



STELLENBOSCH
STELLENBOSCH • PNIEL • FRANSCHHOEK

MUNICIPALITY • UMASIPALA • MUNISIPALITEIT

Ref no.3/4/1/5

2016-05-27

MINUTES

**41ST COUNCIL MEETING OF
STELLENBOSCH MUNICIPALITY**

2016-05-25

MINUTES
41ST MEETING OF THE COUNCIL
OF STELLENBOSCH MUNICIPALITY
2016-05-25

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**MINUTES OF THE 41ST MEETING OF STELLENBOSCH COUNCIL HELD ON
2016-05-25 AT 15:00 IN THE COUNCIL CHAMBER, TOWN HOUSE, PLEIN STREET,
STELLENBOSCH**

PRESENT	The Speaker, Alderman CP Jooste [Chairperson] The Executive Mayor, Alderman CJ Sidego The Deputy Executive Mayor, Cllr MG Smuts	
ALDERMEN	DC Botha V Fernandez (Ms) EL Maree (Ms) JP Serdyn (Ms)	
COUNCILLORS	F Adams DS Arends NM August HC Bergstedt (Ms) PW Biscombe A Crombie (Ms) JA Davids R du Toit (Ms) JSA Fourie AR Frazenburg E Groenewald DA Hendrickse JK Hendriks N Jindela MC Johnson DD Joubert	S Jooste (Ms) SJ Louw (Ms) N Mananga-Gugushe (Ms) C Manuel NE McOmbring (Ms) (from 15:40) XL Mdemka (Ms) C Moses (Ms) P Mntumni (Ms) (from 15:25) N Ntsunguzi (Ms) WC Petersen (Ms) PJ Retief LN Siwakamisa (Ms) (from 15:15) Q Smit LL Stander AT van der Walt

OFFICIALS	Acting Municipal Manager (R Bosman) Chief Financial Officer Director: Community and Protection Services Director: Human Settlements and Property Management Director: Planning and Economic Development Director: Strategic and Corporate Services Chief Audit Executive Senior Legal Advisor (Ms EA Rhoda (née Williams)) Senior Legal Advisor (M Williams) Manager: Property Management Manager: IDP and Performance Management Manager: Budget Office Head: Budgeting and Costing Head Committee Services (EJ Potts) Committee Clerk (Ms T Samuels) Interpreter
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1. APPLICATION FOR LEAVE OF ABSENCE (3/4/1/3)**41ST COUNCIL MEETING: 2016-03-30: ITEM 1****RESOLVED** (nem con)

- (a) that leave of absence be granted to Councillors JSA Fourie RS Nalumango (Ms); L Ronoti; P Sitshoti (Ms) and MM Wanana; and
- (b) that permission be granted to Councillors NE McOmbring (Ms) and LN Siwakamisa (Ms) to join the meeting later.

Absent:

Councillor MM Ngcofe

(-)

2.1 DECLARATION OF INTEREST (3/6/2/2)

NONE

2.2 PRESENTATION (8/1/4/2/6)

NONE

2.3 COMMUNICATIONS (3/4/1/6)**2.3.1 COMMUNICATION BY THE SPEAKER (3/4/1/6)**

- 2.3.1.1 The Speaker, Alderman CP Jooste congratulated all Councillors who celebrated and will celebrate their birthdays during the month of May and June.

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- 2.3.1.2 The Speaker reiterated that his Office receives numerous requests from Councillors regarding the use of municipal halls. He explained that the Policy makes provision for all Councillors to use the halls, but he urged Councillors to distinguish between the use of halls for party-political activities (for which political parties have to pay) and the use of the hall for ward activities. The user is also liable for any damages caused to the hired facility or to any municipal building while such facility is utilized by the user.

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2.3.2 COMMUNICATION BY THE EXECUTIVE MAYOR (3/4/1/6)

- 2.3.3 The communication of the Executive Mayor, Alderman CJ Sidego can be summarized as follows: -

May is celebrated as **Africa Month**, and today, 25 May 2016 is **Africa Day**. This day and this month present an opportunity for South Africans to reconnect and recommit themselves in support of all government interventions to develop a better Africa and a better world.

We must acknowledge the progress that we, as Africans, have made while we must also reflect upon the common challenges we face in the global environment.

In celebrating and commemorating both Africa month and Africa Day, it is difficult not to consider the popular perception that still exists today. Chimamanda Ngozi Adichie, the famous Nigerian novelist, wrote: "It is easy to romanticize poverty, to see poor people as inherently lacking agency and will. It is easy to strip them of human dignity, to reduce them to objects of pity. This has never been clearer than in the view of Africa from the American media, in which we are shown poverty and conflicts without any context".

