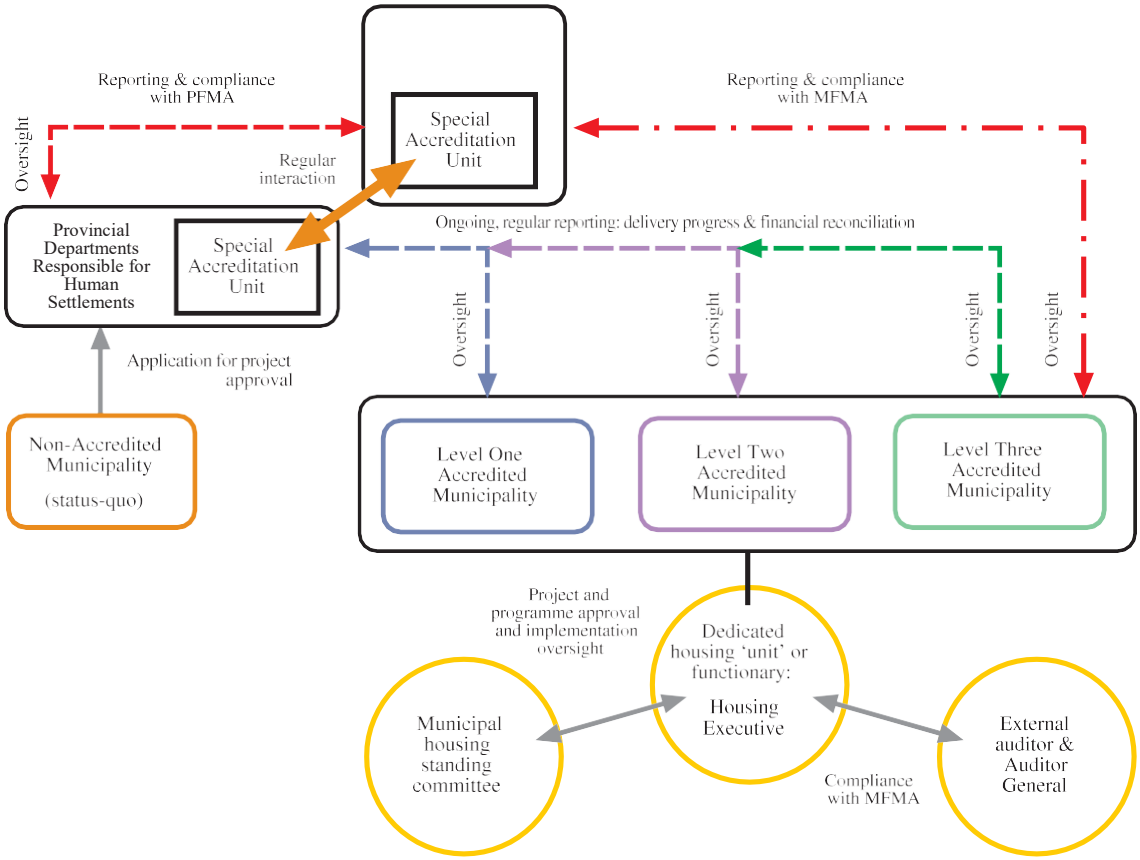
7 GOVERNANCE, REPORTING AND OVERSIGHT ARRANGEMENTS

- Municipalities operate in a statutorily defined, tried and tested set of governance arrangements.
- These have been developed over many years by municipalities and have been refined and encoded in the requirements of the Municipal Finance Management Act, 2003.
- All municipalities seeking accreditation must have established governance, reporting and oversight arrangements as illustrated in the following diagram:

Figure 2: Governance, Reporting and Oversight Arrangements



- As illustrated above, municipalities must establish a dedicated housing 'function' or assign a dedicated functionary to the housing functions in the accredited municipality.

- This functionary will engage with the municipal housing standing committee regarding programme and project prioritisation, subsidy budget planning, project approval and the implementation of other accreditation-linked functions.
- An accredited municipality may wish to invite the PD's official responsible for accreditation to participate as an observer in its housing standing committee in order to facilitate improved communication and interaction.
- Furthermore the accredited municipality's housing function will be subject to external audit, and the oversight of the Auditor General in respect of compliance with the MFMA, 2003.
- At the PD and the ND's level, the accreditation units will oversee the accreditation process and perform the necessary functions to ensure that it succeeds.
- The reporting requirements to be applied are as per those specified in the annual DORA, in the PFMA, 1999 and MFMA, 2003 and by the ND. As illustrated above, accredited municipalities will report both to their PD and the ND.
- The guidelines seek to streamline reporting so that where possible, the same report is prepared and submitted to both the PD and the ND. However, the reporting requirements to the different spheres of government have different intentions.
- Reporting to the PD is required in order to facilitate the PD's oversight role and to ensure that progress is consolidated into the PD's year end report against provincial plans.
- Reporting to the ND is required by Level Three accredited municipalities for accounting purposes and financial reconciliation.

8 CONFLICT RESOLUTION

- It is envisioned that conflict may arise between the ND and the PD or municipality, between a PD and a municipality, between provinces, or between municipalities. In such cases, a clear conflict resolution procedure will assist in resolving the dispute timeously and without causing undue disruption in respect of the Accreditation Programme as a whole.

- Any dispute arising between the MEC and a municipality concerning the assignment of functions which cannot be resolved in accordance with the principles of co-operative government (as set out in Chapter 3 of the Constitution) must be referred to the Minister, for a decision on the matter. The Inter-Governmental Relations Framework Act, 2005 must prevail where the matter is not specifically covered in the Housing Act, 1997.

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9 SYSTEMS AND PROCEDURES

- Systems and procedures relate to the management information and administration systems, the IT and systems requirements, access to databases required, and so on.
- Minimum systems and procedures requirements, which must be fulfilled before a municipality is accredited, are set out in the table below.

Table 3: Systems & Procedures

FUNCTIONS	**Expected systems & procedures**
Policy and planning	
Housing strategy: (IDP)	No change. Existing systems apply.
Housing plan and budget: (IDP)	
Housing policies: procurement, allocation, etc.	
Level 1: Subsidy budget planning and allocation process & priority programme management / admin	
Housing subsidy budget	The implementation of a • Budget tracking system, which tracks the total and annual budget allocations from the (1) equitable subsidy allocation and the (2) PD subsidy supplement, as well as calculates data required in terms of accessing the accreditation fee for operational funding.
Subsidy / fund allocations	
Project identification	

Priority programme management / administration	• Document management system, which manages all electronic and physical documentation generated in terms of accreditation, including how and where documents are filed and archived. This should be updated as the municipality registers for each successive level of accreditation. • Accreditation reporting system, which accredited municipalities' use to report to the PD on overall delivery progress and to provide financial reconciliation accounts. Ability to get spatial planning information, via a Geographic Information System (GIS) which tracks the spatial location of programmes, projects and house project data, or some other kind of system (e.g. head or hut count).

<table>
<tr><th>FUNCTIONS</th><th>Expected systems & procedures</th></tr>
<tr><td></td><td>Programme management systems installed. These should include a:
Project tracking system for the priority programme(s)
Procedures and operations manual for the priority programme(s)</td></tr>
<tr><td colspan="2">Level 2: Full programme management / administration</td></tr>
<tr><td>Project / Programme approval</td><td rowspan="5">Programme management systems installed. These should include a:
Project tracking system, which tracks the status of all projects from application to close out, providing project data on a regular basis
Procedures and operations manual, including all the policies, procedures, procedural steps and pro-forma documentation for the entire housing subsidy administration programme. The manual must be updateable and a regular system for updates must be implemented.
Municipal HSS, which tracks the approved subsidy amount against the project and the payment of the subsidy against project payment milestones. This system should be linked with the NHSDB, the Deeds Register and Population Register.</td></tr>
<tr><td>Contract administration</td></tr>
<tr><td>Programme management</td></tr>
<tr><td>Subsidy registration</td></tr>
<tr><td>Technical (construction) quality assurance</td></tr>
<tr><td colspan="2">Level 3: Financial administration</td></tr>
<tr><td>Subsidy disbursements</td><td rowspan="2">Financial systems compliant with specifications from the ND and PD in place, including a:
Cash flow tracking system which tracks cash flow expenditure against budget for each project and programme, also tracking administration costs.
Reporting systems, management information systems, standard accounting procedures, etc,
In respect of these various systems, a standardized system common to all PD's and accredited municipalities must be implemented.</td></tr>
<tr><td>Financial reporting and reconciliation</td></tr>
</table>

Subsidy & property administration	
Eligibility check	No change – existing systems and procedures apply.
Subsidy applications	

FUNCTIONS	Expected systems & procedures
Allocation of subsidy / house	
Transfer	
Project management	
Subsidy registration	
Approval of special applications	No change – existing systems and procedures apply.

