

UGU DISTRICT MUNICIPALITY

**MINUTES OF THE 12TH MEETING OF THE UGU DISTRICT MUNICIPAL COUNCIL
HELD IN THE COUNCIL CHAMBERS, RAY NKONYENI MUNICIPALITY,
10 CONNOR STREET, PORT SHEPSTONE, ON THURSDAY, 24 AUGUST 2017,
AT 11H00.**

PRESENT:

Cllr NH Gumede - Speaker

Cllrs NT Zwane (Exco member), PH Mthiyane (Exco Member), LMR Ngcobo (Exco Member), TW Dube, JJ East, M Gcwabe, TB Cele, DMM Hlengwa, NY Mweshe, MA Manyoni, SR Ngcobo, S Mngomezulu, MPL Zungu, NCP Mqwebu, BE Machi, ZZ Msani, B Ntusi, L Mzimela, AD Ngubo, PT Naude, R Nair, TA Disane and SE Khawula.

ALSO PRESENT:

Inkosi RS Shinga
Inkosi ZE Ngcobo
Inkosi ZGB Msomi

IN ATTENDANCE:

Mr DD Naidoo	-	Municipal Manager
Ms L Cele	-	General Manager: Water Services
Ms S Ngilande	-	General Manager: Treasury
Ms VP Tsako	-	General Manager: Corporate Services
Ms Z Mbonane	-	General Manager: Infrastructure and Economic Development (IED)
Mr F Zama	-	Senior Manager: Mayoralty and Communications
Ms F Mbili	-	Senior Manager: Corporate Strategy and Shared Services
Mr A Mbhele	-	Manager: Secretariat and Auxiliary Services
Mr K Oduro	-	Acting Manager: Risk and Internal Audit
Ms N Mbambo	-	Acting Manager: Legal Services
Ms N Surajbally	-	Administrative Officer
Ms T Kikine	-	Committee Clerk

• **OPENING**

The Speaker welcomed all to the meeting. She then requested Cllr L Mzimela to open the meeting in prayer.

She then apprised members that in the KwaZulu-Natal Province, a tremendous accident recently occurred which had claimed nineteen (19) lives. She mentioned that the taxi that was involved in the said accident was over loaded, and had twenty-six (26) people. She informed the Council that out of the twenty-six (26) people nineteen (19) people died at the scene of the accident.

She also shared with members that the Ugu District had also lost an ex-Councillor Cllr Maphumulo from Umdoni Municipality. She then requested that a moment of silence should be observed.

C 189/08/17 NOTICE OF MEETING

The notice of meeting was taken as read.

C 190/08/17 APPLICATIONS FOR LEAVE OF ABSENCE

It was noted that Cllrs IM Mavundla (*sick leave*), H Mbatha (*sick leave*), D Nciki (*council business*), HJ Ngubelanga (*family commitment*), MA Chiliza (*council business*), SP Mthethwa (*sick leave*), GD Henderson (*leave*), A Rajaram (*sick leave*), and SN Caluza (*council business*) had requested leave of absence from the meeting.

It was noted that Cllr P Naude had requested for leave of absence for all meetings between 30 August 2017 to 19 September 2017, and had indicated that he would be overseas.

It was also noted that Cllr B Machi requested to be excused from the meeting at 12h45, and she further reported that Cllr SE Khawula would be joining the meeting late.

It was further noted that Cllr TW Dube had requested to be excused from the meeting at 12h00, and that Cllr DMM Hlengwa had requested to be excused from the meeting at 12h30.

From the Management component, it was noted that the Manager: Risk and Internal Audit (*municipal business*) had requested leave of absence from the meeting.

It was also noted that Mr K Oduro was the Acting Manager: Risk and Internal Audit.

