

UGU DISTRICT MUNICIPALITY

MINUTES OF THE 28TH MEETING OF THE UGU DISTRICT MUNICIPAL COUNCIL HELD IN THE COUNCIL CHAMBERS, RAY NKONYENI MUNICIPALITY, 10 CONNOR STREET, PORT SHEPSTONE, ON TUESDAY, 26 FEBRUARY 2019, AT 11H18.

PRESENT:

Cllr NH Gumede - Speaker

Cllrs MA Chiliza (Mayor), PH Mthiyane (Deputy Mayor), AD Ngubo (Executive Member), SN Caluza, TB Cele, K Dladla, TA Disane, TW Dube, DMM Hlengwa, GD Henderson, SE Khawula, BE Machi, MA Manyoni, ZZ Msani, NY Mweshe, R Nair, PT Naude, D Nciki, SR Ngcobo, B Ntusi, JJ East, HJ Ngubelanga, S Mngomezulu, MPL Zungu, and M Gcwabe

BY INVITATION:

Inkosi ZGB Msomi

Inkosi ZE Ngcobo

Ms D Ludick - General Manager: Finance and Human Resources:
Ugu South Coast Tourism Entity

Mr B Fikeni - Finance Manager: Ugu South Coast Development
Agency

IN ATTENDANCE:

Mr DD Naidoo - Municipal Manager
Mr MS Dlamini - General Manager: Budget and Treasury Office
Mr VO Mazibuko - General Manager: Corporate Services
Mr F Zama - Senior Manager: Mayoralty and Communications
Ms F Mbili - Senior Manager: Corporate Strategy and Shared
Services
Ms N Mbambo - Manager: Legal Services
Ms N Walingo - Acting General Manager: EDES
Mr A Mbhele - Manager: Administration and Auxiliary Services
Ms N Surajbally - Administrative Officer: Secretariat Unit
Ms B Malishe - Committee Co-ordinator

OPENING

The Speaker informed members of the loss of Cllr S Mbhele, the Mayor of Umshwati Municipality, who passed on after a short illness.

She also apologized for the postponement of the Council meeting from 21 February 2019, at 11h00 to 26 February 2019 at 13h44.

She then requested Council to observe a moment of silence for the late Cllr S Mbhele and requested Cllr TB Cele to open the meeting in prayer.

C 24/02/19 NOTICE OF MEETING

The notice of the meeting was taken as read; subject to the change of the date and time from Thursday, 21 February 2019, at 11h00 to Tuesday, 26 February 2019 at 13h44.

C 25/02/19 APPLICATIONS FOR LEAVE OF ABSENCE

It was noted that Cllrs H Mbatha (*council business*), L Mzimela (*council business*), NT Dlamini (*indisposed*); S Chetty (*council business*), LMR Ngcobo (*party commitment*), SP Mthethwa (*party commitment*), A Rajaram (*attended a funeral*) and Cllr NCP Mqwebu (*council business*) had requested leave of absence from the meeting.

It was also noted that Cllr Y Nair requested to leave the meeting at 14h00.

From the Management Component, it was noted that the Manager: Risk and Internal Audit had requested leave of absence from the meeting.

Following which,

It was unanimously

RESOLVED:

- (a) That Cllrs H Mbatha (*council business*), L Mzimela (*council business*), NT Dlamini (*indisposed*), S Chetty (*council business*), LMR Ngcobo (*party commitment*), SP Mthethwa (*party commitment*), A Rajaram (*attended a funeral*) and Cllr NCP Mqwebu (*council business*) be and are hereby granted leave of absence from the meeting.
- (b) That the request from Cllr Y Nair to leave the meeting at 14h00 be and is hereby **GRANTED**.
- (c) That from the Management Component, the Manager: Risk and Internal Audit be and is hereby granted leave of absence from the meeting.

C 26/02/19 DECLARATION OF INTEREST

It was noted that there were none.

C 27/02/19 CONFIRMATION OF AGENDA

The Speaker took members through the confirmation of the agenda.

Following which,

It was

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 Addendum and Item 8.1 SALGA Monthly Report.

CONFIRMATION OF MINUTES

C 28/02/19

Minutes of the 27th Meeting of the Ugu District Municipal Council held on 24 January 2019

The Speaker took members through the confirmation of the minutes for the meeting held on 24 January 2019.

