

UGU DISTRICT MUNICIPALITY

**MINUTES OF THE 13th MEETING OF THE UGU DISTRICT MUNICIPAL COUNCIL
HELD IN THE COUNCIL CHAMBERS, RAY NKONYENI MUNICIPALITY,
10 CONNOR STREET, PORT SHEPSTONE, ON THURSDAY, 24 JANUARY 2023,
AT 11H00.**

PRESENT:

Cllr SR Ngcobo - Speaker

VM Chiya (Deputy Mayor), D Nciki (Exco Member), GD Henderson (Exco Member), FM Ngwane, SN Caluza, X Nkasa, BE Machi, MA Manyoni, SHE Mngoma, SP Mthethwa, NY Mweshe, MZ Luthuli, SP Ntuli, SE Khawula, MV Vezi, JS Ngwane, TH Msabala, B Nyuswa, TT Hlophe, PC Shange, ST Khathi, BN Shoji, LMR Ngcobo, P Breedt, J Schmidt, N Ndovela, N Ndadane, NA Njenga, SA Ngcece, IS Mqadi, NO Mazubane, and SD Mdluli

BY INVITATION:

Inkosi EZ Jali
Mr R Madlala - AGSA
Ms A Howard - AGSA
Mr A Gonzalves - Chairperson: Audit Committee

IN ATTENDANCE:

Mr VO Mazibuko - Acting Municipal Manager
Mr S Mbewu - General Manager: Water Services
Mr K Audan - General Manager: Budget and Treasury Office
Ms D Rankin - General Manager: Economic Development and Environmental Services (EDES)
Mr F Zama - Senior Manager: Mayoralty and Communications
Ms F Mbili - Senior Manager: Corporate Strategy and Shared Services
Mr S Kati - Manager: Risk and Internal Audit
Ms N Mbambo - Manager: Legal Services
Mr A Mbhele - Manager: Administration and Auxiliary Services
Ms NP Gumbi - Manager: Human Resources
Ms N Surajbally - Administrative Officer: Secretariat Unit
Ms B Malishe - Committee Co-ordinator: Secretariat Unit
Ms T Kikine - Committee Co-ordinator: Secretariat Unit
Ms A Mnisi - Committee Clerk

• OPENING

The Speaker extended a warm welcome to all present. He then requested Cllr Nciki to open the meeting in prayer.

NOTICE OF MEETING

The notice of the meeting was taken as read.

C 02/01/23 APPLICATIONS FOR LEAVE OF ABSENCE

It was noted that Amakhosi MBW Xolo and MP Ngcobo had requested leave of absence from the meeting.

It was noted that Cllr MP Tenza would join the meeting late.

Following which,

It was unanimously

RESOLVED:

(a) That Amakhosi MBW Xolo and MP Ngcobo be and are hereby granted leave of absence from the meeting.

(b) That, it be noted that Cllr MP Tenza would join the meeting late.

C 03/01/23 DECLARATION OF INTEREST

It was noted that there were none.

C 04/01/23 CONFIRMATION OF AGENDA

The Speaker took members through the confirmation of the agenda.

Thereafter, Cllr FM Ngwane moved for the acceptance of the agenda and was seconded by Cllr Henderson .

Following which,

It was

RESOLVED:

That the agenda convening the Ugu District Municipal Council meeting be and is hereby **CONFIRMED**.

CONFIRMATION OF MINUTES

C 05/01/23 Minutes of the 12th Meeting of the Ugu District Municipal Council held on 24 November 2022

The Speaker took members through the confirmation of the minutes for the 12th meeting of the Ugu District Municipal Council held on 24 November 2022.

Following which,

It was

RESOLVED:

That the minutes of the 12th Meeting of the Ugu District Municipal Council held on 24 November 2022, be and are hereby **CONFIRMED**.

RATIFICATION OF MINUTES

Minutes of the Meeting of the Recess Committee held on 30 November 2022

The Speaker took members through the confirmation of the minutes for the meeting of the Recess Committee held on 30 November 2022.