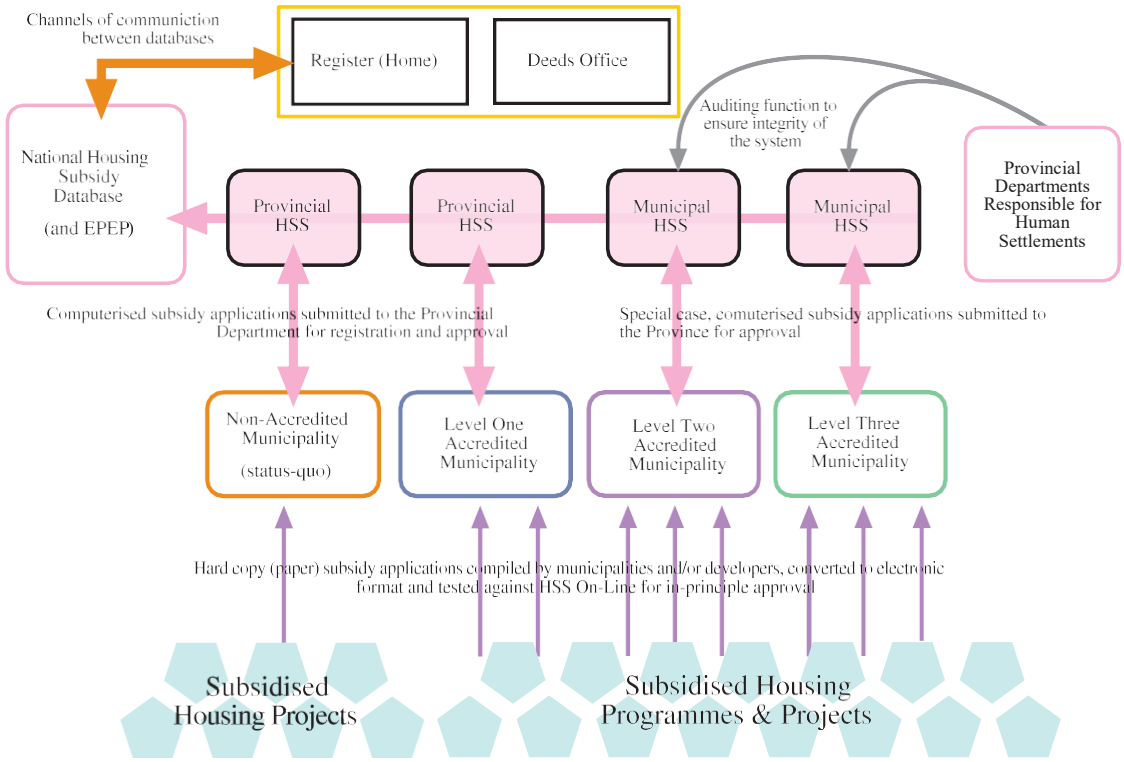
- To the extent that a municipality registers for successive levels of accreditation over time, the capacity developed in terms of the previous level must be updated to accommodate the demands of the subsequent level.
- Where it is deemed efficient, the ND or the PD may require that standardised systems, procedures and packages be implemented as a condition of accreditation to ease communication, reporting and monitoring between administrations and spheres of government.

9.1 SUBSIDY REGISTRATION

- Accredited municipalities will need to establish Housing Subsidy Systems (HSS) to engage with the NHSDB. The ND will assist in this regard.

The arrangements are illustrated below:

Figure 3: Subsidy Registration



In respect of the above diagram:

- The accredited municipality receives all documentation, checks that this is sufficient and adequate, verifies objective facts, and enters this into a pre- determined electronic application.
- The electronic application, including all the necessary information in the single electronic file is submitted to the system, HSS-Online, which confirms or denies eligibility.
- If the applicant is eligible for the housing subsidy, the Level Two and Level Three municipalities will enter the electronic file into its own HSS database which then links with the NHSDB. This also applies to Level One accredited municipalities in respect of their priority programmes; to the extent they have agreed with the PD that they will administer this function. For non-accredited, or Level One accredited municipalities, the PD remains responsible for this function. The accredited municipality then allocates and, if necessary, transfers the housing unit to the qualifying beneficiary.
- PD's will audit the management of accredited municipalities of their own HSS' and their engagement with the NHSDB to ensure that the integrity of the system is secure.

- In instances where an accredited municipality is seeking approval for non- qualifiers on the basis of an exemption from the qualifying criteria, PD's will make this decision, irrespective of the level of accreditation of the particular municipality.

9.2 FINANCIAL ADMINISTRATION

- The financial administration systems to be maintained by accredited municipalities will be standardised for each level of accreditation.
- This will facilitate efficient communication between spheres of government and assist in the overall administration, monitoring and evaluation process.
- All accredited municipalities will be required to submit annual budgets based on the three-year MTEF and, reconcile expenditure against these.
- The budgeting function includes:
    - The development of an administration (accreditation fee) and housing projects budget and project cash flows (based on the equitable subsidy allocation received).
    - The review and endorsement of the budget and cash flow by the Housing Executive and Housing Committee.
    - Submission of budget and cash flow to the PD and the review by the PD.
    - Monthly management of the expenditure and cash flow against the original budget; and
    - Reporting on expenditure and cash flow against budget.

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10 REPORTING AND MONITORING REQUIREMENTS

- The intention of the municipal Accreditation Programme is to improve the coordination and overall rate of housing delivery. Ongoing and regular reporting, monitoring and evaluation are therefore a fundamental component of the Accreditation Programme and critical to its success.
- The reporting, monitoring and evaluation system will, at a minimum, encompass the following:
    - Compliance with ND and PD housing policy
    - Compliance with the Municipality's approved Housing Plan (incorporated in the municipal IDP)
    - Financial reconciliation, management and administration; and
    - critical areas for intervention on outputs and outcomes.
- Nationally standardised reporting systems and formats will apply specifically around the following:
    - Financial reports and reconciliation; and
    - delivery progress reports covering outputs and outcomes.
- On an annual basis, an assessment will be conducted of each of the accredited municipalities to verify compliance, effectiveness and impact of their housing programmes.
- To ensure that accredited municipalities participate as specified in the guidelines, the payment of the delivery-based tariff is linked to provincial receipt of the various required reports.

11 IMPLEMENTATION ARRANGEMENTS

- The accreditation of municipalities to administer National Housing Programmes will be dependent upon the satisfaction of certain capacity criteria and the subsequent delegation of functions for Levels One and Two, and the eventual assignment of Level Three functions by proclamation.
- The municipality's external auditor will be responsible for certifying that municipalities meet the required criteria for a given level of accreditation. The criteria for accreditation in respect of the three levels

are set out in the guidelines.

- The auditor's certificate of compliance will then be submitted, together with the municipal housing plan, the accreditation business plan, and a request for accreditation, to the MEC of the province in which the municipality is situated.
- The MEC will review this documentation and in the case of Level Three accreditation, will advise the Premier and initiate the proclamation of the relevant assignment by the Premier in the Provincial Gazette. Such a proclamation could be in respect of more than one municipality if they are seeking Level Three accreditation simultaneously.
- The Constitution requires assignment to be by agreement. The Memorandum of Understanding concluded between the PD and the municipality will constitute the necessary agreement.
- MECs will prioritise specific municipalities in their areas of jurisdiction for accreditation. These municipalities will be invited to apply for accreditation in terms of Section 10 of the Housing Act, 1997 as amended.
- PD's will agree, periodically, with the ND in the context of the MINMEC on the municipalities prioritised for accreditation – this then becomes the basis on which they have to perform.

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PART B: ACCREDITATION GUIDELINES

12 PURPOSE

The purpose of these guidelines is to provide guidance for the accreditation of municipalities to carry out the housing functions which includes a programmatic approach to the implementation of accreditation within these municipalities.

13 ACCREDITATION FRAMEWORK

These implementation guidelines are based on the associated accreditation framework and should be read in terms of the framework. The salient components of the framework are summarised in these guidelines, however, should more detail be required one should refer to the framework.

14 ACCREDITATION OBJECTIVES

To enable municipalities to plan, manage, and efficiently and effectively deliver sustainable and affordable housing, that meets the needs of the communities within the area of jurisdiction they serve.

15 LEVELS OF HOUSING ACCREDITATION

- Given that the capacity of municipalities is not uniform, three levels of accreditation are defined.
- Municipalities will be entitled to determine to which level they wish to become accredited and the pace at which they wish to access accreditation for such levels.
- Their intentions will be supported by PDs, as well as the ND, as part of a focused capacity building programme.

15.1 DEFINING LEVELS OF ACCREDITATION

- Accreditation levels are both functionally and programmatically defined. All levels are meaningful in terms of how they respond to the

principles of accreditation.

- Progressive levels require a higher degree of capacity, which the municipality must demonstrate to an external auditor.
- The three levels, and the functions they comprise, are set out in the following table.

Table 4: Levels of Housing Accreditation

Level	Components and Definition
Level 1: Delegation	Subsidy budget planning and allocation and priority programme management and administration: This includes housing subsidy budgetary planning across programmes and projects; planning of subsidy/fund allocations, and project identification. It also includes programme management and administration functions for specific, prioritised programme(s) identified in consultation with the PD. As set out in the Housing Act, municipal responsibilities for local beneficiary management, local housing priorities and the management of public stock remain municipal responsibilities. Applicable to all national and provincial housing programmes, with the exception of the individual and relocation subsidy mechanisms, this remains the responsibility of the PD.
Level 2: Delegation	Programme management and administration: This includes project evaluation and approval, contract administration, subsidy registration, programme management including cash flow projection and management and technical (construction) quality assurance. Applicable to all national and provincial housing programmes, with the exception of the individual and relocation subsidy mechanisms, this remains the responsibility of the PD.
Level 3: Assignment	Assignment and Financial administration: This includes subsidy payment disbursements, and financial reporting and reconciliation, as well as the assignment of all Level One and Level Two functions. Applicable to all national and provincial housing programmes, with the exception of the individual and relocation subsidy mechanisms, this remains the responsibility of the PD.