Cllr Henderson moved for the adoption of the minutes and was seconded by Cllr Ngubo.

Following which,

It was

RESOLVED:

That the Minutes of the 27th Meeting of the Ugu District Municipal Council held on 24 January 2019 be and are hereby **CONFIRMED**.

C 29/02/19

Minutes of the Special Meeting of the Ugu District Municipal Council held on 08 February 2019

The Speaker took members through the confirmation of the minutes for the meeting held on 08 February 2019.

Cllr Ngubo moved for the adoption of the minutes and was seconded by Cllr Mweshe.

Following which,

It was

RESOLVED:

That the Minutes of the Special Meeting of the Ugu District Municipal Council held on 08 February 2019 be and are hereby **CONFIRMED**.

RESOLUTION REGISTER

C 30/02/19

Resolution Register for the 27th Meeting of the Ugu District Municipal Council held on 24 January 2019

The Speaker took members through the Resolution Register for the 27th Meeting of the Ugu District Municipal Council held on 24 January 2019.

Cllr East referred members to page 20, Resolution No. 14/01/19 and requested a brief summary on the progress of the Draft AG Management Corrective Action Plan 2018.

In response, the Speaker pointed out that there was an item on the Agenda that dealt with the AG Management Corrective Action Plan.

Following which,

It was unanimously

RESOLVED:

That the Resolution Register for the 27th Meeting of the Ugu District Municipal Council held on 24 January 2019, be and is hereby **NOTED**.

C 31/02/19

Resolution Register for the Special Meeting of the Ugu District Municipal Council held on 08 February 2019

The Speaker took members through the Resolution Register for the Special Meeting of the Ugu District Municipal Council held on 08 February 2019.

Cllr SR Ngcobo referred to the Unauthorized, Irregular, Fruitless and Wasteful Expenditure as well as Consequence Management and proposed that Council should mandate the Municipal Public Accounts Committee (MPAC) to investigate and to give a full report to Council and was seconded by Cllr Dube.

The Speaker sought clarity on the timeframes.

In response, Cllr SR Ngcobo requested MPAC to prioritize and deal with the said matter urgently.

Following which,

It was unanimously

RESOLVED:

- (a) That the Resolution Register for the Special Meeting of the Ugu District Municipal Council held on 08 February 2019, be and is hereby **NOTED**.
- (b) That the Municipal Public Accounts Committee (MPAC) be and is hereby tasked to thoroughly investigate the Unauthorized, Irregular, Fruitless and Wasteful Expenditure as well as Consequence Management; thereafter MPAC to give a full report to Council and that MPAC prioritize and deal with the said matter urgently.

[At that stage of the proceedings, the Deputy Mayor joined the meeting.]

C 32/02/19

OUTSTANDING MATTERS

It was noted that there were none.

STANDING ITEMS

SALGA Monthly Report: 28 January 2019

The Municipal Manager took members through the item and highlighted the following aspects in the report:

- Membership Levies;
- Confirmation of Annual Salary Budget for 2019/2019 Financial Year used to Calculate the Membership Levy;
- KZN Municipalities to Budget for Capacity Building for Councillors;
- Asset Management Indaba;
- SALGA Upcoming Events; and
- Determination of Upper Limits of Salaries, Allowances and Benefits of Councillors

Regarding the Cell Phone Allowance, he mentioned that a report would be submitted to the next meeting.

Following which,

It was unanimously

RESOLVED:

- (a) That the SALGA Monthly Report as at 28 January 2019 be and is hereby **NOTED**.
- (b) That regarding the Cell Phone Allowance, a report be submitted to the next meeting.

Monthly Birthday Greetings: Councillors, Amakhosi and Senior Managers

The Speaker conveyed birthday wishes on behalf of Council to Cllr SN Caluza, Cllr KZ Dladla, and the Senior Manager: Mayoralty and Communications who celebrated their birthdays during the month of February 2019.

Following which,

It was unanimously

RESOLVED:

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

SECTION 79 REPORTS

It was noted that there were none.

MATTERS FOR DISCUSSION**Draft Budget Adjustment: 2018/2019: Ugu District Municipality**

The General Manager: Budget and Treasury Office took members through the item.

He presented the Draft Budget Adjustment for the 2018/2019 Financial Year for Ugu District Municipality.