Alhoewel hierdie 'n algemene beeld in baie dele van Afrika is, laat dit egter nie reg geskied aan die beeld van Afrika en ons as Afrikane nie. Ons het baie meer om te vier en om by te dra aan die beeld van Afrika. Die kontinent is die wieg van die mensdom, en die samesmelting en bymekaarkompunt van vele kulture.

Ons moet die beeld van Afrika na die buitewêreld verbeter, en verseker dat almal bewus is van die suksesse, prestasies, ons mense, tale, kulture en die waarde van ons kontinent aan die res van die wêreld.

South Africans are making valuable contributions to the world and Africa, but we must also be aware that our attitudes and behaviour do not spark xenophobia towards our African brothers and sisters. We are part of Africa, and we share in the African identity, and must ensure we add to the African identity from a South African perspective in a positive way and contribute to how the continent is viewed from the eyes of others. We must add to the conversation about us as Africans and share our stories and successes.

Apart from celebrating Africa month and Africa day, 18 May 2016 was also International Museum Day. The objective of International Museum day is to celebrate and raise awareness of the fact that museums are an important means of cultural exchange, enrichment of cultures and development of mutual understanding, cooperation and peace among peoples. This celebration also assists with the understanding and the telling of the true and authentic history of Africa.

ADDITIONAL COMMUNICATION

- The **opening of the additional court** took place on 13 May 2016 in Stellenbosch. This court will assist in addressing the backlog at the main magistrate courts of the region. The additional court also aims to ensure the extension of an affective justice system that competently will deliver services to the public. The court can also assist in the role to educate the community of the greater Stellenbosch about the judicial system, respect of legislation and the compliance thereof. It will also have an overall impact on the wellbeing of the people of the greater Stellenbosch.
- **Mayoral bursaries** have been awarded to 9 successful applicants. The fields of study range from Civil Engineering, Accounting to Management assistant, Public Administration and Social auxiliary worker.
- Stellenbosch municipality partnered with Aurecon in the adoption of the Bergzicht Market trees as part of the **Champion Tree Initiative** by the DAFF (Department of Agriculture, Forestry and Fisheries). The Bergzicht Market trees were planted in 1888 in front of the Heerenhuys, and in 1922 this house was acquired by the municipality and restored. This initiative is about protecting the important trees in South Africa and to ensure the future-proofing of flora for future generations.
- 66 former **EPWP beneficiaries** at the Stellenbosch municipality have been appointed as full-time staff members of the Fire and Rescue, law Enforcement and

Waste Water Treatment Departments of the Stellenbosch Municipality. A certificate ceremony was held on 13 May 2016 to celebrate this achievement.

- With the advent of the winter season, it is critical to inform Council and the residents of the greater Stellenbosch area of the **winter readiness** of the emergency services comprising of fire operations, fire prevention and disaster management. A detailed plan has already been submitted outlining roles and responsibilities, and there will be continuous liaison with Engineering services. Despite the preparedness, flooding might still occur and cannot be completely prevented as rainfall often exceeds the capacity of the storm water system.
- Reverend **Simon Adams** will celebrate his birthday on Sunday, 29 May 2016 as well as his 40th year in the ministry. On Sunday, 5 June 2016 he will celebrate 40 years of service to the Stellenbosch community.

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2.3.3 COMMUNICATION BY THE MUNICIPAL MANAGER (3/4/1/6)

2.3.3.1 The Acting Municipal Manager, Mr R Bosman, afforded the Director: Strategic and Corporate Services, Mr R Esau, who is a Municipal Electoral Officer the opportunity to convey the following communique received from the Independent Electoral Commission to Councillors:-

- the IEC wish to inform all that an electronic registration process will be allowed for the first time. Any person who intend to register as an independent candidate in the upcoming election is urged to contact the IEC Office urgently prior to the closing date of registration. The electronic registration process will be explained to those individuals. The manual registration is also available and could also be explained.

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3. CONFIRMATION OF THE MINUTES (3/4/1/5)

3.1 CONFIRMATION OF THE MINUTES OF THE 40TH MEETING OF THE COUNCIL OF STELLENBOSCH MUNICIPALITY HELD ON 2016-04-26 (3/4/1/5)

The minutes of the 40th meeting of the Council of Stellenbosch Municipality held on 2016-04-26 were previously distributed.

FOR CONFIRMATION

41ST COUNCIL MEETING: 2016-05-25: ITEM 3.1

RESOLVED (nem con)

that the minutes of the 40th meeting of the Council of Stellenbosch Municipality held on 2016-04-26, be confirmed.

(HEAD: COMMITTEE SERVICES TO ACTION)

4. INTERVIEWS WITH DEPUTATIONS (3/4/1/7)

NONE

5. STATUTORY BUSINESS (3/4/1/7)

NONE

6. REPORT/S BY THE MUNICIPAL MANAGER RE OUTSTANDING RESOLUTIONS TAKEN AT PREVIOUS MEETINGS OF COUNCIL (3/4/1/5)

The report by the Acting Municipal Manager re outstanding resolutions taken at previous meetings of Council is attached as **APPENDIX 1**.