16 FUNCTIONS AND SKILLS REQUIRED FOR EACH LEVEL OF ACCREDITATION

Level 1 - Subsidy budget planning and allocation, and priority programme management and administration:

- This is the most significant step, both in terms of delegating responsibility and enabling integration and coordination to take place.
- This will include focused internal capacity to commission, produce and implement housing strategies, plans and budgets. Further, municipalities will be required to do the range of tasks associated with project identification and preliminary project assessments.
- Priority programme management and administration includes the delegation of programme and project evaluation and approval functions for (a) specific priority programme(s); and for contract administration, subsidy registration (where agreed), programme management including cash flow projection and management and technical (construction) quality assurance functions for that/those priority programme(s).

LEVEL 2 - FULL PROGRAMME MANAGEMENT AND ADMINISTRATION:

- Involves the additional delegation of responsibility for all programme management and administration.
- In order to undertake the functions associated with this level, municipalities will require the necessary capacity to commission, produce and implement project feasibility assessments, (which will be undertaken by professional engineers, town planners or certified project managers).
- With level two accreditation, subsidy registration via the HSS into the NHSDB is devolved to the municipality.
- Municipalities will also require programme administration skills and experience in line with the scale of activities planned for the municipality including project cash flow management and contract administration and they also will be required to install standardized programme management systems and a municipal HSS.

- Municipalities with level 1 and 2 accreditation will not, however, undertake the financial management of their budgets. This will continue to be undertaken by PDs, which has the capacity and systems necessary for that function to proceed efficiently.

- That said, legislative provisions in DORA will ensure that PDs will be obliged to allocate funding as prioritised and programmed by the accredited municipality, in a manner that is both effective and efficient and which does not delay the municipality's ability to operate within their sphere of responsibility.

LEVEL 3 - ASSIGNMENT AND FINANCIAL ADMINISTRATION:

- Involves the full assignment of Level 1 and Level 2 functions, and the additional assignment of responsibility for financial administration thus completing the full extent of the housing function and so completing the assignment of the housing function to a specific municipality. In order to undertake the functions associated with the financial administration, including subsidy payment disbursements and financial reporting and reconciliation, municipalities will require focused internal financial management and administrative capacity.

- In addition, the municipality will be required to have in place financial systems that are compliant with national specifications.

- A municipality may seek accreditation in respect of each level on a consecutive basis, or concurrently, depending on its own capacity parameters and housing intentions. However, no municipality may seek accreditation in respect of level three without already being accredited or seeking accreditation for levels two and one.

- Similarly, municipalities seeking level two accreditation must already be accredited for level one, or seeking level one accreditation in the same application.

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17 PROCEDURE FOR ACCESSING ACCREDITATION

All municipalities shall be entitled to apply for a particular level of accreditation, depending on their ability to meet certain capacity criteria. The process is set out in the table below.

Table 5: Procedure for Accessing Accreditation

Step	Description	Responsibility
Step 1	Identification by MECs and Municipalities: MECs and municipalities will identify from time to time specific municipalities in the province to be accredited. Municipalities may make their expectations known to the MEC in a letter of intent which must be considered by the MEC. The MEC must draft a formal response to this application, stating when such accreditation is likely to be granted and on what conditions.	MECs and Municipalities
Step 2	Accreditation Application – Municipalities indicate they want to be accredited in respect of a particular level of accreditation. To do so, they must already have their housing plan approved by their council after taking into account comments received from the PD. The municipality determines their pre-accreditation capacity needs in order to formulate an accreditation business plan (refer to pre-accreditation application template T01).	Municipality
Step 3	Pre-Accreditation Capacitation – On the basis of the municipality's stated accreditation intention and identified capacity needs in order to prepare and accreditation business plan, ND provides capacitation funding for the pre-accreditation phase through the PD in order to provide targeted technical assistance towards the development of the accreditation business plan (i.e. pre-accreditation capacitation funding)	PD
Step 4	Accelerated Municipal Housing Delivery Plan - The municipality prepares the accreditation business plan (see template T02) for the particular level (or levels) of accreditation that is being sought, with the technical support provided by PD, if necessary and submits the business plan to the province for review.	Municipality (supported by PD with capacitation funding from ND)

Step 5	Endorsement of Accelerated Municipal Housing Delivery Plan – The business plan is reviewed by the PD and provided it complies with the PD requirements is endorsed. Approval on the basis of the accreditation guidelines by the province and the MEC provides "conditional accreditation" to the municipality for the municipality to implement the business plan in pursuit of full accreditation for the level of accreditation applied for. The province provides capacity funding to enable the	PD

Step	**Description**	**Responsibility**
	municipality to implement the capacity requirements of the business plan (hiring of staff, development of new systems etc.).	
Step 6	Capacitation Funding – On the basis of the conditional accreditation approval, the ND provides capacity funding through the PD to enable the municipality to implement the capacity requirements of the business plan (hiring of staff, staff training, development of new systems, etc.)	PD (capacitation funding from ND)
Step 7	Implementation of Accreditation Business Plan – On the basis of the plan approval by the MEC and capacitation funding provided by PD, the municipality implements the business plan and provides monthly progress reports to PD (see template T03)	Municipality
Step 8	Compliance Certification – Within the time frame specified in the business plan, the municipality implements the capacity requirements on the basis of which the municipality's auditors confirm compliance by issuing a "compliance certificate". This compliance certificate confirms that the municipality has fulfilled the capacity requirements in terms of the business plan and therefore meets the requirements to receive full accreditation for the level applied for. This compliance certificate is submitted to the PD. (see template T04)	Municipality's Auditors – initiated by the Municipality
Step 9a	Full Accreditation Approval (Level 1 and 2) – On the basis of the issued compliance certificate, the MEC delegates the functions relevant to the level of accreditation applied for	PD (MEC)
Step 9b	Full Accreditation Approval (Level 3): Complete Assignment – On the basis of the issued compliance certificate, the MEC approves the Level 3 accreditation of the municipality and Premier issues a proclamation, assigning the municipality the full housing function (subject to the National Housing Act) and in line with Section 156(4) etc. of the Constitution	MEC and Premier

18 ELIGIBILITY CRITERIA

Municipalities must meet specific criteria (including performance quality indicators) in order to be accredited for a particular level. These are summarised in the table below:

Table 6: Accreditation Eligibility Criteria by Level

FUNCTIONS	Criteria
Level One: Subsidy budget planning and allocation process & priority programme management / administration	
Housing subsidy budget	• Approved housing strategy, plan and budget • Accreditation business plan – section for Level One • Necessary capacity to be enhanced, confirmed by an auditor, including: - Ability to draft a business plan for Level One accreditation. - Ability to produce and implement housing strategies, plans and budgets, or commission and manage such functions. - Ability to do project identification and assessment - Ability to produce and undertake project feasibility assessments (undertaken by professional engineers, town planners or certified project managers (in-house or contracted) for priority programme(s) - Programme administration skills / experience relevant to the priority programme(s) and in line with the scale of activities planned for the municipality.
Subsidy/fund allocations	
Project identification	
Priority programme management & administration: manage beneficiaries and manage stock / priority	
Level Two: Full programme management / administration	
Project/Programme approval	• Approved housing strategy, plan and budget • Accreditation business plan – section for Level Two • HSS in place and ability to undertake subsidy registration function • Necessary capacity to be enhanced, including: - Ability to draft a business plan for Level Two accreditation - Ability to produce and undertake project feasibility assessments (undertaken by professional engineers, town planners or certified project managers (in-house or contracted) for all programmes. - Programme administration skills / experience in line
Contract administration	
Programme management	
Subsidy registration	
Technical (construction) quality assurance	

	with the scale of activities planned for the municipality.
Level Three: Assignment and Financial administration	
Subsidy disbursements	• Approved housing strategy, plan and budget • Accreditation business plan – section for Level Three • Necessary capacity to be enhanced, confirmed by an auditor, including: - Ability to prepare or commission a business plan for Level Three accreditation - Financial management with ability to review, report and
Financial reporting and reconciliation	
FUNCTIONS	**Criteria**
	manage subsidy disbursements and financial reporting and reconciliation.

19 ACCREDITED FUNCTIONS AND HUMAN RESOURCE CAPACITY IMPLICATIONS

- Accredited municipalities must be able to carry out specific functions for the various accreditation levels and will thus require specific capacity and skills as well as systems to be able to carry out the accreditation functions.
- Municipalities may outsource some of the capacity requirements except for the core overall housing accredited functions if this provides a more efficient and economical solution.

19.1 ACCREDITED FUNCTIONS

The table below sets out the specific functions that municipalities will need to perform, and the key capacities that will be required for the various levels of accreditation.