Following which,

It was unanimously

RESOLVED:

- (a) That Cllrs IM Mavundla (*sick leave*), H Mbatha (*sick leave*), D Nciki (*council business*), HJ Ngubelanga (*family commitment*), MA Chiliza (*council business*), S Mthethwa (*sick leave*), GD Henderson (*overseas*), A Rajaram (*sick leave*), and SN Caluza (*council business*) be and are hereby granted leave of absence from the meeting.
- (b) That the application for leave of absence for Cllr P Naude from 30 August 2017 to 19 September 2017 be and is hereby **APPROVED**.

(c) That from the Management component, the Manager: Risk and Internal Audit (*municipal business*) be and is hereby granted leave of absence from the meeting.

(d) That, it be noted that Mr K Oduro was the Acting Manager: Internal Audit.

C 191/08/17 DECLARATION OF INTEREST

It was noted that there were none.

C 192/0817 CONFIRMATION OF AGENDA

The Speaker took members through the confirmation of the agenda.

Following which,

It was unanimously

RESOLVED:

That the agenda convening the Ugu District Municipal Council meeting be and is hereby **CONFIRMED**, subject to the inclusion of the items listed on the First and Second Addendum and as well as inclusion of Item 12.3 Disposal of Assets under Urgent Matters.

**C 193/08/17 CONFIRMATION OF MINUTES
Minutes of the 10th Meeting of the Ugu District Municipal Council held on 27 July 2017**

The Speaker took members through the confirmation of the minutes for the meeting held on 27 July 2017.

Thereafter, Cllr Dube moved for the acceptance of the minutes and was seconded by Cllr Mqwebu.

Following which,

It was

RESOLVED:

That the minutes of the 11th Meeting of the Ugu District Municipal Council held on 27 June 2017, be and are hereby **CONFIRMED**.

**C 194/08/17 RESOLUTION REGISTER
Resolution Register for the 10th Meeting of the Ugu District Municipal Council held on 27 July 2017**

The Speaker took members through the Resolution Register for the 10th Meeting of the Ugu District Municipal Council held on 27 July 2017.

Following which,

It was unanimously

RESOLVED:

That the Resolution Register for the 10th Meeting of the Ugu District Municipal Council held on 27 July 2017, be and is hereby **NOTED**.

C 195/08/17 OUTSTANDING MATTERS

It was noted that there were none.

STANDING ITEMS

C 196/08/17 Monthly SALGA Report

The Municipal Manager took members through the Monthly SALGA Report.

Following discussion,

It was

RESOLVED:

That the Monthly SALGA Report for June 2017 be and is hereby **NOTED**.

MATTERS FOR DISCUSSION

C 197/08/17 Monthly Budget Statements June 2017

The General Manager: Treasury took members through the item.

She apprised members that the Total Revenue as at the end of 30 June 2017 amounted to R 1 177 706 709, and that the Total Operating Expenditure amounted to R1 053 239 485.

She reported that the Municipality had spent 86.01% on the Capital Expenditure as at the end of June 2017, although the total expenditure on MIG and other grants was 100%. She pointed out that the Capital allocation was not spent in full, given that some of the projects were funded internally.

On the Cash Flow Statement, she informed members that the Municipality had R184 584 494 as at the end of June 2017.

She then referred members to the Consumer Reconciliation, and pointed out that the amount Less Allowance for Impairments should be corrected to R 103 527 896.

She then took members through a table reflecting the Debtors Ageing by Top Ten Organs of State. She mentioned that letters were drafted and submitted to all concerned Local Municipalities and Provincial Departments granting them a 14

days' notice period after which the Municipality would be disconnecting their water if there was no response received.

Cllr East referred members to Item 1.2 on the report and enquired if there was a possibility that the Capital Expenditure could be divided based on revenue by source.

He then referred members to the Cash Flow Statement on the Service Charges, and pointed out with concern that in the month of May 2017, the water revenue was four (4) times higher than any other months. He also enquired with regards to the increase on the Transfer receipts for the month of March 2017 and April 2017. He further sought clarity on the increase to the Cash Receipts by Source for the months of March 2017, April 2017, and May 2017.

Responding, the General Manager: Treasury assured members that a break down reflecting the sources of the revenue, which funded the Capital Expenditure would be provided.