Following which,

It was

RESOLVED:

That the minutes of the Meeting of the Recess Committee held on 30 November 2022 be and are hereby **CONFIRMED**.

Minutes of the Meeting of the Recess Committee Held on 14 January 2023

The Speaker took members through the confirmation of the minutes for the meeting of the Recess Committee held on 14 January 2023.

Following which,

It was

RESOLVED:

That the minutes of the Meeting of the Recess Committee held on 14 January 2023 be and are hereby **CONFIRMED**.

RESOLUTIONS REGISTER

Resolutions Register for the 12th Meeting of the Ugu District Municipal Council held on 24 November 2022

The Speaker took members through the Resolutions Register for the 12th Meeting of the Ugu District Municipal Council held on 24 November 2022.

Following which,

It was

RESOLVED:

That the Resolutions Register for the 12th Meeting of the Ugu District Municipal Council held on 24 November 2022, be and is hereby **NOTED**.

OUTSTANDING MATTERS

It was noted that there were none.

STANDING ITEMS

Status on Covid-19 Cases

The Municipal Manager took members through the item.

Following which,

It was unanimously

RESOLVED:

That the report on the Status on Covid-19 Cases be and is hereby **NOTED**.

Monthly Birthday Greetings: Councillors, Amakhosi and Senior Managers

The Speaker conveyed birthday wishes on behalf of Council to the following Councillor who celebrated his birthday during the month of January, namely:

- Cllr SA Ngcece - 16 January

Following which,

It was unanimously

RESOLVED:

That the Monthly Birthday Greetings for Councillors, Amakhosi and Senior Managers be and is hereby **NOTED**.

Water Supply Status Quo Report

The General Manager: Water Services took members through a verbal report.

He reported on the Water Supply Status within the Ugu District.

Cllr Henderson requested for an update on the Umtamvuna System. He also stated that the Ramsgate Area South had no water for some time now, although the valve was replaced.

The Speaker requested that a written report regarding the Umtamvuna System should be submitted to the special meeting of Council.

Cllr Khawula appreciated the report and requested that there should be water tankers in the areas whereby the Umtamvuna System supplied water since there were challenges. He also mentioned that same should be communicated with the community regarding the water supply.

Cllr JS Ngwane stated that in terms of the budgeting process, the Louisiana System and KwaHlongwa should be considered.

Cllr Mthethwa mentioned that since the return of staff which resulted in the termination of the contract workers, the communities had encountered challenges on water supply and that Management should attend to the said issue.

He reminded members that he had previously raised a concern regarding the issue of the Turton Hospital having no water, whereby it was resolved that a borehole had to be installed and that the water that was consumed by the said Hospital should be redirected to the surrounding areas at Nkambeni and Umnamfu. He then enquired for an update on the said matter.

Cllr Ngcobo stated that there were other factors other than the load shedding which were the illegal connections and the unauthorised connections. He enquired if there were any plans in place to deal with the said factors. He sought clarity on how many hours the Municipality was losing per day during the load shedding when the Department of Water Services attempted to pump water. He also enquired on how many mega litres of water the Municipality had failed to pump due to the load shedding.

Cllr Ntuli sought clarity if it was possible to have generators in the pumpstations since there were so many hours of load shedding. She also enquired if the purchase of generators could be included on the adjustment budget. She requested for a progress report regarding the individuals that vandalized the Municipal resources.

Cllr Shange mentioned that the KwaXolo Emvutshini Area in Ward 29 had no water for years now; however, the said area had received water via the water tankers. She stated that the community had accepted that they had no water and same had not complained any more. She requested that there should be a plan to assist the said community.

Inkosi Jali requested for an update from the Weza Area to Harding and the Ubhudlu pipeline.

The Speaker updated members that there would be a budget review.

In response, the Deputy Mayor stated that the issue of the water tankers would be considered. He highlighted that the loadshedding had damaged the water pumps and same needed to be repaired. He mentioned that the boreholes would use the solar system. He also highlighted that the Louisiana Area was visited, and that the issue of water supply was discussed. He then stated that the issue of the reinstated employees would be looked at.

