

UGU DISTRICT MUNICIPALITY

MINUTES OF THE SPECIAL MEETING OF THE UGU DISTRICT MUNICIPAL COUNCIL HELD VIA MICROSOFT TEAMS VIDEO CONFERENCING, ON THURSDAY, 29 JUNE 2020, AT 11H20.

PRESENT:

Cllr NH Gumede - Speaker

SR Ngcobo (Exco Member), PH Mthiyane (Exco Member), L Mzimela (Exco Member), SP Mthethwa (Exco Member), AD Ngubo (Exco Member) NT Dlamini (Exco Member), LMR Ngcobo (Exco Member), SN Caluza, S Chetty, K Dladla, TB Cele, NY Mweshe, TW Dube, JJ East, NCP Mqwebu, D Nciki, MPL Zungu, SH Cele, HJ Ngubelanga, S Mngomezulu, MA Manyoni, R Nair, DMM Hlengwa, BE Machi, SE Khawula, TA Disane, ZZ Msani, A Rajaram, GD Henderson, and PT Naude.

BY INVITATION:

Inkosi ZGB Msomi
Inkosi ZR Qwabe
Inkosi EZ Jali
Inkosi B Cele

IN ATTENDANCE:

Mr DD Naidoo	-	Municipal Manager
Mr VO Mazibuko	-	General Manager: Corporate Services
Mr S Mbewu	-	General Manager: Water Services
Ms N Walingo	-	General Manager: Economic Development and Environmental Services (EDES)
Ms L Sotshede	-	Acting General Manager: Budget and Treasury Office
Mr F Zama	-	Senior Manager: Mayoralty and Communications
Ms F Mbili	-	Senior Manager: Corporate Strategy and Shared Services
Ms N Mbambo	-	Manager: Legal Services
Mr A Mbhele	-	Manager: Administration and Auxiliary Services
Mr K Oduro	-	Acting Manager: Risk and Internal Audit
Ms N Surajbally	-	Administrative Officer: Secretariat Unit
Ms T Kikine	-	Committee Clerk: Secretariat Unit

OPENING

The Speaker welcomed all to the meeting. She then requested Cllr BE Machi to lead the meeting in prayer.

C 141/06/20 NOTICE OF MEETING

The notice of the meeting was taken as read.

C 142/06/20 APPLICATIONS FOR LEAVE OF ABSENCE

It was noted that there were no application for leave of absences.

C 143/06/20 DECLARATION OF INTERES

It was noted that there were none.

C144/06/20 CONFIRMATION OF AGENDA

The Speaker took members through the confirmation of the agenda.

Following which,

It was unanimously

RESOLVED:

(a) That the agenda convening the Ugu District Municipal Council meeting be and is hereby **CONFIRMED**, subject to the following amendments:

- Withdrawal of Item 7.2.3 Security Personnel Overtime Exemption under Extracts from Committees; and
- Inclusion of the additional information to Item 7.2.2 Proposal for Hibberdene Harbour Development by Cygnet International Holding Pty (Ltd) Request for Lease Land ERF 17133 Woodgrange.

MATTERS FOR DISCUSSION

C145/06/20 Monthly Budget Statement - April 2020

The Municipal Manager took members through the report. He then suggested that the Committee should note the report on the Monthly Budget Statement for April 2020 and discuss the report for the month of May 2020.

Following which,

It was unanimously,

RESOLVED:

(a) That the Monthly Budget Statement for the month of April 2020 be and is hereby **NOTED**.

(b) That the Monthly Budget Statement for the month of April 2020 and the supporting documents be submitted to both Provincial and National Treasury in both electronic and hard copies.

C146/05/20

Monthly Budget Statement - May 2020

The Deputy Mayor suggested that the Acting General Manager: Budget and Treasury Office should highlight all the key aspects on the report given that the said report was presented to the Portfolio Committee on Finance and to the Executive Committee.

Taking over, the Acting General Manager: Budget and Treasury Office took members through the report.

She referred to the Statement of the Financial Performance and advised members that the Municipality had budgeted R1 292 656 140 and had managed to collect R1 051 695 660. She mentioned that the Total Operating Expenditure as at year end amounted to R1 193 336 823 against the year budget of R1 170 662 996.