Table 7: Accreditation Functions and HR capacity implications

FUNCTIONS	**HR capacity implications**
Policy and planning	
Housing strategy: (IDP)	No change – existing arrangements apply.
Housing plan and budget: (IDP)	
Housing policies: procurement, allocation, etc.	
Level 1: Subsidy budget planning and allocation process & priority programme management / admin	
Housing subsidy budget	• Ability to draft a business plan for Level One accreditation. • Ability to produce and implement housing strategies, plans and budgets, or commission
Subsidy/fund allocations	
FUNCTIONS	**HR capacity implications**
Project identification	and manage such functions. • Ability to do project identification and assessment
Priority programme management / admin	• Ability to produce and undertake project feasibility assessments for the priority programme(s) • Programme administration skills/experience in line with the scale of activities planned for the municipality.
Level 2: Full programme management / administration	
Project/Programme approval	• Ability to draft a business plan for Level Two accreditation • Ability to produce and undertake project feasibility assessments (undertaken by professional
Contract administration	
Programme management	

Subsidy registration	engineers, town planners or certified project managers (in-house or contracted). • Programme administration skills / experience in line with the scale of activities planned for the municipality.
Technical (construction) quality assurance	
Level 3: Assignment & financial administration	
Subsidy disbursements	• Ability to prepare or commission a business plan for Level Three accreditation • Financial management with ability to review, report and manage subsidy disbursements and financial reporting and reconciliation.
Financial reporting and reconciliation	
Subsidy & property administration	
Eligibility check	No change: Existing arrangements apply.
Subsidy applications	
Allocation of subsidy / house	
FUNCTIONS	**HR capacity implications**
Transfer	
Project management	
Subsidy registration	
Approval of special applications	No change: Functions remain responsibility of PD.

19.2 KEY CAPABILITIES

In order to carry out the accredited functions set down in section 4 above, municipalities will require to have the suitably-qualified personnel in-house (or achieve this through outsourcing) for key capabilities set down in table 5 below. In this context capability refers to the specific skills required.

Table 8: Key Accreditation Capabilities Required

Level 1: Subsidy Budget Planning and Allocation Process & Priority Programme Management / Administration
Housing Management – overall responsibility for the housing accreditation function, requiring good overall management and administration experience and expertise, as well as specific understanding of the housing programmes, accreditation process and housing subsidy administration Housing Subsidy & Budget Planning – requiring specific expertise in understanding of integrated planning to produce an IDP and housing plan, understanding of demographics, housing typologies and housing backlog determination, the National Housing Programmes and ability to prioritizes housing budgets against various housing programmes to best implement the housing plan with the available budget Priority Programme Management & Administration – requiring specific expertise as set out below, in respect of programme management, contractor administration, subsidy administration and quality control for the priority programme(s).
Level 2: Full Programme Management and Administration
Programme Management – requiring specific expertise to manage the housing programmes and carry out the contract management, including cash flow projection and management and programme monitoring, quality assurance of housing projects and reporting performance Contractor Administration – requiring specific skills in contract management and administration including performance and compliance monitoring, payment certification, contract expenditure
and budget management Subsidy Administration – able to register and ensure compliance of individual beneficiary subsidy applications, thorough operational understanding of the HSS, ability to administrate the filling of individual subsidy applications Quality Control – requiring specific skills in housing quality and contract compliance planning, monitoring and reporting
Level 3: Assignment & Financial Administration
Financial Administration – requiring an overall and thorough understanding of the MFMA, DORA, the municipal accounting and financial management system, financial reporting requirements, housing subsidy reconciliation for the various housing programmes. Ability to administer the subsidy allocations, reconcile individual subsidies against project expenditures for each housing programme and project, able to provide monthly financial reports and operate the HSS.

19.3 CAPACITY REQUIREMENTS

- Dependent on the scale of the housing programmes to be administered within the municipality, the capacity (i.e. number of functionaries/staff) needed, within the above capabilities, will vary significantly from metropolitan to local municipalities.
- In the former significant capacity and support services will be needed given the scale, scope and complexity of the housing programmes to be managed, whereas in the later it may be feasible for these functions to be provided by one or two experienced and skilled housing experts i.e. multi-skilled personnel responsible for more than one function.
- Municipalities must indicate their capacity requirements and associated operational costs within their accreditation business plans drawn on the basis of their IDP.

19.4 SYSTEM REQUIREMENTS

In order to carry out the accreditation functions, municipalities will require to have operational capacity in terms of various information and computer systems in order to manage and report. The system requirements for the various accreditation levels are set down in table below.

Table 9: Accreditation System Requirements

Level 1: Subsidy Budget Planning and Allocation Process & Priority Programme Management / Administration
Municipal accounting and financial management system – compliant with the MFMA and in which housing budgets and expenditure per individual project (and cost item within a project) can be tracked and in which the housing transfers and expenditures against the transfers are able to be individually tracked. Spatial planning system - from various sources (such as plans, waiting lists, settlement head and house counts etc.) or preferably via a Geographic Information System (GIS) which provides demographic information and the spatial location of services, facilities, projects and house project data Budget tracking system - which tracks the total and annual budget allocations from the (1) equi housing subsidy allocation and the (2) provincial subsidy supplement, as well as calculates data required in terms of accessing the delivery-based tariff for operational funding. Document management system - which manages all electronic and physical documentation generated in terms of accreditation, including how and where documents are filed and archived. This should be enhanced and expanded as the municipality registers for each successive level of accreditation. Accreditation reporting system - which accredited municipalities use to report to the provincial department on overall delivery progress and to provide financial summaries Housing Subsidy System (HSS) – comprising the modules of the HSS appropriate to Level 1 functions including IT links to the province and national department Priority Programme Management & Administration – requiring specific expertise as set out below, in respect of a project tracking system, procedures and operations manual, quality assurance system, housing subsidy system and document management system for the priority programme(s).
Level 2: Full Programme Management and Administration

Project tracking system - which tracks the status of all projects from application to close out, including cash flow projection and tracking actual expenditure against projection and budget and which provides project data on a regular basis

Procedures and operations manual - including all the policies, procedures, procedural steps and pro-forma documentation for the entire housing subsidy administration programme. The manual must be updateable and a regular system for updates must be implemented.

Quality assurance system - which links with the project tracking system

Housing Subsidy System (HSS) – comprising the modules of the HSS appropriate to level 2 functions including registration of individual beneficiary subsidy applications

Document management system (DMS) – expansion of the Level 1 DMS to cater for the Level 2 functions in particular the project data and individual subsidy application documentation.

Level 3: Assignment & Financial administration
Municipal accounting and financial management system – as for level 1. Cash flow tracking system – as for level 2 which tracks cash flow expenditure against budget for each project and programme, also tracking administration costs. Housing Subsidy System (HSS) – comprising the modules of the HSS appropriate to level 3 functions DORA reporting - requirements in terms of Treasury requirements including monthly In Year Monitoring (IYM) of budget transfers and budget as well as quarterly reporting of financials and outputs.

Accreditation of Municipalities

PART B: Accreditation Guidelines

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13 Accreditation Framework
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16 Functions and Skills Required for Each Level of Accreditation
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20 MUNICIPAL PROCEDURES ONCE FUNCTIONS HAVE BEEN DELEGATED

Once a municipality has been delegated the functions for a particular level of accreditation, the municipality will be required to perform the accredited functions applicable to that level. These functions are set down in the table below for the levels of accreditation.

Table 10: Municipal Accreditation-linked Procedures once Accredited

Level 1: Subsidy Budget Planning and Allocation Process & Priority Programme Management / Administration
Annual Municipal Housing Budget Planning – On an annual basis in advance of and to coincide with both the municipal annual financial year (July to June) and the provincial MTEF budgeting cycle (August of each year) the municipal housing accreditation manager is required to allocate the municipal housing budget to the various housing programmes and projects operational within the municipality (and include an indicative 3 year allocation in terms of the MTEF budget cycle) taking the following into account:
1) The housing priorities in terms of the municipal Housing Plan and Provincial Housing priorities; 2) Performance and constraints in meeting the housing backlogs in the previous year; 3) Contractual commitments carried forward on projects & programmes from previous year; 4) The availability of MIG funding in support of the infrastructure needs of housing projects; 5) Availability of funding and planned implementation of social facilities associated with new housing projects such as schools and community facilities which could pose constraints ; and 6) Any other factors that will influence the budget allocation.

Action steps

The following are the typical action steps which will be involved:

a) Notification by PD of the annual housing budget allocated to the municipality including indicative MTEF 3 year budget allocation based on the budget allocation formula approved by MINMEC and the provincial priorities;

b) Preparation of the Annual Housing Budget Allocation Plan by the municipal Housing Unit and submission to the Municipal Housing Committee (MHC) for approval;

c) Review and approval by MHC;

d) Approval by Municipal Executive Council (if required by the council in terms of its delegation and governance requirements);

e) Submission of the approved Annual Municipal Housing Budget Allocation Plan to the PD;

f) Reservation by PD of the budget allocations to the housing priorities set down in the municipality's approved budget allocation.

Monthly Reporting - to the PD on any changes to allocations as well as the motivation/reasons for such changes.

For Priority Programme(s) – specific activities and procedures as set out below, in respect of an annual housing implementation plan, contract administration and quality control for the priority programme(s).