FOR INFORMATION**41ST COUNCIL MEETING: 2016-05-25: ITEM 6**

It was further

RESOLVED (nem con)

- (a) that the report by the Acting Municipal Manager on outstanding resolutions, be noted; and
- (b) that the Acting Municipal Manager note the inputs by Councillors regarding the items as outlined below, and provide responses (where applicable) via email to all Councillors.

Issue raised by	Page	Response by
<p><u>Cllr: DA Hendrickse: Item 7.9: Emergency Housing Policy: [321657]</u></p> <p>A workshop was held that dealt with this issue. Why is the item still outstanding since 2011?</p>	Pg 6	Speaker requested MM to report back via email to all Councillors on outstanding resolutions
<p><u>Cllr: DA Hendrickse: Item: 8.7: Municipal Regulations on financial misconduct procedures and criminal proceedings</u></p> <p>The comments states that this will serve at the May 2016 Council meeting, but no items is on the said Agenda? 7 months has passed already since the item served on 2015-10-28?</p>	Pg 11	
<p><u>Cllr: DA Hendrickse: Item 9.4: Question by Cllr DA Hendrickse: Failure of the Administration to, for 4 years bring reports before Council in terms of Section 116(2)(d) of the MFMA</u></p> <p>Feedback still at 30%. If the advert for Contracts and Compliance was placed in December 2015, why does it take 6 months to fill the position?</p>	Pg 13	
<p><u>Cllr: DA Hendrickse: Item 9.14: Motion by Councillor R du Toit (Ms): Adjustment of SASSA beneficiaries and senior citizens' rent of municipal property</u></p> <p>No effect was given to this Motion when the tariffs served before Council.</p>	Pg 13	CFO responded that the item will serve at the June 2016 Council meeting for implementation.

<p><u>Cllr: DA Hendrickse: Item 10.1: Motion of Exigency: investigation why the Administration obtained a court order for the sale of execution of Erf 3291, 17 Luckhoff Street, Idasl Valley, Stellenbosch</u></p> <p>No effect was given to the Council resolution dated 2016-02-24 which states that the Administration should report back at the Council meeting in 2016-03-30. What is the outcome?</p> <p>Also outstanding is the report back on the re-advertisement for various Project Managers. What is the stance on this item, no report back was received?</p>	Pg 17	<p>The Acting MM responded as follows:</p> <ul style="list-style-type: none"> - various Project Managers were appointed, the process will be concluded soon and feedback in this regard will be submitted by 2016-06-15. - An item with regard to the appointment of the Director: Engineering Services, will serve on the Council [In-Committee] Agenda on 2016-05-25.
<p><u>Cllr: F Adams: Item 9.14: Motion by Councillor R du Toit (Ms): Adjustment of SASSA beneficiaries and senior citizens' rent of municipal property</u></p> <p>Raised his concern with regard to consistency when implementing this.</p>	Pg 13	CFO informed Council that item will serve at June meeting for implementation.
<p><u>Cllr: F Adams: Item 9.2: Motion by Councillor F Adams: Debate that focus on racism, discrimination and xenophobia within the greater Stellenbosch</u></p> <p>No timeframe was given on when this workshop will take place. Need clarity on whether or not this workshop will take place during the current Councillor's period?</p>	Pg 19	
<p><u>Cllr: DD Joubert: Item Vliegvelde item 8.5: Application to extend the term of lease agreement between the Municipality and Stellenbosch Vliegvelde Maatskappy</u></p> <p>This decision was rescinded by Council at the meeting of 2016-04-26.</p>	Pg 7	The Speaker RULED that clarity be given with regard to this matter at the June 2016 Council meeting.

(MUNICIPAL MANAGER TO ACTION)

7. CONSIDERATION OF REPORTS, COMMUNICATIONS, PETITIONS AND APPLICATIONS SUBMITTED BY THE MUNICIPAL MANAGER(8/1/3/2/7)

7.1 2016/17 INTEGRATED DEVELOPMENT PLAN, FOURTH REVIEW OF THE 3RD GENERATION IDP (2012/17) AS PRESCRIBED BY SECTION 34 OF THE MUNICIPAL SYSTEMS ACT, 32 OF 2000

File number : 9/1/2/1

Compiled by : IDP & PM Manager

Report by : Municipal Manager

Delegated Authority : Council

Strategic intent of item

Preferred investment destination

Greenest municipality

Safest valley

Dignified Living

Good Governance

1. PURPOSE OF REPORT

To submit the following to Council for consideration:

- (a) the public participation inputs and written submissions on the Draft 2016/17 (Revised) IDP attached as **APPENDIX 1 (under separate cover)**; and
- (b) the 2016/17 Integrated Development Plan (IDP), Revision 4, attached as **APPENDIX 2 (under separate cover)**.