In terms of the increase on the revenue that the Municipality had received in the last quarter, she referred to the Cash Flow Statement report and explained that the Transfer receipts – operational had increased the receipt in the month of March 2017 by R126,901,667. She also explained that in the month of April 2017, there were also Transfers receipts operational and that same would be reflected through the grants receipts that the Municipality would have receipted. She further pointed out that the Municipality also received portions of the Equitable Share and Municipal Infrastructure Grant (MIG) in the said months.

She requested that she be granted an opportunity to investigate the increase on the Service Charges of R94,696,975 for the month of May 2017, and that a detailed report would be submitted at the next meeting.

Cllr Mqwebu reminded members that the General Manager: Treasury had reported that as at the end of June 2017, the Municipality had spent 86.01% on the Capital Expenditure. She advised members that she was of the view that the General Manager: Treasury was still going to inform members that the said percentage would increase given that she previously indicated that there were internal funds which were also used.

The General Manager: Treasury confirmed that at the end of the financial year, the Municipality would have expenditure already incurred for the invoices received during the month of June which would be paid in July, and that the said invoices would be accounted for in the month of June. She reminded members that those were the year-end adjustments she referred to when she had indicated to members that she would be presenting the preliminary reports to Council.

Cllr LMR Ngcobo referred members to the table reflecting the breakdown and balance of the Ugu Sport and Leisure Centre and enquired if the dates on the table were separated to reflect the balances on each financial year. He then commended the detailed report reflecting the history of the Ugu Sport and Leisure Centre. He also pointed out that there was great improvement. He further enquired

what was the cause of the variance between the opening balance of R547,048.83 and the total of R567,048.83.

In response, the General Manager: Treasury explained that the reconciliation from pages 34 to 35 indicated all the invoices that were issued by the Municipality from the start of the lease contract date including all the total payments that were made. She also pointed out that the difference of R60,000.00 related to what the Municipality had invoiced and what had been paid as well as received from the tenant which then meant that there was a current outstanding balance of R60,000.00 on the account for the tenant.

Cllr East referred members to “defray expenditure” authorised in terms of Section 26 (4) on Item 5.1 and enquired what was the said expenditure for.

The General Manager: Treasury explained to members that there was no report and that a nil report was being presented in terms of same, given that there was no such expenditure for the Municipality.

Following discussion,

It was unanimously

RESOLVED:

- (a) That the Monthly Budget Statement for the month of June 2017 be and is hereby **NOTED**.
- (b) That the Monthly Budget Statement for the month of June 2017 and the supporting documents be submitted to both Provincial and National Treasury in both electronic and hard copies.
- (c) That the General Manager: Treasury be and is hereby granted an opportunity to investigate the increase on the Service Charges of R94,696,975 for the month of May 2017, and thereafter provide a detailed report to the next meeting.

EXTRACTS FROM COMMITTEES

Extract from the meeting of the Executive Committee held on 26 July 2017

C 198/08/17

Ugu Climate Change Vulnerability Assessment & Response Strategy

The Speaker took members through the item.

Cllr Manyoni moved for the acceptance of the recommendations and was seconded by Cllr Mthiyane.

Following which,

It was unanimously

RESOLVED:

- (a) That the report on the Ugu Climate Change Vulnerability Assessment & Response Strategy be and is hereby **NOTED**.
- (b) That the Ugu Climate Change Vulnerability Assessment & Response Strategy be and is hereby **ADOPTED**.

Extract from the meeting of the Executive Committee held on 16 August 2017

C 199/08/17 The Write-Off of Assets on the FAR

The General Manager: Treasury took members through the rationale of the report. She referred members to a list of stolen laptops and a list of vehicles which were written off by the insurers as reflected on Annexure A.

She also referred members to a list of items on Annexure B. She explained to members that upon the assessment of the fixed asset register, there were assets relating to software packages that were no longer in use and were identified for write-off.