She then referred members to page 52 of the agenda and pointed out that the Capital Expenditure as at year to date amounted to R217 732 913 against the year budget of R286 804 518. She mentioned that as at the end of May 2020, the Municipality had spent 82.83% of its capital budget.

On the Outstanding Debtors, she reported that the outstanding debt of R630, 983,967 as at the end of April 2020, had increased by 3.43% from April 2020. She advised members that the consumer debtors amounted to R647 804 003.

In terms of the Government Debt, she mentioned that in the month of April 2020, the Municipality had a total of R34,167,625.08 and in the month of May 2020, there was a decrease of R33,890,835.63. She pointed out that the said decrease was due to the Lock-Down.

Cllr Henderson pointed out that in April 2020, the revenue was R28 million for water and R7.8 million for sanitation. He then referred members to table four (4) on page 69 of the report, and pointed that in May 2020, the water revenue had decreased by R23 million and that the sanitation revenue was under R7 million for a total of R30 million income which was R42 million less than what the Municipality had expected.

He also raised concern on the debtors that had increased from a total amount of R630 983 967 to R652 647 653. He also reminded members that the Department of Treasury had given the Municipality a period of three (3) years to cover the shortfall on the income in the budget. He further raised a concern on the collections for the month of May 2020.

The Speaker also raised a concern regarding the R33.8 million debt that was owed by the Government Departments. She then enquired if there were any measures that were put in place to recover the said debt.

Responding, the Acting General Manager: Budget and Treasury Office confirmed that the increase on the debtors book was a concern. She advised members that both the collection and the consumption had reduced during the Lock-Down period.

In terms of the R33.8 million debt owed by the Government Departments, she explained that the said concern was also raised at the Chief Financial Officer's (CFO) Forum meeting. She apprised members that there were progressive engagements that were held with the Chief Financial Officer from Umdoni Municipality relating to their debt.

Adding, the Municipal Manager advised members that the Municipality had anticipated that the collections in May 2020, and June 2020, were going to be very low. He mentioned that the National Treasury had advised that Municipalities should expect a 30% decrease in revenue.

In terms of the issue relating to the Government Debt, he advised members that a Task Team was put in place to deal with the debts owed by the Government Departments. He also confirmed that follow-ups were currently being made to those Departments that were owing monies to the Municipality.

In terms of the expenditure, he explained to members that the Provincial Treasury had given the Municipality a period of three (3) years to recover the debt. He mentioned that the Municipality had to also cut most of the expenditure from the current budget to ensure that the debt from the previous years was paid. He informed members that a meeting would be convened with the Provincial Treasury to review the progress for the past year.

Following discussion,

It was

RESOLVED:

- (a) That the Monthly Budget Statement for the month of May 2020, be and is hereby **NOTED**.
- (b) That the Monthly Budget Statement for the month of May 2020, and the supporting documents be submitted to both Provincial and National Treasury in both electronic and hard copies.

C 147/06/20 SALGA Monthly Report

The Municipal Manager took members through the SALGA Monthly Report as at 13 June 2020.

He informed members that the report entailed the following:

- SALGA KZN Membership Levies: Early Settlement Discount;
- Members Not In-Good Standing 2019/2020;

- MCF Member Verification Process;
- Payments of Job Evaluation and;
- Mandate Meeting: Various Bargaining Matters: 10 June 2020.

He apprised members of the verification process that was underway for the Councillors that were members of the Municipal Pension Fund. He then emphasized that the said exercise would be conducted by the Human Resources Section. He appealed to all Councillors to comply with the said exercise.

Following which,

It was unanimously

RESOLVED:

That the SALGA Monthly Report as at 13 June 2020 be and is hereby **NOTED**.

EXTRACTS FROM COMMITTEES

**Extracts from the meeting of the Executive Committee held on 03 June 2020
Expanded Public Works Programme (EPWP) Phase IV Policy**

C 148/06/20

The Municipal Manager took members through the item.

He apprised members that the Expanded Public Works Programme (EPWP) Phase IV Policy was submitted to the Policy Review Committee and to the Portfolio Committee on Special Programmes.