2. BACKGROUND

The Council of Stellenbosch Municipality adopted the 3rd Generation Integrated Development Plan for 2012/17 on 31 May 2012. The Draft 2016/17 (Revised) Integrated Development Plan (IDP) is the fourth revision of this five-year plan and is attached as **APPENDIX 2 (under separate cover)**.

At the Council Meeting dated 2016-03-30 [ITEM 8.1] the Stellenbosch Council resolved (by a majority vote) inter alia:

“that the Draft 2016/17 Integrated Development Plan (IDP), Revision 4, be approved as a draft, whereafter a further consultation and refinement process will follow”.

Section 34 of the Local Government: Municipal Systems Act, No 32 of 2000, prescribe amongst others, the following:

“Annual review and amendment of integrated development plan

A municipal council-

- (a) must review its integrated development plan-
 - (i) annually in accordance with an assessment of its performance measurements in terms of Section 41; and
 - (ii) to the extent that changing circumstances so demand; and
- (b) may amend its integrated development plan in accordance with a prescribed process.”.

Section 16 (1) (a) (i) provides that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance and must for this purpose:-

“Encourage and create the conditions for the local community to participate in the affairs of the municipality in terms of inclusion in the preparation, implementation and review of its IDP in terms of Chapter 5 of the Municipal Systems Act of 2000”.

3. DISCUSSION

A process plan was approved by Council in August 2015 for the compilation of the draft Third Generation IDP (Revision 4). The following processes were followed in the revised IDP:

DATE	ACTION(S)
September 2015	<ul style="list-style-type: none"> • Various meetings (needs analysis) were held in all 22 wards to determine a baseline for all needs. • Mayco agreement was obtained to engage with citizens and interest groups through ward committee meetings and a sector engagement on issues and needs to be addressed in the third Generation IDP. • Citizens were also allowed to identify their key priorities within their respective areas.
October/November 2015	<ul style="list-style-type: none"> • Mayco and top management engagements were held on the broad focus of the IDP. Engagements focused on establishing a shared understanding, and agreement on the purpose, focus and public participation process to be followed in revising the third Generation IDP. • Cluster meetings were held in all 22 wards, focusing on the feedback and prioritization of Needs.

DATE	ACTION(S)
November / December 2015	<ul style="list-style-type: none"> • Extensive administrative engagements were held to obtain inputs and refine goals, focus areas, and objectives. Each Directorate conduct strategic workshops in preparation of IDP/Budget revision and SDBIP inputs. • IDP Prioritization exercise was conducted with the Mayoral Committee, Municipal Manager, Directors, Managers and external stakeholders at a strategic session held at Vredenheim. • Performance Analysis; Financial Analysis; and Organizational (Gap) Analysis were conducted. • The various ward plans were updated during November.
January /early February 2016	<ul style="list-style-type: none"> • Mayco and top management confirmed goals and focus areas and provided direction on predetermined objectives. Several strategic planning sessions were held in each Directorate • Provincial IDP Indaba was held to agree on intergovernmental agreements to support municipal IDP.
March 2016	<ul style="list-style-type: none"> • Mayco and Council considered the draft IDP and Budget.
April 2016	<ul style="list-style-type: none"> • Public consultation on the draft IDP and Budget in the form of 9 Cluster meetings

The following actions will contribute to the finalisation of the 2016/2017 IDP (Revision 4).

DATE	ACTION(S)
May 2016	<ul style="list-style-type: none"> • Submission of final IDP to MAYCO and Council for adoption. • Budget Steering Committee to consider Public Participation Input and budgetary amendments
June 2016	<ul style="list-style-type: none"> • Submit final IDP to Provincial Government • Approval of SDBIP by the Executive Mayor within 28 days after adoption of the IDP and Budget

After approval of the Draft 2016/17 (Revised) Integrated Development Plan (IDP) by Mayco and Council, the draft IDP was published for public comment and submissions. Public meetings (IDP/Budget Cluster meetings) were held and written submissions were received by the due date of 30 April 2016 as advertised. All the Directorates were also involved and have been consulted in finalising the 2016/17 (4th Revision) Integrated Development Plan (IDP). A summary and minutes of the public comments made during public meetings and written submissions are attached as **APPENDIX 1 (under separate cover)**.

After the adoption of the 2016/17 (4th Revision) Integrated Development Plan (IDP) by Council, the IDP will be published in relevant media for public notification.

4. COMMENTS BY RELEVANT DEPARTMENTS

All relevant legislation has been complied with during the review, and all relevant comment has been collated for consideration by Council. Departments have been involved and have been consulted in the finalising of the 2016/17 Integrated Development Plan (IDP), Revision 4.