Regarding the issue of the backup generators, he stated that for same to be purchased, it should be compared to the revenue that the Municipality had received. He highlighted that the KwaXolo Emvutshini Area would be covered after the Umtamvuna System was operating well.

The Speaker mentioned that in the Umtentweni Area, the houses were flooded due to a former Councillor who had built on the municipal water pipe. However, he stated that he would write a letter to the Ray Nkonyeni Local Municipality regarding the said issue.

Regarding the borehole that should be installed in the Turton Hospital, the General Manager: Water Services highlighted that the Municipality had done the procurement

plan in terms of the implementation. He stated that Umgeni Water had issues with their Business Forum for the South Coast Pipeline Phase 2B and that same had resulted to the stoppage. However, he indicated that he would submit a formal report to Council that would cover all the projects.

Relating to the project of the pipeline from the Weza Area to Harding, he indicated that same was in progress and that the completion date was 28 February 2023. He highlighted that the pipe extension in the Ubhudlu Area and the Ngele Area was ordered and would be delivered at the end of January 2023.

In terms of the power supply, he indicated that currently, the Municipality was losing six (6) hours which was a minimum of 25% and that same had a shortfall of 2.5 mega liters.

Lastly, he stated that CoGTA had invited all the Water Services Authorities to a meeting that would be held on Wednesday, 25 January 2023. He highlighted that the said meeting was to intervene with Eskom to minimise the loadshedding.

Following which,

It was

RESOLVED:

- (a) That the report on the Water Supply Status Quo be and is hereby **NOTED**.
- (b) That a written report regarding the Umtamvuna System be submitted to the Special Meeting of Council.

C 13/01/23

SALGA Monthly Report

The Acting Municipal Manager took members through the item.

Following which,

It was

RESOLVED:

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

C 14/01/23

SECTION 79 REPORTS

It was noted that there were none.

MATTERS FOR DISCUSSION

C 15/01/23

Replacement of Cllr EV Baptie with Cllr SD Mdluli

The Speaker took members through the item.

He informed Council on the Replacement of Cllr EV Baptie, a Councillor of the Ugu District Municipal Council with Cllr SD Mdluli.

Thereafter, Cllr SD Mdluli was sworn in as a Councillor representing the Umdoni Municipality in the Ugu District Municipal Council.

Following which,

It was

RESOLVED:

- (a) That the report on the Replacement of Cllr EV Baptie, a MR Councillor of Umdoni Municipality in the Ugu District Municipal Council with Cllr SD Mdluli be and is hereby **NOTED**.
- (b) That Cllr SD Mdluli be and is hereby sworn in as a MR Councillor in the Ugu District Municipal Council.

C 16/01/23

2021/2022 Draft Ugu and its Entities: Annual Report

The Speaker took members through the Draft Annual Report for both the Ugu District Municipality and its Entities for the 2021/2022 financial year.

Following which,

It was

RESOLVED:

- (a) That the report regarding the 2021/2022 Annual Report for both Ugu District Municipality and its Entities be and is hereby **NOTED**.
- (b) That the 2021/2022 Annual Report for both Ugu District Municipality and its Entities be and is hereby **APPROVED** for public participation.
- (c) That all the comments be submitted to the Office of the Senior Manager: Mayoralty and Communications by 16 February 2023.

C 17/01/23

Mid-Year Budget & Performance Assessment Review 2022/2023

The Speaker took members through the item.

He informed members that the said report was a compliance matter, whereby the Municipality had to report on how the budget was spent and that same should be in accordance with the Integrated Development Plan (IDP).

He mentioned that the Mid-Year Budget & Performance Assessment 2022/2023 would be submitted to both the Provincial and National Treasury in both electronic and hard copies.

Commenting, Cllr Henderson pointed out with concern that the situation of the Municipality was still a very dm picture. He acknowledged that there were

improvements; however, there were a lot of concerns. He stressed that as per the AG Presentation, the Ugu District Municipality was struggling to be a going concern.

He stressed with concern that the income received from the water that was sold was the only challenge.