Cllr East referred members to Item 4.3 on the report and raised a concern on the issue of the Broadband Access Network Solution which had an expenditure amount of R1,407,605.00 and had been work in process for the last seven (7) years. He then enquired why the write-off was not submitted to Council sooner. He further sought clarity if the Municipality would be retaining, writing-off or re-allocating the hardware.

The Municipal Manager explained to members that the Municipality would only be writing-off the software. He informed members that the Department of National Treasury had compiled a close-out report, and that the Municipality was currently communicating with the funders KZN CoGTA. He further assured members that the said matter would be concluded soon.

Following discussion,

It was unanimously

RESOLVED:

- (a) That the report regarding the Write-Off of Assets on the FAR be and is hereby **NOTED**.
- (b) That the Write-Off of Assets identified on the FAR be and is hereby **APPROVED**.

C 200/08/17 Report on SCM Policy

The Speaker took members through the item.

Cllr Mthiyane proposed that the SCM Policy be adopted, given that the said report was submitted to all the relevant reporting structures. She then requested that a workshop on the SCM Policy should be arranged for the Councillors.

Cllr LMR Ngcobo referred members to bullets 4 and 5 on Item 4, in the report and requested the General Manager: Treasury to briefly explain the changes that were made in the SCM policy.

The General Manager: Treasury explained to members that all the amendments were itemized on the policy which were informed by the changes to the PPPFA Regulations. She shared with members that one of the amendment related to the preference points system. She mentioned that previously the 80/20 preference point system was used to values equal to or above the amount of R30, 000.00 and up to R1,000,000.00. She relayed to members that the Municipality then used the 90/10 preference points system on anything exceeding the value of R1,000,000.00.

In terms of the revised SCM Policy, she explained that the 80/20 preference points system was now used for acquisition of goods or services of the rand value equal to or above R30, 000.00 and up R50,000.000.00 inclusive of all applicable taxes. She pointed out that the system now allowed for more work to be allocated to the companies with the highest BBBEE status.

She explained that the 90/10 preference points system was now used for acquisition of goods or services of the rand value equal to or above R50,000.000.00 inclusive of all applicable taxes.

Following discussion,

It was unanimously

RESOLVED:

- (a) That the report on the Supply Chain Management Policy be and is hereby **NOTED**.
- (b) That the revised Supply Chain Management Policy be and is hereby **ADOPTED**.
- (c) That a workshop on the revised SCM Policy be arranged for the Councillors in the Ugu District.

C 201/08/17 Report on mSCOA Circulars

The General Manager: Treasury took members through the item.

She informed members that the mSCOA Circulars were issued by the National Treasury, and that same provided guidance on the implementation of the mSCOA Regulation.

She advised members that the Municipality was currently using the Circulars in the implementation of the regulations in terms of the new system.

She shared with members that Provincial Treasury conducted an assessment, whereby the Ugu District Municipality mSCOA file was assessed and it was discovered that although references were being made to the Circulars, the Circulars were never submitted to Council for information purposes. She further advised members that the said Circulars were attached to the report as Annexures.

The Municipal Manager advised members that the Portfolio Committee on Finance had made a request that all Councilors should be workshopped on the mSCOA. He then requested that the date of the said workshop should be finalized and that the said workshop should also be attended by all the Councillors and Amakhosi within the Ugu District. He advised members that when the date for the mSCOA workshop had been finalized, same would be communicated to all the Councillors and Amakhosi.

Following which,

It was unanimously

RESOLVED:

- (a) That the report on the mSCOA Circulars be and is hereby **NOTED**.
- (b) That the mSCOA Circulars be and is hereby **APPROVED**.
- (c) That all Councillors and Amakhosi within the Ugu District attend the mSCOA Workshop.
- (d) That when the date for the mSCOA workshop had been finalised, same be communicated to all the Councillors and Amakhosi.

Extracts from the meeting of the IDP Forum held on 18 August 2017

C 202/08/17 Ugu District Municipality Draft IDP, PMS and Budget Process Plan & Framework Plan 2018/2019

The Municipal Manager took members through the item.