RECOMMENDED

- (a) that the public participation inputs and written submissions on the draft 2016/17 (Revised) IDP with comments by Directorates attached as **APPENDIX 1**, be noted; and
- (b) that the Stellenbosch Municipality's 2016/17 (Revised) Integrated Development Plan (IDP) following the annual review in terms of Section 34 of Local Government: Municipal Systems Act, 32 of 2000 as set out in **APPENDIX 2** be adopted; and
- (c) that an advertisement be placed on the official website of the Municipality, municipal notice boards and in the local newspapers notifying the public that the Stellenbosch Municipal Council has adopted its 2016/17 (Revised) IDP.

**(DIRECTOR: STRATEGIC AND
CORPORATE SERVICES TO ACTION)**

41ST COUNCIL MEETING: 2016-05-25: ITEM 7.1**RESOLVED** (majority vote)

- (a) that the public participation inputs and written submissions on the draft 2016/17 (Revised) IDP with comments by Directorates attached as **APPENDIX 1**, be noted; and
- (b) that the Stellenbosch Municipality's 2016/17 (Revised) Integrated Development Plan (IDP) following the annual review in terms of Section 34 of Local Government: Municipal Systems Act, 32 of 2000 as set out in **APPENDIX 2** be adopted; and
- (c) that an advertisement be placed on the official website of the Municipality, municipal notice boards and in the local newspapers notifying the public that the Stellenbosch Municipal Council has adopted its 2016/17 (Revised) IDP.

The following Councillors requested that their votes of dissent be minuted:

Councillors JA Davids; DA Hendrickse S Jooste (Ms); C Moses (Ms); N Mananga-Gugushe (Ms); P Mntumni (Ms); N Ntsunguzi (Ms); LN Siwakamisa and AT van der Walt.

**(DIRECTOR: STRATEGIC AND
CORPORATE SERVICES TO ACTION)**

7.2 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FOR THE FINANCIAL PERIODS 2016/2017 – 2018/2019

File number : 5/1/1/2015/2016
Compiled by : Chief Financial Officer
Report by : Municipal Manager
Delegated Authority : Council

Strategic intent of item

<i>Preferred Investment Destination</i>	<input checked="" type="checkbox"/>
<i>Greenest Municipality</i>	<input checked="" type="checkbox"/>
<i>Safest Valley</i>	<input checked="" type="checkbox"/>
<i>Dignified Living</i>	<input checked="" type="checkbox"/>
<i>Good Governance</i>	<input checked="" type="checkbox"/>

1. PURPOSE OF THE REPORT

The purpose of this report is three fold:-

- a) To consider the views/submissions of the local community in terms of Section 23(1)(a) of the Municipal Finance Management Act (Act 56 of 2003), herein after called the MFMA and to allow the Executive Mayor to respond to the views of the public as envisaged in terms of Section 23 (2) (a) and (b).
- b) To approve the Medium Term Revenue and Expenditure Framework for 2016-2019, the prescribed appendices, property tax increases, tariffs and tariff structures and revisions to the Budget and related Policies (where appropriate) in terms of Section 17 (1) – (3) of the MFMA (Act 56 of 2003); and
- c) that Council specifically note and consider the need to take up an external loans, needed for investment in income generating infrastructure to the tune of R270 million over the next 3 years of which R161 million will be required in year 1, R 36 million in year 2 and R73 million in year 3 (refer to Section G: High Level Budget Overview and Table A1 Budget Summary) and confirms approval of same in order for the Chief Financial Officer to attend to the necessary legislative requirements.

2. BACKGROUND

Section 23 of the MFMA (Act No 56 of 2003) prescribes to municipalities the process to be followed when the Annual Budget is tabled for approval, which is as follow:

- (1) *“The municipal council must consider any views of the local community, the National Treasury, the relevant Provincial*

Treasury and any provincial or national organs of state or municipalities which made submissions on the budget.

- (2) *After considering all budget submissions, the council must give the mayor an opportunity—*
- (a) *to respond to the submissions; and*
 - (b) *if necessary, to revise the budget and table amendments for consideration by the council.*

Appendix 1 to the Council Item for the Integrated Development Plan includes the input and comments received during the IDP and Budget Public Participation process.

3. DISCUSSION

The 2015 Medium Term Budget Policy Statement by the Minister of Finance highlighted the reduction in South Africa's growth rate and weakening economy, which will likely persist for the next few years.

The deteriorating state of the economy has an adverse and ripple effect on the public sector at large.