He said that soon the Municipality would have to do an adjustment budget. He pointed out that the Billing System needed to be fixed and that the billing needs to be credible and reliable. He said that it was imperative for Management to ensure that the meters were read. He pointed out that if the above was done, then the Municipality's income via the revenue collection would improve.

He pointed out in disbelief that there was no money to pay the creditors within 30 days.

The Speaker pointed out that there was great improvement with regard to the audit outcome; however, many areas needed to be improved. He said that Management needed to come up with action plans.

Thereafter, Cllr Henderson moved for the acceptance of the recommendations and was seconded by Cllr Nyuswa.

Following which,

It was

RESOLVED:

- (a) That the report on the Mid-Year Budget & Performance Assessment Review 2022/2023 be and is hereby **NOTED**.
- (b) That the Mid-Year Budget & Performance Assessment Review Report 2022-2023 for the period ended 31 December 2022 as referred to in S72 of the MFMA be and is hereby **NOTED**.
- (c) That the Monthly Budget Statement for the month of December 2022 and the supporting documents as referred to in S71 of the MFMA be and is hereby **NOTED**.
- (d) That the Quarterly Budget Implementation Report and the supporting documents as referred to in S52(a) of the Act be and is hereby **NOTED**.
- (e) That the Mid-Year Budget & Performance Assessment 2022-2023 be submitted to both Provincial and National Treasury in both electronic and hard copies.
- (f) That the Municipal Public Accounts Committee (MPAC) be and is hereby tasked to play its oversight role to the Mid-Year Budget and Performance Assessment Review Report 2022-2023.

- (g) That all the Standing Committees, i.e. the Portfolio Committees be and are hereby tasked to look into the areas that were pertinent to their Terms of Reference in order for the Municipality to start holding officials accountable for non-performance.
- (h) That the report on the Mid-Year Budget & Performance Review 2022/23 be also presented to the Audit Committee for the said Committee to review the issues contained in the report and to also provide Council with direction and suggestions on the areas that the Municipality had to improve on going forward.

C 18/01/23

Presentation by the Auditor-General

The Speaker introduced the Auditor-General (AG) and requested same to present the Audit Report for the 2021 / 2022 financial year.

Taking over, the Auditor-General took members through the presentation of the Audit Report for the 2021 / 2022 financial year. She informed members that the Ugu District Municipality received an Unqualified Audit Opinion; however, there have been repeat audit findings arising from the slow response by Management to address the external audit findings.

She then highlighted the following aspects, namely:

- Improvement over the Administration Term;
- Financial Management and Compliance;
- Financial Health;
- Performance Information;
- Performance Planning and Reporting had impact on Service Delivery;
- Achieving Key Performance Targets – Summarised Information from Performance Report;
- Compliance with Key Legislation;
- Procurement and Payments;
- Irregular Expenditure;
- Fruitless and Wasteful Expenditure;
- Unauthorised Expenditure;
- Value-added Work Performed on Service Delivery;
- Value-Added Work Done on Information and Communication Technology (ICT) Environment / Projects;
- Material Irregularities;
- Implementation of Material Irregularity (MI) Process;
- Identified Mis – Next Steps and Responsibilities;
- Mis Identified;
- Observations and Recommendations;
- Conclusion and Recommendations;
- Root Causes, Recommendations and Commitments; and
- Council Message

She emphasised that the following were recommended namely:

- Management prepares detailed accounting policies to support judgements and ensure supporting documentation for all financial statement disclosures;
- Management review controls over the accuracy and completeness of performance information; and
- Management should institute appropriate consequence management for non-performing officials;

She highlighted the overall reflections on the implementation of the recommendations as follows:

- Implementation measures to prevent fruitless and wasteful expenditure and institute disciplinary procedures are in progress;
- Recommendations on basic service delivery are still in progress; and
- Other SCM Compliance recommendations are in progress

She pointed out that Management should prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.

She further pointed out that Management should regularly review and monitor compliance with laws and regulations.