He apprised members that the item was tabled and discussed at the meeting of the IDP Forum held on 18 August 2017, whereby it was agreed that the said item should be presented to Council for adoption. He mentioned that the IDP Process

Plan would have to be submitted to both the National Treasury and Provincial Treasury by 31 August 2017.

Cllr Nair pointed out with concern that the previous IDP Forum dated 18 August 2017, that was held clashed with the date of the IDP Forum at Ray Nkonyeni Municipality, and as result he was unable to attend.

Cllr Naude pointed out that the meetings of the IDP Forum should also be attended by Councillors. He then pointed out that reminder SMSs should have been sent to all members of the said meeting.

The Speaker also concurred with members also pointing out that she was not aware of the IDP Forum held on 18 August 2017.

[At that stage of the proceedings (12h00), Cllr SR Ngcobo joined the meeting.]

Cllr Nair moved for adoption of the Ugu District Municipality Draft IDP, PMS and Budget Process Plan & Framework Plan 2018/2019 and was seconded by Cllr Manyoni.

Following discussion,

It was

RESOLVED:

- (a) That the report on the Ugu District Municipality Draft IDP, PMS and Budget Process Plan & Framework Plan for 2018/2019 be and is hereby **NOTED**.
- (b) That the Ugu District Municipality Draft IDP, PMS and Budget Process Plan & Framework Plan for 2018/2019 be and is hereby **ADOPTED**.

MINUTES FROM COMMITTEES

C 203/08/17

Confirmed Minutes of the 10th meeting of the Executive Committee held on 17 May 2017

The Speaker took members through the noting of the minutes.

Following which,

It was unanimously

RESOLVED:

That the Confirmed Minutes of the 10th meeting of the Executive Committee held on 17 May 2017 be and are hereby **NOTED**.

C 204/08/17 Confirmed Minutes of the 11th meeting of the Executive Committee held on 07 June 2017

The Speaker took members through the noting of the minutes.

Following which,

It was unanimously

RESOLVED:

That the Confirmed Minutes of the 11th meeting of the Executive Committee held on 07 June 2017 be and are hereby **NOTED**.

**C 205/08/17 URGENT MATTERS
Amakhosi to Serve on the South Coast Tourism Association Board (USCT)**

The Speaker took members through the item.

Following which,

It was unanimously

RESOLVED:

- (a) That the correspondence received from KZN COGTA regarding the Amakhosi to serve on the USCTA Board be and is hereby **NOTED**.
- (b) That Inkosi MBW Xolo be and is hereby appointed to serve on the Board of Ugu South Coast Tourism Association with effect from Thursday, 24 August 2017.

C 206/08/17 SALGA KZN Membership Levies – Early Settlement Discounts

The Municipal Manager took members through the item. He reminded members that the Management was tasked at the previous meeting to do a follow-up on the SALGA KZN Membership Levies – Early Settlement Discounts, and if the Municipality did pay early to qualify for the early settlement discount of 2% for the 2017/2018 membership levies.

He advised members that the Municipality did not qualify for the early settlement discount of 2% for the 2017/2018 financial year given that for the Municipality to qualify for an early settlement discount of 2%, the Municipality would have to pay SALGA no later than 31 May 2017 but before 30th June 2017. He further pointed out to members that the new budget was only implemented on 01 July 2017.

Cllr Mthiyane enquired what stopped the Municipality from paying before the 01 July 2017.

The General Manager: Treasury advised members that payment could be made in advance. She explained to members that the issue of the early settlement discount was only communicated in the month of April 2017, when there was no budget allocation that allowed the Municipality to pay before the 30 June 2017, given that the allocation was in the current financial year, which had commenced on 01 July 2017.

She further mentioned that for the 2018/2019 financial year, the Municipality would have to include an allocation to the Adjustment Budget in order to ensure that by April 2018, the payment could be processed accordingly.