The growth rate projection was revised from 2.4% in 2016 to 1.7%. Electricity supply constraints, falling commodity prices and lower confidence levels have resulted in our growth forecasts being revised lower. Government proposed the following measures to be carried out in local government, among others:

- Prioritizing the roll-out of basic services to historically disadvantaged areas;
- Eradication of infrastructure backlogs;
- Institutional capacity-building; and
- Reviewing of municipal infrastructure funding arrangements, with a view to promote better management and maintenance of assets.

Key priorities outlined in the Medium Term Budget Policy Statement directly align to the National Development Plan, which is the cornerstone for South Africa's economic development.

- **Infrastructure development** plays a pivotal role in improving the economy. Municipalities are encouraged to invest in upgrading of municipal roads, building waste water treatment works, installation of electricity networks, upgrading of sewer systems, building water reservoirs, etc. With the population growth that Stellenbosch municipality has, especially in informal settlements, infrastructure needs to be upgraded to meet the demands of the communities. This also has a linkage in reduction of unemployment. Similar to 2015/16 financial year, the municipality's capital budget is relatively high.

One of the biggest challenges South Africa is confronted with is lack of job creation, which remains a national and provincial priority. With the low economic growth, it is a challenge for jobs to be created as the two have a direct relationship. Thus, it is paramount for municipalities to continue to undertake joint planning with their communities and respective business sectors that drive the local economy. As a means to combat unemployment, the municipality would employ the following measures:

- ✓ Full participation in the Expanded Public Works Programme;
- ✓ Providing support to small businesses, which will create employment in the medium to long term;
- ✓ Filling of vacancies within the municipality; and
- ✓ Developing partnerships with academic institutions for training opportunities.
- ✓ Implementation of new Preferential Procurement Policy
- A revised **capacity building initiative, aligned to Back to Basics** strategy, where the main focus will be on improving service delivery, accountability and financial management. It is always important that local government be effective and efficient, and this will be measured by its ability to perform the basic mandate of service delivery. The “Back to Basics” programme was launched to promote good governance and effective administration through cutting wastage, spending public funds prudently, hiring competent staff, and ensuring transparency and accountability in local government.

During the 2016 Budget Speech, the Minister highlighted government’s initiatives in an effort to support growth and development, as follows:

- Building on the success of Renewable Energy initiatives;
- Measures to strengthen tourism, agriculture and agro-processing;
- Investment in transport and communication; and
- Creation of opportunities in participation of developers and other partners in housing, infrastructure and commercial development.

Again curtailing the non-core expenditure was emphasized. In order to maintain a funded budget, municipalities need not only focus on tariff increases, but also need to eliminate expenditure that is unnecessary. Additional to the cost containment measures introduced by National Treasury, the following would also be implemented:

- Restrictions on filling managerial and administrative vacancies, subject to review of human resource plans and elimination of unnecessary positions;

-
- Reduced transfers for operating budgets of public entities;
 - Capital budgeting reforms to align plans with budget allocations while strengthening maintenance procedures;
 - Mandatory use of the new e-tender portal, thereby enforcing procurement transparency and accessible reference prices for a wide range of goods and services;
 - A national travel and accommodation policy and instructions on conference costs;
 - New guidelines to limit the value of vehicle purchases for political office-bearers;
 - Renegotiation of government leasing contracts; and
 - New centrally negotiated contracts for banking services, ICT infrastructure and services, health technology, school building and learner support materials.

The emphasis of the National Budget is placed on ensuring that expenditure is allocated in an efficient manner, that management is enhanced and that cutting of waste occur. The 2016 Budget allocates resources to core social and economic priorities while containing aggregate expenditure growth. Spending plans give effect to priorities of the National Development Plan and the Medium Term Strategic Framework.

The weaker outlook is as a result of lower commodity prices, higher borrowing costs, drought and diminished business and consumer confidence. Constrained electricity supply continues to limit growth and deter fixed investment. Exchange rate depreciation is contributing to a higher inflation outlook during 2016.

These factors are expected to ease over the medium term. An upturn in global trade and investment, improved policy certainty, recovering consumer and business confidence, and greater availability and reliability of electricity in the outer years should support stronger growth.

Job creation remains one of the most pressing concerns for the economy. Headline employment grew by 3.7 per cent in the first three quarters of 2015. According to Statistics South Africa, 19 000 jobs were created in the formal sector and 273 000 in the informal sector in the first three quarters of 2015. The unemployment rate stood at 25.5 per cent in the third quarter of 2015, with the number of South Africans categorised as long-term unemployed 5.7 per cent higher than in 2014.

Higher inflation and weaker employment growth will impact on the ability of all municipalities to generate and collect revenue on services, to keep expenditures within budgeted allocations, and to borrow to fund capital expenditure programmes at affordable rates. Therefore it is critical for municipalities to review how they conduct their business to ensure value for money is obtained in all their

expenditures, that revenue administration systems are operating effectively, that borrowing programmes are realistic, and that creditors (including bulk service providers) continue to be paid timeously and in full.