Level 2: Full Programme Management and Administration

2.1 Annual Housing Implementation Management Plan – On an annual basis in advance of both the municipal annual financial year (July to June) and the provincial MTEF budgeting cycle (August of each year) the municipal housing programme manager is required to prepare an annual housing implementation management plan in response to the municipalities annual housing plan and budget allocation plan indicating how the annual housing targets will be achieved and how the housing programmes will be managed for the year ahead. The plan must take the following into account:

1) The housing priorities in terms of the municipal multi-year Housing Plan, as reflected in the Annual Municipal Housing Budget Plan, from which the annual and MTEF housing targets will be derived;
2) Performance and constraints in meeting the housing backlogs in the previous year;
3) Contractual commitments carried forward on projects and programmes from the previous year;
4) The availability of MIG funding in support of the infrastructure needs of the housing projects;
5) The availability of funding and planned implementation of social facilities associated with new housing projects such as schools and community facilities which could pose constraints;
6) Any other factors that will influence the annual housing implementation plan;
7) Resource requirements as well as the resources currently available to manage and implement the plan;
8) Analysis of risks and risk mitigation measures;
9) Time and milestones to be achieved within the year;
10) Key performance measures which will be monitored and reported;
11) Budget requirements (capital and operational) to manage and implement the plan;
12) Plan for managing quality in the implementation

Action Steps

The following are the typical action steps which will be involved:

a) Prepare Annual Housing Implementation Management Plan and submit to the Municipal Housing Committee (MHC) for approval;
b) Review and approval by MHC;
c) Approval by the Municipal Executive Council (if required by the council in terms of its delegation and governance requirements);
d) Implementation of the annual housing implementation management plan by the accreditation unit;
e) Monthly monitoring and reporting of progress and performance against the plan and ongoing planning for the remainder of the year by the housing programme manager.

2.2 Contract Administration – monthly administration of the programmes and projects comprising reviewing budgets, expenditure and variations against budget and cash flow and confirming performance against the contracts, payment certification of project payment claims, planning for the remainder of the year and reporting progress.

2.3 Quality Control – monthly verification of quality performance within each project and programme against quality standards set in the annual housing implementation management plan. Reporting – monthly reporting of expenditure, progress, performance, constraints, risks and action plans to the municipal manager and PD. Subsidy Administration – comprising the following key monthly activities:
1) Data capture of all individual beneficiary subsidy applications into the HSS; 2) Reconciliation of individual subsidies against projects for all project related subsidies (i.e. including not only project linked but also institutional, consolidation, hostels upgrading); 3) Confirming approval of the beneficiaries to receive subsidies including checks with the Deeds registry and Population Register via the HSS; 4) Filing of all subsidy related documentation both electronically and hard copies of beneficiary subsidy applications and supporting documentation within the subsidy application registry; 5) Monthly reporting from the HSS of beneficiary subsidy approvals; 6) Preparing motivations for beneficiary application exceptions to the PD for approval of exceptions by PD; 7) Monitoring decisions on exceptions from PD and responding with appropriate actions
Level 3: Assignment & Financial Administration
3.1 Financial administration – comprising the following key monthly activities: 1) Monthly reconciliation of expenditure against budget for all housing related items including operational costs on the municipal accounting & financial management system; 2) Updating the HSS with the expenditure reflected in the municipal financial accounting and management system; 3) Monthly reporting of expenditure against budget and cash flow for all housing related costs per programme and per project; 4) Preparation of monthly In Year Monitoring (IYM) reports (in terms of DORA) to ND for incorporation by the ND into the IYM report as well as quarterly DORA report; 5) Preparation of monthly report from the HSS to PD and ND in the prescribed format; 6) Final reconciliation and financial close out of completed projects 7) Closure and archiving of completed project files

21 MONITORING AND REPORTING

21.1 PERFORMANCE MONITORING

- Performance of the municipal housing programmes should be monitored by the PD in order to provide early warning of problems so that they can be timeously rectified.

- Monitoring of performance and reporting against performance should be focused on the key performance indicators (KPIs) set down in the table below.

Table 11: Key Performance Indicators for Performance Monitoring

Level 1: Subsidy Budget Planning and Allocation Process & Priority Programme Management / Administration
1) Annual municipal housing plan produced and approved by the municipality and submitted to PD. 2) Annual Municipal Housing Budget Allocation Plan prepared and approved by the municipal council and submitted to PD on time. 3) All municipal housing budgets allocated to programmes and projects according to the time and projections set down in the budget allocation plan. 4) Monthly progress reports provided on time by the municipality. 5) Annual Housing Implementation Management Plan as set out below, for priority programme(s).
Level 2: Full Programme Management and Administration
1) Annual Housing Implementation Management Plan produced and approved by the municipality and submitted to PD on time. 2) Monthly and annual subsidy targets achieved. 3) Monthly and annual expenditure achieved. 4) Cash flow projections achieved. 5) Quality of housing products accepts and to specification. 6) Monthly progress reports provided on time by the municipality. 7) Individual beneficiary subsidy applications correctly registered on the HSS with correct supporting documentation.
Level 3: Assignment & Financial Administration
1) Municipality received unqualified audit for housing function. 2) HSS monthly reporting provided on time and to quality requirements. 3) Monthly subsidy reconciliations provided on time and to quality requirements. 4) Monthly reports provided on time and to quality requirements. 5) Project completion reconciliations undertaken timeously.

21.2 MUNICIPAL REPORTING

- Accredited municipalities are required to report monthly, quarterly and annually regarding the performance and progress of the housing programmes and projects of the municipalities.

- The reporting focuses on financial and subsidy data. Reporting is required for the following purposes:
    - To PD in order to comply with ND requirements focused on housing and financial issues;
    - To PD in order to comply with DORA requirement focused on financial issues;
    - To the municipality for reporting of progress and performance.
- As far as possible the reporting should be streamlined in order to reduce duplication.
- However, this cannot be totally avoided due to the need for different stakeholders to have the information in different formats to meet their specific needs.
- The key reporting required is set down in the table below.

Table 12: Reporting from Accredited Municipalities

Level 1: Subsidy Budget Planning and Allocation Process & Priority Programme Management / Administration
1.1 Annual Municipal Housing Budget Allocation Report – progress during formulation to be provided on a monthly basis. 1.2 Monthly Reporting – to the PD on any changes proposed to allocations as well as the motivation for such changes. 1.3 Annual Housing Implementation Plan for priority programme(s) 1.4 Monthly Implementation Report for priority programme(s)
Level 2: Full Programme Management and Administration
2.1 Annual Housing Implementation Management Plan - progress during formulation to be provided on a monthly basis. 2.2 Monthly Implementation Report – of progress and performance against the plan, including progress, performance, constraints, risks and action plans to the municipal manager and PD.

Level 3: Assignment & Financial Administration
3.1 Monthly In Year Monitoring Report (IYM) reports by the latest 15th of each month in terms of DORA to the ND for incorporation by the ND into the IYM report – format prescribed by National Treasury. 3.2 Quarterly DORA Report – including both financials and outputs by 15th of the month after the end of the quarter in question – format prescribed by National Treasury. Quarters end in June, September, December and March of each year. 3.3 HSS Monthly Report – from the HSS to PD and ND by the 15th of each month – format prescribed by ND. 3.4 Annual Housing Report – from the HSS to PD and ND by the end of April of each year reflecting the annual March year end for provincial and national government – format prescribed by ND. 3.5 Annual Municipal Report – as prescribed by the municipal manager reflecting the years housing performance against the annual housing plan for the municipal June year end.

21.3 PROVINCIAL MONITORING AND REPORTING

- On an annual basis, after the provincial year end the PD and ND should carry out an assessment of each of the accredited municipalities to verify compliance, effectiveness and impact of their housing programme(s).
- The assessments should be issued to the municipalities for their inputs and in order to share lessons learnt.

22 MUNICIPAL OPERATIONAL COSTS

- In order to ensure efficiency in the administration of accredited functions by municipalities, the operational costs payable to municipalities for them to perform the accredited functions will be performance based linked to the subsidy expenditure (and delivery) achieved.
- The operational costs payable will be a percentage of the municipal housing allocation budget based on the projected operational cost set down in the business plan expressed as a percentage of the housing budget allocated to the municipality as set down below:
- Accreditation Fee % = (Projected annual operational cost/Municipal housing budget) X100
- Note the operational costs are for the accredited functions only and not for the other housing-related functions which form part of the municipality's normal responsibilities.
- Calculation of the Accreditation Fee is given in the example below:

EXAMPLE 1

Projected annual accreditation operation cost =

R500,000 Municipal housing budget = R25,000,000

Accreditation Fee % = (a. / b.) X 100 = R500,000 / R25,000,000) X

100 Accreditation Fee % = 2% of Municipal housing budget.

- The 2% Accreditation Fee in example 1 above is illustrative only and not the recommended quantum for the fee.

- The operational costs funding will be disbursed by the PD and/or the ND (in relation to level 3) to the municipality on a drawdown basis proportionate to the housing subsidy expenditure achieved by the municipality provided that:

The projected operational cost is approved by the PD and within a norm prescribed by ND, which will be based on a typical operational costs norm.

- This norm will be determined by ND and reviewed on the basis of experience gained in the roll out of the accreditation;
- The municipality provides the monthly reports required i.e. on the principle of "no report no pay".
- The calculation of the monthly operational costs payment is shown below in example 2.

EXAMPLE 2

A = Municipal housing budget R25,000,000

B = Total Subsidy expenditure to date

R10,000,000 C = Total previous subsidy

expenditure R8,000,000

D = Total subsidy expenditure this month = (B – C)

R2,000,000 E = Accreditation Fee % = 2%

F = Accreditation Fee payable this month = D X E (i.e. R40,000)

23 ANNUAL FUNDING CYCLE

- In order to ensure that the annual housing planning synchronizes within both the national/provincial and municipal annual fiscal cycles, the planning dates set down in 10 need to be adhered to by both the accredited municipality and PD.
- The municipal housing programme must run in terms of the national/provincial annual cycle (April to March) in order to fit within the DORA framework and therefore municipalities will have to do two reconciliations within the year for their housing programmes, in order to

be able to report both in terms of the national/provincial financial year (April to March) as well as the municipal financial year (July to June).