In terms of the South Coast Tourism and Investment Enterprise (SCTIE), same had received an Unqualified Audit Outcome

Following which,

It was unanimously

RESOLVED:

- (a) That the report on the Ugu District Municipality – Audit Report for the 2021 / 2022 Financial Year be and is hereby **NOTED**.
- (b) That, it be noted that Ugu District Municipality received an Unqualified Audit Opinion for the 2021 / 2022 Financial Year.
- (c) That, it be noted that the South Coast Tourism and Investment Enterprise (SCTIE) had received an unqualified audit outcome for the 2021 / 2022 Financial Year.

Monthly Budget Statement – October 2022

The Speaker took members through the item.

Cllr Henderson moved for the acceptance of the recommendations and was seconded by Cllr Khawula.

Following which,

It was

RESOLVED:

- (a) That the report on the Monthly Budget Statement for the month October 2022 be and is hereby **NOTED**.
- (b) That the Monthly Budget Statement for the month of October 2022 and the supporting documents be submitted to both Provincial and National Treasury in both electronic and hard copies.

C 20/01/23

Monthly Budget Statement – November 2022

The Speaker took members through the item.

Cllr Henderson moved for the acceptance of the recommendations and was seconded by Cllr Khawula.

Following which,

It was

RESOLVED:

- (a) That the report on the Monthly Budget Statement for the month November 2022 be and is hereby **NOTED**.
- (b) That the Monthly Budget Statement for the month of November 2022 and the supporting documents be submitted to both Provincial and National Treasury in both electronic and hard copies.

MATTERS FOR CONSIDERATION FROM COMMITTEES

Extracts from the Minutes of the Meeting of the Executive Committee held on 22 November 2022

C 21/01/23

Granting of Rights to Use, Control or Manage Municipal Capital Asset: Development of Hibberdene Smallcraft Harbour and Other Associated Development Initiatives on the Land Co-Owned by Ugu District Municipality and the Ray Nkonyeni Municipality (REM. of Farm Woodgrange No.17133) (Oceans Economy)

The Speaker took members through the item.

He informed members that the rationale of the report was to apprise Council on the Granting of Rights to Use, Control or Manage Municipal Capital Asset for the Development of the Hibberdene Smallcraft Harbour and other Associated Development Initiatives on the Land Co-Owned by the Ugu District Municipality and the Ray Nkonyeni Municipality (REM. of Farm Woodgrange No.17133) (Oceans Economy).

Cllr LMR Ngcobo moved for the acceptance of the recommendations and was seconded by Cllr JS Ngwane.

Following which,

It was

RESOLVED:

- (a) That the Granting of Rights to Use, Control or Manage Municipal Capital Asset for the Development of the Hibberdene Smallcraft Harbour and other Associated Development Initiatives on the Land Co-Owned by the Ugu District Municipality and the Ray Nkonyeni Municipality (REM. of Farm Woodgrange No.17133) (Oceans Economy) be and is hereby **NOTED**.
- (b) That, it be noted and recorded that the background paragraph of the report submitted and is deemed to be part of this resolution.
- (c) That the Approval, be and is hereby granted to rescind the Council previous Resolution insofar as granting USFDA to undertake all necessary activities required in processing this proposed development, due to the processes of merger as well as due to legal limitation wherein a Municipal entity cannot on its own institute certain procurement processes and procedures.
- (d) That, it be noted that the Section 33(3)(c)(ii) of the Municipal Asset Transfer Regulations issued in terms of the Municipal Finance Management Act, provide that the granting of right to use, control or manage of the municipal capital asset, must be dealt with in terms of the Chapter 2 , where such right confers on the person to whom the right is granted, the power to use, control or manage the capital asset as if that person is the beneficial (but not legal) owner of the asset.
- (e) That the Council hereby makes the following determinations in line with the Provisions of Section 14(2), (3) and (5) of the Municipal Finance Management Act (Act No. 56 of 2003) read together with the Municipal Asset Transfer Management Regulations issued in terms of the aforementioned Act.
- (f) That the Council on reasonable grounds, is hereby granting approval that the identified municipal asset (being Remainder of Farm Woodgrange No. 17133) is not needed for the duration of the contemplated lease to provide the minimum level of basic municipal services.
- (g) That the land use allowed on this identified municipal asset is limited to the establishment of harbour and associated development initiatives as per its conditions of Title.
- (h) That the Council further notes and record its decision that the identified municipal immovable asset will not be required for the provision of the minimum level of basic municipal services may not be reversed for the duration of the

contemplated lease unless it is due to breaches committed by the prospective developer.