Commenting, Cllr Henderson referred to the Caucus Funds and mentioned that invoices were submitted. He sought clarity as to when would the Councillors be paid.

In response, the General Manager: Budget and Treasury Office informed members that payment would be made soon and that he was dealing with same.

The Mayor pointed out that the Municipality was trying to cut down on non-core functions and that focus should be on core functions only.

Thereafter, Cllr SR Ngcobo moved for the approval of the Budget Adjustment for the 2018/2019 Financial Year for Ugu District Municipality and was seconded by Cllr Dube.

Following which,

It was

RESOLVED:

(a) That the report regarding the Draft Adjustments Budget for the financial year 2018/2019 be and is hereby **NOTED**.

(b) That the Draft Adjustments Budget for the financial year 2018/2019 as set out in the following schedules be and is hereby **APPROVED**:

- Table B1 - Adjustments Budget Summary;
- Table B 2 - Adjustments Budget Financial Performance (Classification)
- Table B3 - Adjustments Budget Financial Performance (Municipal Vote)
- Table B4 - Adjustments Budget Financial Performance (Revenue & Expenditure)
- Table B5 - Adjustments Budget Capital Expenditure
- Table B6 - Adjustments Budget Financial Position
- Table B7 - Adjustments Budget Cash Flows
- Table B8 - Adjustments Budget Cash Backed Reserves
- Table B9 - Adjustments Budget Assets Management

- Table B10 - Adjustment Budget Service Delivery; and
- Other Supporting Tables (Table SB1-SB20)

C 37/02/19 Draft Budget Adjustment: 2018/2019: Ugu South Coast Tourism Entity

Ms Ludick took members through the item.

She then presented the Draft Budget Adjustment for the 2018/2019 Financial Year for the Ugu South Coast Tourism Entity.

Thereafter, Cllr Henderson moved for the approval of the Budget Adjustment for the 2018/2019 Financial Year for the Ugu South Coast Tourism Entity and was seconded by Cllr East.

Following which,

It was

RESOLVED:

- That the report regarding the Draft Budget Adjustment: 2018/2019: Ugu South Coast Tourism Entity be and is hereby **NOTED**.
- That the Draft Adjustments Budget for the financial year 2018/2019; Ugu South Coast Tourism Entity be and is hereby **APPROVED**.

C 38/02/19 Draft Budget Adjustment: 2018/2019: Ugu South Coast Development Agency

Mr Fikeni took members through the item.

He presented the Draft Budget Adjustment for the 2018/2019 Financial Year for the Ugu South Coast Development Agency.

Thereafter, Cllr Naude moved for the approval of the Budget Adjustment for the 2018/2019 Financial Year for the Ugu South Coast Development Agency and was seconded by Cllr Dladla.

Following which,

It was

RESOLVED:

- That the report regarding the Draft Budget Adjustment: 2018/2019: Ugu South Coast Development Agency be and is hereby **NOTED**.
- That the Draft Adjustments Budget for the financial year 2018/2019; Ugu South Coast Development Agency be and is hereby **APPROVED**.

EXTRATS FROM COMMITTEES

Extracts from the meeting of the Executive Committee held on 12 February 2019

Proposal by Umgeni Water on the Harding Weza Bulk Water Supply Scheme

The Municipal Manager took members through the item.

He mentioned that the objective of the report was to advise the meeting on the proposals from Umgeni Water for the Harding Weza Bulk Water Supply Scheme.

Giving members a background to the item, he mentioned that the Municipality as part of its mandate as a Water Services Authority, had to ensure effective supply of water to all the communities within its jurisdiction.

He pointed out that the Harding Weza Bulk Water Supply Scheme was initiated to meet the increasing demand in the South West Area, which included Harding and surrounds.

He emphasized that currently the South West Area was experiencing a drought and accordingly there was an acute water shortage.

He mentioned that the Harding Weza Bulk Scheme included the following:

- Weza Dam;
- Primary and Secondary Bulks; and
- Internal Reticulation

He indicated that Ugu District Municipality was unable to fund the said project with the Dam costing R495 million in 2017 and the total cost of more than R1.5 billion.

He said that due to the prevalence of forestry, the water tables as an alternate source were saturated.

He pointed out that further, due to the farming activity, the Weza River was not adequate to supply.