Fiscal constraints mean that transfers to municipalities will grow more slowly in the period ahead than they have in the past. This in effect means local government must re-direct their focus on core service delivery functions and reduce costs without adversely affecting basic services.

The application of sound financial management principles for the compilation of the Stellenbosch's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning, through the Integrated Development Plan, and the budget process. Funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items.

The municipality has embarked on developing a revenue enhancement strategy to optimize revenue, including the collection of debt owed by consumers.

Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- Increased demand on infrastructure capacity
- The on-going difficulties in the national and local economy;
- Aging infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity, which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Reductions in allocations of National and Provincial grants due to a worsening fiscal outlook; and

- Limited resources to deal with all key priorities.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- Integrated Development Plan was used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be as affordable as possible and should ideally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. However, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- National, provincial and local priorities;
- Headline inflation forecasts; and
- Funding choices and modeling.

The total budget quantum for the 2016/2017 year is R1 843 930 815, of which R1 380 139 102 (75%), is allocated to the operating budget and R463 791 713 (25%) to capital investment.

Budget documentation in line with the budget and reporting regulations is attached as **APPENDIX 1 – PART 1**. The report serves as an overview of the budget as a whole, budget assumptions used to compile the budget, funding sources used to fund the capital budget, different income categories to fund priorities of the municipalities, as well as the different expenditure items, including non-cash items.

FINAL CAPITAL BUDGET 2016/2017 – 2018/2019

The final capital budget is infrastructure orientated and addresses the backlog and urgent need to upgrade/refurbish Council's infrastructure as addressed by the different master plans. It is directed by the IDP (Integrated Development Plan) and the needs of the community. It's also aligned to the strategic priority in the State of the Nation Address of Infrastructure investment and the "back to basics" approach. Council's attention is however drawn to the fact that not all needs identified by the community can realistically be funded by the municipality.

The main capital projects that the municipality will be investing in, which constitute more than 70% of the capital budget, include:

- Extension of waste water treatment works in Stellenbosch and Klapmuts;
- New Plankenburg Main Outfall Sewer
- Taking over electricity network in Pniel area from Drakenstein Municipality
- Bulk Sewer Outfall: Jamestown

- Upgrade Stormwater
- Upgrade Of Sport Facilities
- Major Drop-Offs : Construction – Franschhoek
- Upgrade Bulk Water Supply Pipeline & Reservoir – Jamestown
- Gravel Roads- Jamestown
- Bulk Water Supply Pipe Reservoir: Johannesdal / Kylemore / Pniel
- Idas Valley (440) IRDP / FLISP (Housing Project)
- Kayamandi: Watergang/Zone O (Housing Project)
- New Community Hall Klipmuts
- Upgrade and Expansion of IT Infrastructure Platforms
- Energy Efficiency And Demand Side Management (Electrical)
- Integrated National Electrification Programme (Electrification of subsidy housing projects and informal settlements)

The detailed final capital budgets for 2016/2017, 2017/2018 and 2018/2019 are attached as **APPENDIX 1**.

EXTERNAL LOAN FOR 2015/2016

After considering the municipality's cash position as at 31 March 2016 and also taking into account the lower capital spending it would be in council's best interest not to take up the external loan of R50 million for the 2015/2016 financial year.

The external loan of R50 million would have been used to fund the Extension of the Stellenbosch Water Treatment Works, however the municipality have sufficient own reserves to fund the project.

FINAL OPERATING BUDGET 2016/2017 – 2018/2019

The basis of the operating budget is aligned to the principle of total potential income (less income forgone as an expense where applicable) from all our services as well as a projection of total direct income. The extent, to which tariffs and levies are proposed to increase, is in the main influenced by:

- The increase in bulk purchases (water and electricity)
- Employee related costs, as per SALGBC wage agreement
- Councillor remuneration, as per SALGA upper limits
- Service delivery challenges
- Repairs and maintenance
- Operational projects impacting job creation and economic development
- Contractual commitments
- Day to day operational costs (fuel & oil, telephones, bank costs, etc)

- Finance costs, influenced by level of borrowing

Taking all of these issues into consideration and to ensure the sustainability of our operations from realistically anticipated income flows, the following tariff and property tax increases are proposed for 2016/2017:

Electricity	7.64%
Sanitation	8.00%
Refuse removal	6.20%
Water	7.00%
Rates	6.00%

The impact of the proposed tariff increases on the monthly services account for the various consumer categories is summarized in **APPENDIX 2**.

HIGH LEVEL CAPITAL AND OPERATING BUDGET FOR 2016/2017 – 2018/2019

The final high level budget depicting the total budget is attached as **APPENDIX 1 – PART 1 – SECTION C**.