He mentioned that the only amendment on the policy related to the targets that were changed for the next five (5) years.

Following which,

It was unanimously

RESOLVED:

- (a) That the report on the Expanded Public Works Programme (EPWP) Phase IV Policy be and is hereby **NOTED**.
- (b) That the Expanded Public Works Programme (EPWP) Phase IV Policy be and is hereby **APPROVED**.

**Extracts from the meeting of the Executive Committee held on 26 June 2020
Risk Management Policy and Risk Management Committee Charter**

C 149/06/20

The Acting Manager: Internal Audit and Risk Management took members through the item.

He advised members that the Risk Management Policy and the Risk Management Committee Charter was presented to the Policy Review Committee, the Portfolio

Committee on Sound Governance and Human Resources and to the Executive Committee.

Following discussion,

It was unanimously

RESOLVED:

- (a) That the report on the Risk Management Policy and Risk Management Committee Charter be and is hereby **NOTED**.
- (b) That the Risk Management Policy and Risk Management Committee Charter be and is hereby **ADOPTED**.

C170/06/20

Proposal for the Hibberdene Harbour Development by Cygnet International Holding (Pty) Ltd Request for Lease Land ERF 1733 Woodgrange

The Municipal Manager took members through the item.

He apprised members that the report was submitted for Council to consider the request from Cygnet International Holding (Pty) Ltd to lease the land co-owned by the Ray Nkonyeni Municipality and Ugu District Municipality.

He advised members that Cygnet International Holding was subsequently invited to do a presentation to the Executive Committee. He mentioned that the Executive Committee resolved to recommend to Council to support the proposal in principle subject to compliance with all the relevant legislation.

He pointed out that the said project would boost the Local Economy and the Job Creation for up to 20 000 permanent job opportunities.

He mentioned that a project of this magnitude would require the involvement of other spheres of government; whilst the said project was driven by Ugu District Municipality and Ray Nkonyeni Municipality.

He also advised members that the Ugu South Coast Development Agency (USCDA) carried a mandate for the said type of development. He informed members that the immediate matter for Ugu District Municipality was to consider the request for the 100-year lease of the land with an option to purchase after five (5) years of the Development.

He indicated that the following legislation would guide the consideration of the above request, namely:

- Municipal Finance Management Act (MFMA) 56 of 2003 S 113; and
- Municipal Finance Management Act (MFMA) 56 of 2003 S 120.

He pointed out that it was prudent for any lease to contain timebound deliverables. He advised members that the Municipality would reserve the right to terminate the lease should the developers not meet the deliverables as mutually agreed upon.

He informed members that the Municipality had requested similar proposals and had entered into two (2) previous leases on the said land with Bayaphambili Pty Ltd and Music City USA.

He further advised members that Council would have to be presented with the following information before the final decision, namely:

- The Municipality would have to ensure that the said project was advertised for a period of sixty (60) days;
- The Municipality would have to obtain Comments from the Community; and
- The Municipality would have to obtain Comments from the National Treasury in terms of the lease of the land.

The Mayor advised that all the legal aspects relating to the said development should be done jointly with Ray Nkonyeni Municipality.

Cllr Henderson enquired if the Municipality had any background information on the Cygnet International Holding (Pty) Ltd.

Responding, the Municipal Manager assured members that Cygnet International Holding (Pty) Ltd was a local company that specialized in project and development. He mentioned that the said company had engagements in Africa and that most of their funders were from overseas.

He further confirmed that all the legal aspects would be done jointly with Ray Nkonyeni Municipality including the issuing of the advertisement.

Cllr LMR Ngcobo referred members to resolution 7.3 on the report and further requested for the inclusion of the Traditional Leaders to the Project Steering Committee.

Following discussion,

It was unanimously

RESOLVED:

- (a) That the report on the proposed Hibberdene Harbour Development by Cygnet International be and is hereby **NOTED**.
- (b) That the support for the development subject to the Municipal Manager complying with all relevant legislation be and is hereby **APPROVED** in principle.