He reported that in discussions with the Department of Water and Sanitation via the Drought Meetings, the Municipality was advised to follow other WSAs and enter discussion with Umgeni Water to assist with the Bulk Supply.

He pointed out that the Umgeni Water Board was a SOE owned by the Department of Water and Sanitation.

He reported that Umgeni Water had since considered the Municipality's request and proposed a three (3) phase intervention.

He advised the meeting that to ensure that legislation was complied to, and due diligence done, it was suggested that subsequent to an in-principle agreement by Council, Ugu District Municipality engage the KZN Provincial Treasury, the KZN COGTA and the Department of Water and Sanitation to finalize the proposal.

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

Following which,

It was

RESOLVED:

- (a) That the Proposal by Umgeni Water on the Harding Weza Bulk Water Supply Scheme be and is hereby **NOTED**.
- (b) That the Agreement for the Proposal be and is hereby Granted-In Principle.
- (c) That the Municipal Manager be and is hereby tasked to engage KZN Provincial Treasury, COGTA and the Department of Water and Sanitation to ensure legislative compliance and due diligence.
- (d) That the Municipal Manager be and is hereby **AUTHORISED** to explore the options of bulk water supply throughout the District with Umgeni Water.
- (e) That the Municipal Manager be and is hereby **AUTHORISED** to act on behalf of Council.

**Extracts from the meeting of the Executive Committee held on
20 February 2019
2018/2019 ICT Disaster Recovery Plan**

C 40/02/19

The General Manager: Corporate Services took members through the item.

He apprised members that the objective of the report was to inform Council on the reviewal of the ICT Disaster Recovery Plan (DRP) in preparation for the 2018/19 financial year test scheduled for March 2019.

He referred members to Item 2.9 on the Critical Systems of the ICT Disaster Recovery Plan and highlighted the following systems:

- SAGE Evolution;
- SAGE 300 People (VIP); and
- Active Directory

He then referred members to Item 7.6 on the Recovery Site Test Schedule of the ICT Disaster Recovery Plan and pointed out what was added on the said item, which was as follows: *“that the Recovery Site Test would be conducted annually in March or April”*.

Following which,

It was unanimously

RESOLVED:

- (a) That the report regarding the 2018/19 ICT Disaster Recovery Plan be and is hereby **NOTED**.
- (b) That the 2018/19 ICT Disaster Recovery Plan be and is hereby **APPROVED**.

C 41/02/19

Financial Management Turn Around Strategy

The General Manager: Budget and Treasury Office took members through the item.

He presented the Strategy that was developed by the Management to turnaround the finances of the Municipality.

He then highlighted the following aspects on the Ugu District Municipality Financial Management Turnaround Strategy:

- Background and Overview Situational Analysis;
- Broad Foundational Basis for Turning Around the Financial Management Status;
- Vision and Mission Statement;
- Financial Management Priorities;
- Legislations, Regulations and Accounting Standards and Frameworks;
- Strategic Financial Components; and
- Strategic Goals and Objectives;

In terms of the Roles and Responsibilities, he pointed out that Council had a role to ensure that the said Strategy was approved and that same was monitored on a quarterly basis for implementation purposes. He mentioned that the Financial Management Turnaround Strategy should be a Standing Item on the following Committees:

- Management Committee;
- Portfolio Committee on Finance;
- Executive Committee; and
- Council.

He then apprised members on the Risks Associated with the Implementation of the Financial Management Turnaround Strategy, and further highlighted the following risks associated with the implementation of the Strategy:

- Cash Flow Challenges;
- Misalignment of Skills within the Finance Department in terms of Tertiary Qualifications;
- Lack of Co-operation and Commitment on the implementation of the Financial Management Turnaround Strategy; and

- Lack of Monitoring of the Implementation.

He then took members through the detailed implementation of the Financial Management Turnaround Plan and pointed out that most of the targets were set to 31 January 2019. He informed members that most of the targets were achieved and that in the next meeting, he would only be reporting on the progress.

He further advised members that if the officials could commit to the said implementation plan, the Municipality could achieve a clean audit opinion. He pointed out that all employees should sign Activity Plans and a Commitment Pledge failing which disciplinary action should be taken against those officials.