- Likewise the quarterly reporting needs to be synchronized to the national/provincial quarters (1st Quarter April to June, 2nd Quarter July to September, 3rd Quarter October to December and 4th Quarter January to March).

Table 23: Annual Housing Accreditation Planning Cycle

Element	Date
1. National and Provincial financial year end	31 March
2. Municipal financial year end	30 June
3. Municipal annual housing plan approved by municipal council and submitted to PD	February
4. Municipal housing implementation plan prepared and approved by municipal council (linked to National / Provincial financial year)	March
5. Municipality commences annual housing programme aligned to national / provincial start of financial year	April
6. Municipality reconciles annual housing programme expenditure for period April to March to align with national / provincial annual financial year	April
7. Municipality reconciles annual housing programme expenditure for period July to June to align with municipal annual financial year	July

24 TEMPLATES

The following templates form a part of the housing accreditation guidelines:

Template Number	Template Name and Purpose
T01	**Pre-Accreditation Application** – prepared by the municipality to signal the municipality's intention to apply for accreditation, to indicate the proposed level/s of accreditation and to apply for pre-accreditation capacity support in order to assist the municipality to prepare an accreditation business plan

T02	**Accreditation Business Plan** – prepared by the municipality to set out the municipality's proposed plan of action to achieve accreditation, level of accreditation sought, transitional arrangements, capacity support requirements and operational costs
T03	**Accreditation Business Plan Progress Report** – prepared by the municipality to provide monthly progress reports to the PD during the implementation of the business plan
Template Number	**Template Name and Purpose**
T04	**Accreditation Compliance Certificate** – prepared by the municipality's auditors to signal that the municipality has complied with the accreditation requirements set down in the accreditation business plan and is now eligible for full accreditation to the level applied for
T05	**Annual Municipal Housing Budget Allocation Report** – prepared by the municipality to determine the allocation of housing budget within the municipality to the various housing programmes and projects
T06	**Annual Housing Implementation Management Plan** – prepared by the municipality to set out the annual housing implementation targets and management plan for the implementation of the housing programmes
T07	**Monthly Progress Report** – prepared by the accreditation manager giving expenditure against budget and project cash flow, performance, constraints, risks and action plans

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ANNEXURE B

Municipal Accreditation Process

Municipal Accreditation Process as described in the National Housing Code.

38. Introduction

It is the constitutional responsibility of both national and provincial government to assign to a municipality the administration of matters such as housing if that matter would be more effectively administered at a local level, and if the municipality has the capacity to administer it. In this regard, and in keeping with the spirit of devolution, the Housing Act provides for the accreditation of municipalities to administer national housing programmes. At this stage accreditation is only permitted in respect of the administration of certain instruments of the Housing Subsidy Scheme.

Two levels of accreditation exist in respect of the Housing Subsidy Scheme:

38.1 Level One Accreditation involves the administration of non-credit linked individual subsidies. This is the simplest form of accreditation as subsidies are dealt with in a straightforward manner on an individual basis.

38.2 Level Two Accreditation may be obtained in respect of non-credit linked individual subsidies, project-linked subsidies, project-linked and individual consolidation subsidies, institutional subsidies, and the management of the payouts of residual amounts of non-credit linked subsidies and individual consolidation subsidies. This form of accreditation requires more sophisticated administrative systems to deal with the complexities of the various subsidy mechanisms.

When applying for accreditation, a municipality specifies the level of accreditation for which it is applying. If a municipality is awarded Level Two Accreditation, this also includes accreditation for Level One.

Once accredited, a municipality administers National Housing Programmes and may *receive, evaluate and approve or deny applications for subsidies* on the basis of its level of accreditation, in its area of jurisdiction. In this regard, it must carry out all the duties assigned to a Provincial Housing Development Board in its administration of national housing programmes.

39. Procedures for Municipal Accreditation

A municipality is accredited if an application to the MEC for accreditation status is approved. The procedure for accreditation is explained below.

The Procedures are succinctly as follows:

25. A municipality makes an application for accreditation in the manner and form specified by the MEC.
26. The MEC appropriately evaluates the capacity of the applicant to administer the national housing programme(s).
27. If the MEC is satisfied that the municipality complies with criteria for accreditation (see below), then the MEC approves the application subject to any directions consistent with national policy.
28. If the MEC rejects the application, full reasons are provided to the municipality.
29. After approval of the accreditation application, the MEC concludes an agreement with the municipality that defines:
    - 29.1 powers, duties, functions and responsibilities assigned to the municipality.
    - 29.2 financing arrangements.
    - 29.3 minimum capacity specification.
    - 29.4 performance standards.
    - 29.5 reporting standards.
    - 29.6 agency fee to be paid by the Provincial Housing Development Board to the municipality for administering each and every subsidy application of subsidy beneficiaries. This fee will be a uniform national fee determined by the Minister of Housing and will be the same as the fee payable to lenders in terms of Chapter 4 of Part 3 of the National Housing Code.
    - 29.7 the rights of the MEC in the event of the municipality breaching obligations.

    The agreement must be substantially in accordance with the agreement as contained in Annexure A of Chapter 2 of Part 2 of the Code and be approved by the State Attorney.

30. In terms of section 126 of the Constitution of the Republic of South Africa, the agreement takes effect on proclamation thereof by the Provincial Premier in the Provincial Gazette.

- Criteria for Accreditation

The MEC approves an application for accreditation if the municipality complies with accreditation criteria determined by the Minister of Housing.

Until amended or substituted, the following criteria as determined by the Minister of Housing in terms of Section 11B (2) of the Housing Arrangements Act, 1993 apply:

- Municipality: The applicant must be a municipality as defined in section 10B of the Local Government Transition Act, 1993 (Act No. 209 of 1993).
- Capacity: The municipality should have financial, administrative, professional and technological capacity to fulfill its housing responsibilities and to administer the National Housing Programmes.
- Commitment & Track Record: The Council should demonstrate its total commitment to administering national housing programmes in such a way that it meets the housing needs of all the homeless inhabitants of its area of jurisdiction. In this regard, the Council's proven track record of initiatives and involvement in housing provision and/or community development in its area of jurisdiction will be a recommendation. Furthermore, the Council must give a commitment that its members and officials shall participate in any national or provincial training programme.
- Appropriateness: The particular level of the municipality should be appropriate for the administration of the national housing programme, as opposed to some other level of government.
- Jurisdiction: There must be a clearly defined area of jurisdiction. Municipalities that have concurrent areas of jurisdiction must, before one of them applies for accreditation, conclude an agreement with the other in which it is specified which local authority will apply for accreditation and at what level.
- Administration: The applicant must have a separate accounting system and bank account for housing funds, transferred in terms of the accreditation agreement.
- Directives: The applicant must comply with any other directives that the MEC may determine, which are not inconsistent with National Housing Policy as determined by the Minister.
- Integrated Development: The applicant must demonstrate that it promotes integrated development. In this regard, the applicant must have approved land development objectives as set out in section 28 of

the Development Facilitation Act (DFA), 1995, or an MEC approved business plan and programme for land development which is consistent with Chapter One of the DFA.

In addition, the Provincial MEC for Housing must satisfy himself/ herself that in the case of Level One accreditation applications, the municipality has:

- computer linkage to the national housing database and to the various deeds offices in the Republic of South Africa.
- a designated housing office, accessible to the general public, from which it will give advice and receive non- credit linked individual subsidy applications.
- a sufficient number of staff members who are fully conversant with the Housing Subsidy Scheme to enable compliance with administrative functions and obligations.
- a housing sub- committee of the Council to attend to matters in an effective and expeditious manner.
- financial control mechanisms that are adequate and ensure the integrity of funds that are received and disbursed by the municipality.
- reporting mechanisms required to monitor and evaluate the activities of the municipality.

In the case of Level Two accreditation, the Provincial MEC must satisfy himself/ herself that the municipality:

- complies with the requirements for level one accreditation
- has prepared the land development objectives envisaged in Section 28 of the Development Facilitation Act, or a business plan and programme for housing development, and that it has obtained the approval of the relevant MEC in respect of those objectives or business plan and programme;
- has access to the appropriate professional expertise required to:
    - evaluate the town planning of any proposed project
    - evaluate the engineering designs and specifications in respect of any proposed project and to inspect and supervise the progress made by the developer in implementing any particular project
    - evaluate designs, specifications and cost of any particular top structures to be constructed (in the case of a project- linked subsidy), or of any particular upgrading or improvement work to be done (in the case of an institutional subsidy application or a

consolidation project) and to inspect and supervise the progress made by the developer in implementing the required work
- ensure that the required agreements between the local authority and the developer are prepared and signed
- handle the management of the housing funds allocated to it and to evaluate both the feasibility of a project and the financial capacity of a developer

- Powers and Duties of an Accredited Municipality

The powers and duties of an accredited municipality are the same as those of the Provincial Housing Development Board with respect to the administration of national housing programmes. These are set out in Chapter 4 of the National Housing Code.