- (i) That the Council acknowledges that notwithstanding, the value of R2.8 million depicted on the Ray Nkonyeni Municipality current Municipal Property Valuation Roll, and the asset value of R1 045 500 is depicted on the Ugu District Municipality Asset Register.
- (j) That the Council acknowledges that the economic and community value to be received in exchange for the asset are still to be determined.
- (k) That the Council notes through the granting of the right to use, control or manage of the identified municipal asset will be subject to a process of public participation to adhere to the principles of procurement as provided for in Section 217 of the RSA Constitution (Act 108 of 2006). Accordingly, it can be concluded therefore that adherence to the principles of fairness, equity, transparency, and competitiveness will be adhered to.
- (l) That the Municipal Manager, be and is hereby authorised to undertake the granting of right to use, control or manage the granting of right to use, control or manage the municipal immovable asset: Development of Hibberdene Small Craft Harbour and other associated Development Initiatives on the land co-owned by Ugu District Municipality and the Ray Nkonyeni Municipality (Rem of the Farm Woodgrange No. 17133).

C 22/01/23

MINUTES FROM COMMITTEES

It was noted that there were none.

URGENT MATTERS

C 23/01/23

Preferential Procurement Policy

The Speaker took members through the item.

Cllr Manyoni moved for the acceptance of the recommendation and was seconded by the Deputy Mayor.

Following which,

It was

RESOLVED:

- (a) That the report on the Preferential Procurement Policy be and is hereby **NOTED**.
- (b) That the Preferential Procurement Policy be and is hereby **ADOPTED**.

C 24/01/23

Change of Municipal Bank Account and Opening of New Primary Bank Account

The Speaker took members through the item.

Following which,

It was

RESOLVED:

- (a) That the report on the Change of Municipal Bank Account and Opening of New Primary Bank Account be and is hereby **NOTED**.
- (b) That the opening of the new Bank Accounts with Standard Bank of South Africa, according to their appointment be and is hereby **APPROVED**.

[At that stage of the proceedings, Cllr Mthethwa moved for the meeting to move in-committee and was seconded by Cllr Nciki]

IN-COMMITTEE MATTERS

In-Committee Minutes of the 12th Meeting of the Ugu District Municipal Council held on 24 November 2022

The Acting Municipal Manager took members through the In-Committee Minutes of the 12th Meeting of the Ugu District Municipal Council held on 24 November 2022.

Following which,

It was

RESOLVED:

That the In-Committee Minutes of the 12th Meeting of the Ugu District Municipal Council held on 24 November 2022 be and is hereby **CONFIRMED**.

C 26/01/23

Report on the Vacancy Declaration for the Position of General Manager: Corporate Services

The Speaker took members through the item.

Following which,

It was

RESOLVED:

- (a) That the report on the Vacancy Declaration for the Position of General Manager: Corporate Services with effect from the 01 June 2023 be and is hereby **NOTED**.

- (b) That the vacancy declaration of the General Manager: Corporate Services with effect from the 01 June 2023 be and is hereby **CONSIDERED** and **APPROVED**.
- (c) That the Recruitment and the Selection process to start in February 2023 be and is hereby **APPROVED**.
- (d) That the Recruitment and the Selection Panel be the Municipal Manager, the Chairperson of the Portfolio Committee on Sound Governance and Human Resources, and a Councillor or a Staff Member from another Municipality for the position of the General Manager: Corporate Services be and is hereby **CONFIRMED** and **APPROVED**.

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

C 27/01/23

CLOSURE

There being no further items for discussion, the Speaker declared the meeting closed at 16h17.

CHAIRPERSON: ----- **DATE:** -----