Following discussions,

It was unanimously

RESOLVED:

- That the report on the Financial Management Turnaround Strategy be and is hereby **NOTED**.
- That the Financial Management Turnaround Strategy be and is hereby **ADOPTED**.
- That the Financial Management Turnaround Strategy be submitted to CoGTA and Provincial Treasury for inputs and assistance on its implementation.

C 42/02/19

2017/18 Audit Action Plan

The Municipal Manager took members through the item.

He presented the 2017/18 Audit Action Plans detailing the activities that would be used in addressing the issues that were raised as findings by the Auditor-General.

He pointed out that on a monthly basis, the Municipality had to monitor the Audit Action Plan in conjunction with the Financial Management Turnaround Strategy.

Following discussions,

It was unanimously

RESOLVED:

- That the report on the 2017/18 Audit Action Plan be and is hereby **NOTED**.
- That the 2017/18 Audit Action Plan be and is hereby **ADOPTED**.

C 43/02/19 MINUTES FROM COMMITTEES
Minutes of the Meeting of the Executive Committee held on 21 November 2018

The Speaker took members through the minutes of the Executive Committee Meeting held on 21 November 2018.

Following which,

It was unanimously

RESOLVED:

That the Confirmed Minutes of the Meeting of the Executive Committee held on 21 November 2018 be and are hereby **NOTED**.

C 44/02/19 URGENT MATTERS

It was noted that there were none.

IN-COMMITTEE MATTERS

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

C 45/02/19 In-Committee Minutes of the 33rd Meeting of the Executive Committee held on 06 February 2019

The Speaker took members through the In-Committee Minutes of the 33rd meeting of the Executive Committee held on 06 February 2019.

Following which,

It was unanimously

RESOLVED:

That the In-Committee Minutes of the 33rd Meeting of the Executive Committee held on 06 February 2019 be and are hereby **CONFIRMED**.

C 46/02/19 Ugu Sports and Leisure Centre: Lease Agreement

The Municipal Manager took members through the item.

Thereafter, Cllr Nciki moved for the acceptance of the recommendations and was seconded by Cllr Manyoni.

Following which,

It was

RESOLVED:

- (a) That the report on the Ugu Sport & Leisure Centre: Lease Agreement be and is hereby **NOTED**.
- (b) That due to the persistent Breaches of the Lease Agreement and failure by the Lessee to rectify same, the lease agreement be and is hereby terminated with immediate effect.
- (c) That the necessary Legal proceedings be commenced with to effect the immediate termination and recovery of all monies owing to the Ugu District Municipality.
- (d) That the Ugu Sport and Leisure Centre be managed by the Ugu District Municipality in the interim.
- (e) That Management be and is hereby tasked to present an item to the Council Committee within (03) months after the termination on the future management options of Ugu Sports and Leisure Centre.

C 47/02/19

Acting Appointment for the Municipal Manager as General Manager: Water Services

[At that stage of the proceedings, the Speaker requested all Officials to leave besides the Municipal Manager, the General Manager: Corporate Services and the Secretariat Unit.]

The Municipal Manager took members through the item.

Following which,

It was

RESOLVED:

- (a) That the report regarding the Acting Appointment of the Municipal Manager as General Manager: Water Services be and is hereby **NOTED**.
- (b) That the Municipal Manager – Mr DD Naidoo be and is hereby appointed to the position of Acting General Manager: Water Services with effect from 01 February 2019, until the position was filled.

C 48/02/19

Appointment of General Manager: EDES

The Municipal Manager took members through the item.

Cllr Ngcobo moved with the recommendations and was seconded by the Deputy Mayor.

Following which,

It was unanimously

RESOLVED:

- (a) That the Appointment of General Manager: EDES be and is hereby **NOTED**.
- (b) That the recommendation of the Interviewing Panel, based on the scores, to appoint Ms NA Walingo to the position of General Manager: EDES be **APPROVED**.
- (c) That the Municipal Manager be and is hereby **AUTHORISED** to submit the resolutions of the Municipal Council to the MEC for COGTA, for consideration and concurrence.

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

C 49/02/19 DATE OF NEXT MEETING

It was noted that the date of the next meeting was scheduled for 28 March 2019.

C 50/02/19 CLOSURE

There being no further items for discussion, the Speaker declared the meeting closed at 15h09.

CHAIRPERSON: -----

DATE: -----