- Management of Funds

As an accredited municipality, the municipality has the power to consider, approve, and finance the relevant dimensions of the Housing Subsidy Scheme. There are clear rules for the management of housing funds by accredited municipalities:

- The MEC allocates funds out of the Provincial Housing Development Fund to the municipality after consultation with the Provincial Housing Development Board.
- The accounting officer of the Provincial Housing Development Fund transfers funds to the municipality, but remains the accounting officer of the funds.
- Funds are transferred to a separate Municipal account that is used solely for disbursements in connection with the administration of the Housing Subsidy Scheme.
- In paying out approved housing subsidy funding to a vendor, the municipality acts as the agent for the Provincial Administration, in terms of the requirements of the Value Added Tax Act, 1991 (Act No. 89 of 1991).
- The Chief Executive Officer of the accredited municipality submits detailed statements to the provincial accounting officer. Statements must be submitted as soon as possible, but not later than 31 May of each year for the previous financial year. Statements show the results of the previous year's transactions and the balance sheets in respect of the separate housing subsidy account of the municipality and are signed by the Chief Executive Officer.

- The books and statements of account and balance sheets are audited by the Auditor-General. All books, registers, and documentation are made over to the Auditor-General on request for the purpose of examination.
- In the performance of its functions, the municipality carries out the policy directives of the MEC consistent with national housing policy.

13 Incorporation with Provincial Financial Statements

Financial Statements are submitted by the accredited municipality to the provincial accounting officer by 31 May of each year. The Provincial accounting officer incorporates these statements with the provincial statements as soon as possible, but not later than 31 August of each year, as required by Provincial legislation.

14 Reporting, Monitoring and Evaluation

The accredited municipality reports to the MEC as requested.

The MEC regularly reviews the accredited municipality to monitor performance against the criteria for accreditation. If a municipality fails to perform in terms of criteria, the MEC intervenes and takes the steps necessary to ensure adequate performance.

If requested to do so by the MEC, an accredited municipality must report to the MEC on the activities of the municipality exercised in terms of the accreditation approval.

15 General Provisions

Where Level One accreditation is granted, the MEC of Housing allocates a budget for the allocation of subsidies to the municipality, after consultation with the Provincial Housing Development Board. The municipality then accepts applications for non- credit linked individual subsidy applications and considers and deals with such applications in terms of Chapter 4 of Part 3 of the Code. The municipality advises the Provincial Housing Development Board of all subsidies approved on a monthly basis and requests payment of the amount of approved subsidies into the separate housing banking account maintained by the municipality. The municipality then pays these amounts into the trust accounts of the various conveyancers appointed by it. Thereafter, the municipality ensures that transfers take place and that conveyancers deliver to it the reconciliations envisaged in Chapter 4 of Part 3 of the Code.

Any interest received in respect of the amount of the approved subsidies is to the benefit of the relevant Provincial Housing Development Fund. In the case where the Provincial Housing Development Fund is not yet established, such interest is for the benefit of that portion of the South African Housing Fund that has been made available to the Provincial Administration concerned.

Where Level Two accreditation is granted to a municipality:

15.1. the relevant MEC will, after consultation with the Provincial Housing Development Board, allocate a budget to it in respect of the types of subsidies for which it is accredited (non credit linked individual subsidies and project linked subsidies and/or project linked consolidation subsidies and/or institutional subsidies and/or the management of the payouts of residual amounts of non credit linked subsidies and individual consolidation subsidies);

15.2. the municipality will administer non credit linked individual subsidies in accordance with Chapter 4 of Part 3 of this Code.

15.3. The municipality will receive project applications for approval and will consider and deal with such applications in terms of Chapters 3, 5 or 6 of Part 3 of this Code, whichever is applicable. However, a municipality that is accredited to receive project applications for approval may not itself act as developer unless such project has been approved by the Provincial Housing Development Board. Applications in respect of which the municipality has a pecuniary or other vested interest should also be approved by the Provincial Housing Development Board.

15.4. The municipality will administer the management of the payouts of residual amounts of non credit linked subsidies and individual consolidation subsidies in accordance with the guidelines as contemplated in Chapters 4 and 5 of Part 3 of the Code.

If a project is approved, the municipality obtains, on a cash flow basis, the funds required from the provincial accounting officer to make progress draws to the developer. The municipality also receives, evaluates and either approves or declines applications made by individuals who are participating in the approved projects concerned. The municipality complies at all times with the provisions of Part 3 of the Code and such policy directives, if any, of the MEC which are not inconsistent with National Housing Policy.

It is envisaged that:

15.5. any particular MEC who accredits any particular municipality will require that municipality to ensure that it meets the accreditation criteria as set out herein at all times, whilst it exercises any particular delegated functions

15.6. the MEC in question will be entitled to cancel the agreement between it and the municipality and will accordingly be entitled to cancel the municipality's accreditation, if the municipality fails to continue to comply with the terms and conditions of the agreement.

The accreditation of municipalities by the MEC will be subject to the submission of a business plan and programme for housing development to the satisfaction of the PHDB. For purposes of formulating a business plan and housing development programme, municipalities must:

15.7. conduct a socio-economic survey of the inhabitants of its area of jurisdiction and of the conditions under which such inhabitants are housed;

15.8. assess the need for housing with appropriate services, and the upgrading of existing housing and services to remedy conditions not conducive to the health and safety of the inhabitants of its jurisdiction and to meet the expected growth of the population; and

15.9. assess the availability of land for housing development in order to meet estimated needs within a reasonable period.

The business plan and programme must, as a minimum:

15.10. define, quantify and cost the goals the local authority intends achieving in terms of such plan and the time frame for its implementation;

15.11. specify the roles and functions it foresees will be fulfilled by the respective role players in housing development and related fields in terms of such a plan;

15.12. specify the financial and other resources required to implement such a plan and the steps to be taken to procure such resources;

15.13. define the housing development or other projects that such plan will be comprised of and the sources of funding in respect of each project; and

15.14. prepare a cash flow analysis of the rate at which funds will be spent on each of the projects and out of each source of funding.

ANNEXURE A

AGREEMENT RELATING TO THE ACCREDITATION OF A MUNICIPALITY TO ADMINISTER CERTAIN NATIONAL HOUSING PROGRAMMES

18 PARTIES

18.2. The parties to this agreement are -

1.1.1_____;

1.1.2_____.

18.3. The parties agree as set out below.

19 INTERPRETATION

8.7 In this agreement, unless inconsistent with or otherwise indicated by the context -

8.7.1. "accredited programme/s" means the National Housing Programme/s for which the municipality has been accredited by the MEC, as will appear from Appendix 1

8.7.2. "accounting officer" means the officer of the Provincial Administration designated as the accounting officer of the Provincial Housing Development Fund in terms of section 12(2)(b) of the Act;

8.7.3. "the Act" means the Housing Act, 1997 (Act No. 107 of 1997) and includes any amendments thereof from time to time;

8.7.4. "the/this agreement" means the agreement as set out in this document;

11.2.1 "effective date" means the date upon which this agreement is proclaimed in the Provincial Gazette by the Provincial Premier in terms of the provisions of Section 126 of the Constitution of the Republic of South Africa;

11.2.2 "the Housing Board" means the ___ Housing Development Board established in terms of section 8 of the Housing Act or its successor in function;

11.2.3 "the Housing Code" means the Code published by the Department of Housing containing its national Housing Programmes, and any amendments thereof from time to time;

11.2.4 "the accreditation criteria" means the criteria determined by the Minister in terms of section 10(2)(a) of the Act, as described in section 3.2 of Chapter 2 of Part 2 of the Housing Code;

11.2.5 "MEC" means the Member of the Executive Council of the Province responsible for Housing matters in the province;

11.2.6 "the Minister" means the National Minister of Housing;

11.2.7 "municipality" means the Municipality of_____, being a municipality as defined in section 10(B) of the Local Government Transition Act, 1993 (Act No. 209 of 1993), being the party indicated next to 1.1.2 above, or its successor in title;

11.2.8 "National Housing Programmes" means any national policy framework to facilitate housing development as defined in section 1 (xii) of the Act and instituted in terms of section 3 (4) (g) of the Act or is deemed to be instituted under the aforementioned section in terms of section 3(5) of the Act;

11.2.9 "the parties" means the Provincial Administration and the municipality;

11.2.10 "the Provincial Administration" means the Provincial Administration of the Province of____, herein represented by the MEC responsible for housing _____, he/she having been duly authorised by a decision of the executive council, being the party indicated next to 1.1.1 above;

11.2.11 "beneficiary" means a person who qualifies for a subsidy as contemplated in Chapter 2 of Part 3 of the Housing Code;

11.2.12 "signature date" means the date upon which this agreement is signed by the party signing last in time;

11.2.13 any reference to the singular includes the plural and vice versa;

11.2.14 any reference to natural persons includes legal persons and vice versa.

8.8 The clause headings in this agreement have been inserted for convenience only and shall not be taken into account in its interpretation.

8.9 Words and expressions defined in any sub-clause shall, for the purpose of the clause of which that sub-clause forms part, bear the meaning assigned to such words and expressions in that sub-clause.

8.10 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect shall be given to it as if it were a substantive clause in the body of the agreement, notwithstanding that it is only contained in the interpretation clause.

8.11 This agreement shall be governed by and construed and interpreted in accordance with the law of the Republic of South Africa.