Following discussion,

It was unanimously

RESOLVED:

- (a) That the report regarding the SALGA KZN Membership Levies – Early Settlement Discounts be **NOTED**.
- (b) That the SALGA KZN Membership Levies – Early Settlement Discount be included in the Adjustment Budget 2017/2018.

C 207/08/17 24 UGU District Municipality vehicles to be disposed off by Public Auction

The Municipal Manager took members through the item. He apprised members that an item on the Disposal of Assets was submitted to the meeting of the Executive Committee in the month of October 2016, and that the said Committee had resolved that the Disposal policy should first be amended. He shared with members that in the month of June 2017, the Policy on the Disposal of Assets was adopted.

He then requested that the list of assets that were initially submitted to the meeting of the Executive Committee should be disposed in terms of the newly approved disposal policy.

Cllr LMR Ngcobo pointed out that the said report was submitted to the relevant reporting structures in the year 2016, and enquired as to why the item was only submitted to Council in the month of August 2017.

In response, the Municipal Manager advised members that the Executive Committee clearly stated that the disposal of the said assets would not be approved prior to the amendment and approval of the Disposal Policy.

Following discussion,

It was unanimously

RESOLVED:

- (a) That the report regarding the 24 UGU District Municipality vehicles to be disposed off by Public Action be and is hereby **NOTED**.
- (b) That the 24 UGU District Municipality vehicles to be disposed off by Public Auction be and is hereby **APPROVED**.
- (c) That the appointment of the Auctioneer to dispose these vehicles be and is hereby **APPROVED**.

IN-COMMITTEE MATTERS

[At that stage of the meeting, the Speaker requested that the members of the public and management should be excused from the meeting].

C 208/08/17

Acting Appointment – Chief Financial Officer

[At that stage of the proceedings, Cllr Machi moved for the proceedings to move in-committee and was seconded by Cllr Zungu.]

The Municipal Manager took members through the item.

Following which,

It was

RESOLVED:

- (a) That the report on the Acting Appointment – Chief Financial Officer be and is hereby **NOTED**.
- (b) That Ms S Ngilande be and is hereby appointed Acting Chief Financial Officer on a month to month basis for a maximum period of three (3) months on the same terms and condition with effect from 01 September 2017.

C 209/08/17

Acting Appointment – Municipal Manager

[At the stage of the proceedings, the Speaker requested that the Municipal Manager should be excused from the meeting].

The Speaker took members through the item.

Following which,

It was

RESOLVED:

- (a) That the report on the Acting Appointment – Municipal Manager be and is hereby **NOTED**.
- (b) That Mr DD Naidoo be and is hereby appointed Acting Municipal Manager on a month to month basis for a maximum period of three (3) months on the same terms and condition with effect from 01 September 2017.

[At that stage of the proceedings, Cllr Machi moved for the meeting to move out of committee and was seconded by Cllr SR Ngcobo].

C 210/08/17 DATE OF NEXT MEETING

It was noted that the date of the next meeting was scheduled for 28 September 2017.

C 211/08/17 CLOSURE

At that stage of the proceedings, the Municipal Manager advised members that on Thursday, 17 August 2017, the Municipality was invited to the Top Women Awards event that was hosted by Standard Bank of South Africa.

He shared with members that the Ugu District Municipality was represented by Cllr NT Zwane, the Manager: Special Programmes and the General Manager: Corporate Services.

He explained to members that the event was held in honour of the top performing women in both the Private and Public Sector. He informed members that the General Manager: Corporate Services was shortlisted for the Top Achieving Women in the Public-Sector Category.

He advised members that the Municipality was nominated for the Top Gender Empowered Municipality Awards.

Cllr Zwane informed members that the Municipality had received the recognition with tremendous gratitude and appreciation. She pointed out that one of the reasons that the Municipality had received an award was because the Municipality was a Top Empowered Municipality.

Cllr Mthiyane raised serious concern on the issue of the number of addendums and attachments and advised that same should be stopped immediately.

There being no further items for discussion, the Speaker declared the meeting closed at 12h23.

CHAIRPERSON: -----

DATE : -----