- (c) That the Ugu District Municipality jointly with the Ray Nkonyeni Municipality set up a Project Steering Committee with the following:
- Ugu District Municipality;
 - Ray Nkonyeni Municipality;
 - Office of the Premier – KZN;
 - KZN EDTEA;
 - Transnet;
 - KZN COGTA;
 - KZN DOT;
 - Department of Forestry and Fisheries;
 - Department of Public Works;
 - TIKZN;
 - USCTA;
 - USCDA;
 - Organised Business; and
 - Traditional Leaders
- (d) That the Ugu South Coast Development Agency (USCDA) be requested to co-ordinate this development as per their mandate.
- (e) That the Municipal Manager be and is hereby tasked to prepare a final report for Council's approval as per Council's mandated intention and in compliance with the prescribed legislation.
- (f) That the Municipal Manager and the Mayor be and are hereby **AUTHORISED** to issue a letter of support to the Developers Cygnet International Holding (Pty) Ltd.
- (g) That the Municipal Manager be and is hereby tasked to ensure that all the preliminary processes commence immediately.
- (h) That the Ugu District Municipality and Ray Nkonyeni Municipality work together to ensure legislative compliance and to save costs on preliminary preparations.
- (i) That the Municipal Manager be and is hereby tasked to ensure that all the leases and contractual obligations with the previous two (2) developers were terminated.
- (j) That, it be noted that the District Traditional Leaders be represented in the Project Steering Committee.

C171/06/20 Security Personnel Overtime Exemption

It was noted that the item was withdrawn from the agenda.

IN COMMITTEE MATTERS

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

C172/06/20 **Transfer of Health Promoter and Operation OSS Vehicle to Ugu District Municipality**

The Municipal Manager took members through the item.

Following which,

It was unanimously

RESOLVED:

- (a) That the report on the Transfer of the Health Promoter and Operation OSS Vehicle to Ugu District Municipality be and is hereby **NOTED**.
- (b) That the acceptance of the vehicle and the addition of the Kombi KZN 655 that had done 15 772 kilometres be and is hereby **ACCEPTED** and that the said asset be included in the Municipal Asset Register.
- (c) That due to the financial position of the Municipality, the Office of the Premier be requested to proceed and pay the remuneration of the Health Promoter for the next five (5) years.

C173/06/20 **2019/2020 Increase for the Councillors Salaries, Allowances and Benefits**

The Municipal Manager took members through the item.

Following discussion,

It was unanimously

RESOLVED:

- (a) That the report on the 2019/2020 Increase for the Councillors Salaries, Allowances and Benefits be and is hereby **NOTED**.
- (b) That the response from the MEC of Co-operative Governance and Traditional Affairs (CoGTA) on the 2019/2020 increase for the Municipal Councilors Salaries, Allowances and Benefits be and is hereby **NOTED**.
- (c) That the names of the Traditional Leaders represented in the Ugu District Municipal Council, be reflected on the Council Agenda Page.

C 174/06/20 **Report on the Salaries Increase Exemption Options**

The Municipal Manager took members through the item.

RESOLVED:

- (a) That the report on the Salaries Increase Exemption Options be and is hereby **NOTED**.
- (b) That all Ugu employees be paid a Salaries Increase at 6.25% excluding all the Section 56 Managers, and that same be effective from 01st July 2020.

C 175/06/20 Performance Bonus for Section 56 Managers, FY 18/19

[At that stage of the proceedings, the Municipal Manager was excused from the meeting].

The Deputy Mayor requested that the Mayor should present both Item 8.3 and 8.4 given that the resolutions were the same.

Following which,

It was unanimously

RESOLVED:

- (a) That the report on the Performance Bonus for Section 56 Managers, FY 18/19 be and is hereby **NOTED**.
- (b) That the performance bonus for Section 56 Managers be and is hereby **NOT APPROVED**.

C 177/06/20 Performance Bonus for Municipal Managers, FY 18/19

The Mayor took members through the item.

Following discussion,

It was unanimously

RESOLVED:

- (a) That the report on the Performance Bonus for Municipal Managers, FY 18/19 be and is hereby **NOTED**.
- (b) That the performance bonus for the Municipal Manager be and is hereby **NOT APPROVED**.

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

C 178/06/20

CLOSURE

There being no further items for discussion, the Speaker declared the meeting closed at 12h24.

CHAIRPERSON: -----

DATE: -----