20 INTRODUCTION

8.8. The municipality has applied to the MEC for the accreditation of the accredited programme/s in terms of section 10 of the Act.

8.9. The MEC has satisfied him/herself that the municipality complies with the accreditation criteria determined by the Minister.

8.10. The MEC has agreed to accredit the municipality for the purpose of administering the accredited programme/s. In terms of section 126 of the Constitution of the Republic of South Africa, the MEC may assign any power or function that is to be performed in terms of an Act of Parliament or a Provincial Act to a municipality. Such an assignment -

- must be in terms of an agreement concluded between MEC and the municipality;
- must be consistent with the Act in terms of which the relevant power or function is exercised or performed;
- takes effect upon proclamation in the Provincial Gazette.

8.11. The parties accordingly agree as set out hereinafter.

21 ACCREDITATION

The MEC hereby, with effect from the effective date, accredits the municipality to administer the accredited programme/s. In respect of the accreditation, the parties agree that -

13.1. the municipality is entitled to administer the accredited programme/s;

13.2. the accreditation is subject to the directives of the MEC consistent with national housing policy as set out in section 10(3)(a) of the Act;

13.3. the municipality shall exercise such powers and perform such duties of the Housing Board as are necessary for the administration of the accredited programme/s as set out in section 10(3)(b) of the Act.

22 OBLIGATIONS OF THE PARTIES

In respect of the accreditation programme/s the parties agree that -

• the municipality shall administer the accredited programme/s strictly in accordance with Part 3 and section 3 of Chapter 2 of Part 2 of the Housing Code;

• the Provincial Administration shall exercise such powers and perform such duties as are necessary to be performed by the Provincial Administration in terms of Part 3 and section 3 of Chapter 2 of Part 2 of the Housing Code.

23 FINANCIAL MATTERS

- The accounting officer shall be the accounting officer of all funds transferred to the municipality in terms of the provisions of this agreement.

- The municipality shall -

• at all times maintain a separate bank account and set of accounts for housing funds.

• pay any interest received in respect of non-credit linked individual subsidies to the Provincial Housing Development Fund. In the case where the Provincial Housing Development Fund is not yet established, such interest is payable to that portion of the South African Housing Fund that has been made available to the provincial Administration concerned. Such interest shall be paid over in conjunction with the reconciliation contemplated in clause 7.2.3 of this agreement.

• within 2 (two) months of the end of each financial year, i.e. or before 31 May, submit detailed statements signed by the chief executive officer of the municipality showing the results of the previous year's transactions and the balance sheets in respect of the accounts referred to in 6.2.1 above to the accounting officer.

• the accounting officer must within 5 (five) months after the end of the financial year, incorporate such statements and balance sheets into the statements and balance sheets required to be prepared by that officer in terms of any applicable provincial legislation.

- The parties record that the Auditor-General -

• shall audit the bank account and set of accounts of the municipality as contemplated in 6.2.1 above;

• be entitled to require any person to make available for examination all books, registers and documents in his or her possession or under his or her control which would, if required by the Auditor-General, facilitate the carrying out of such an audit, and the parties hereby undertake to make available such books, registers and documents on request by the Auditor-General.

. PERFORMANCE

• A municipality accredited to administer any of the national housing programmes in terms of this agreement shall maintain the capacity necessary to administer that national housing programme/s, and in particular continue to comply with the accreditation criteria. In this regard the parties agree that the MEC shall be entitled at any time to request proof that the municipality is complying with the relevant accreditation criteria and the municipality shall be obliged to provide that proof within 30 (thirty) days after such request.

• The municipality shall -

• in the performance of its functions contemplated in this agreement, carry out the policy directives of the MEC consistent with national housing policy, which directives will be reduced to writing and incorporated in this agreement;

• in the performance of its functions contemplated in this agreement, carry out the rules of any applicable national housing programme;

• on a monthly basis, and by no later than 15 (fifteen) days after the end of each and every calendar month, deliver a reconciliation to the accounting officer providing full details of the following transactions during the month in question-

• the amount of all approved subsidies;

• the amount of all payments made to the municipality by the accounting officer in accordance with the terms of this agreement;

• the amount paid by the municipality to conveyancers in accordance with the terms of this agreement;

• the interest that has accrued on funds administered by the municipality;

• the amount of remuneration due to the municipality in accordance with the provisions of 8 below;

• the balance between the amounts contemplated in 7.2.3.4 and 7.2.3.5 above.

• **AGENCY FEE**

• In consideration for the performance of the obligation assigned to it in terms of this agreement, the municipality shall receive an agency fee. In respect of the agency fee the parties agree that -

• the fee shall be a uniform national fee determined by the Minister from time to time;

- the fee shall be payable for each subsidy administered by the municipality in accordance with the provisions of this agreement;

- the Provincial Administration shall pay the fee for each subsidy in respect of which subsidy a beneficiary has received transfer of the relevant property, within 15 (fifteen) days after receipt by it of the reconciliation contemplated in 7.2.3 above. The Provincial Administration, in paying the agency fee, shall be entitled to offset the interest to which it is entitled as contemplated in 7.2.3.4 above against the amount it owes the municipality as contemplated in 7.2.3.5 above.

- **BREACH**

In the event of any of the parties, ("the defaulting party") committing a breach of any of the terms of this agreement and failing to remedy such breach within a period of 30 (thirty) days after receipt of a written notice from another party ("the aggrieved party"), calling upon the defaulting party so to remedy, then the aggrieved party shall be entitled, at its sole discretion and without prejudice to any of its other rights in law, either to claim specific performance of the terms of this agreement or to cancel this agreement forthwith and without further notice, claim and recover damages from the defaulting party

- **NOTICES AND DOMICILIA**

- The parties choose as their domicilia citandi et executandi their respective addresses set out in this clause for all purposes arising out of or in connection with this agreement at which addresses all processes and notices arising out of or in connection with this agreement, its breach or termination may validly be served upon or delivered to the parties.

- For purposes of this agreement the parties' respective addresses shall be -

- the Provincial Administration at _____

_____

facsimile number_____

- the municipality at _____

_____

facsimile number_____

or at such other address in the Republic of South Africa of which the party concerned may notify the others in writing provided that no street address mentioned in this sub-clause shall be changed to a post office box or post restante.

- Any notice in terms of this agreement shall be in writing and shall -

- if delivered by hand be deemed to have duly been duly received by the addressee on that date of delivery;

- if posted by prepaid registered post be deemed to have been received by the addressee on the 8th (eighth) day following the date of such posting;

- if transmitted by facsimile be deemed to have been received by the addressee on the day following the date of dispatch;

unless the contrary is proved.

- Notwithstanding anything to the contrary contained or implied in this agreement, a written notice or communication actually received by one of the parties from another including by way of facsimile transmission shall be adequate written notice or communication to such party.

- **WAIVER**

- The waiver (whether express or implied) by either party of any breach of the terms or conditions of this agreement by another party shall not prejudice any

remedy of the waiving party in respect of any continuing or other breach of the terms and conditions hereof.

- No favour, delay or relaxation or indulgence on the part of any party in exercising any power or right conferred on such party in terms of this agreement shall operate as a waiver of such power or right nor shall any single or partial exercise of any such power or right preclude any other or further exercises thereof or the ex waiver (whether express or implied) by either party of any breach of the terms or conditions of this agreement by another party shall not prejudice any remedy of the waiving party in respect of any continuing or other breach of the terms and conditions hereof.

- No favour, delay or relaxation or indulgence on the part of any party in exercising any power or right conferred on such party in terms of this agreement shall operate as a waiver of such power or right nor shall any single or partial exercise of any such power or right preclude any other or further exercises thereof or the exercise of any other power or right under this agreement.

- The expiry or termination of this agreement shall not prejudice the rights of either party in respect of any antecedent breach or non-performance by the other party of any of the terms or conditions hereof.

- **WHOLE AGREEMENT**

This agreement constitutes the whole agreement between the parties as to the subject matter hereof and no agreements, representations or warranties between the parties regarding the subject matter hereof other than those set out herein are binding on the parties.

- **VARIATION**

No addition to or variation, consensual cancellation or novation of this agreement and no waiver of any right arising from this agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by all the parties or their duly authorised representatives.

- **RELAXATION**

No latitude, extension of time or other indulgence which may be given or allowed by any party to the other parties in respect of the performance of any obligation hereunder, and no delay or forbearance in the enforcement of any right of any party arising from this agreement, and no single or partial exercise of any right by any party under this agreement, shall in any circumstances be construed to be an implied consent or election by such party or operate as a waiver or a novation of or otherwise affect any of the party's rights in terms of or arising from this agreement or estop or preclude any such party from enforcing at any time and without notice, strict and punctual compliance with each and every provision or terms hereof.

SIGNED at _____ on _____

AS WITNESS:

For:_____

_____

_____ _____

(Names of witness in block letters) Duly Authorised

SIGNED at_____ on _____

AS WITNESS:

For:_____

_____

_____ _____

(Names of witness in block letters) Duly Authorised

APPENDIX 1

ACCREDITED PROGRAMMES HOUSING

SUBSIDY SCHEME

Mark the appropriate programme/s with a X

Non-credit linked individual subsidy; Project

Linked subsidy;

Project Linked consolidation subsidy;

Institutional Subsidy;

Management of payouts of residual amounts of non-credit linked subsidies; Management of

payouts of residual

Amounts of individual consolidation subsidies

BACK TO AGENDA