TARIFFS

Council's attention is further drawn to the fact that the Tariff List attached as **APPENDIX 3** includes Sundry Tariffs as a basket of services and charges, i.e. Land Use Management Fees, Development contributions, Technical Charges, etc. In this regard, the proposed tariff list must be consulted for the detail.

BUDGET RELATED POLICIES & BY-LAWS

The following budget related policies were developed:

Inventory Management Policy (**Appendix 4**)
Preferential Procurement Policy (**Appendix 5**)

The following budget related policies were revised:

Property Rates Policy (**Appendix 6**)
Supply Chain Management Policy (**Appendix 7**)
Travel and Subsistence Policy (**Appendix 8**)
Indigent Policy (**Appendix 9**)
Credit Control and Debt Collection Policy (**Appendix 10**)
Irrecoverable Debt Policy (**Appendix 11**)
Accounting Policy (**Appendix 12**)
Cash Management and Investment Policy (**Appendix 13**)
Tariff Policy (**Appendix 14**)
Grants-In-Aid Policy (**Appendix 15**)

Virementation Policy (**Appendix 16**)

Budget Implementation and Monitoring Policy (**Appendix 17**)

Petty Cash Policy (**Appendix 18**)

Performance Management Policy (**Appendix 19**)

Development Charges Policy (**Appendix 20**)

Special Ratings Area Policy (**Appendix 21**)

Summary of changes since the draft budget are as follows:

Policy	Nature of Change
Travel & Subsistence	<p>Travel costs re-imbursments have been changed from different rates per vehicle category to a fixed rate across all vehicles.</p> <p>The Accounting Officer has to approve if 4 delegates or more need to attend conferences or meetings.</p> <p>Inclusion of consideration of cost effectiveness between shuttle and car hire when employees travel.</p> <p>Inclusion of consideration of accommodation where the National Treasury has negotiated discounts for rates as per MFMA circular 82.</p> <p>Overnight accommodation will now be limited to instances where the distance travelled by road exceeds 300 kms (return journey)</p>
Special Ratings Area	The broad structural arrangements will to be considered by the municipality.
Indigent	Discounted non trading services refer to burials from Monday to Saturday, no longer from Monday to Friday.
Property Rates	Replacement of sentence under agricultural use "These properties will however not qualify for any relief measures." With "These properties will however not qualify for any rebates or reductions."
Irrecoverable Debt Policy	<p>Delegation for the write-off of interest was changed as follows:</p> <p>The writing-off of any interest (or part thereof) component of debt when non-interest portion is settled in full:</p> <p>(i) Above one hundred thousand rand (R100 000) will be effected after Council approval.</p> <p>(ii) Amounting to one hundred thousand rand (R100 000) and below may be effected after motivation to and approval by the Chief Financial Officer (CFO).</p>
Supply Chain Management Policy	<p>Inclusion of the following cost containment measures in line with MFMA Circular 82:</p> <ul style="list-style-type: none"> - Consultants; - Catering; - Events Planning; - Conferences and; - Office Furnishing.

Unchanged Policies and By-Laws

Tariff By-law (**Appendix 22**)

Property Rates By-law (**Appendix 23**)

Special Ratings By-law (**Appendix 24**)

Borrowing, Funds and Reserves Policy (**Appendix 25**)

Financing of External Bodies performing municipal functions Policy (**Appendix 26**)

Liquidity Policy (**Appendix 27**)

Asset Management Policy (**Appendix 28**)

THE FOLLOWING MFMA CIRCULARS WERE USED AS A GUIDELINE WHEN PREPARING THE BUDGET (MTREF):

MFMA Circular No. 78 Municipal Budget Circular for 2016/2017 (**Appendix 29**)

MFMA Circular No.79 Municipal Budget Circular for 2016/2017 (**Appendix 30**)

MFMA Circular No.82 Cost Containment Measures (**Appendix 31**)

OTHER SUPPORTING DOCUMENTATION

The additional information as prescribed by the budget and reporting regulations are attached as **APPENDIX 1 – PART 2 – SECTION P**.

4. LEGAL IMPLICATION

None solicited/not required.

5. FINANCIAL IMPLICATION

Financial impact already discussed above.

6. COMMENTS FROM OTHER RELEVANT DEPARTMENTS

Relevant input is already incorporated into budget document.

WESTERN CAPE GOVERNMENT ASSESSED THE DRAFT BUDGET AND CONCLUDED THAT THE BUDGET IS CREDIBLE AND SUSTAINABLE**RECOMMENDED**

- (a) that the High Level Budget Summary, as set out in **APPENDIX 1 – PART 1 – SECTION C**; be approved;

-
- (b) that the Annual Budget Tables as prescribed by the Budgeting and Reporting Regulations, as set out in **APPENDIX 1 – PART 1 – SECTION D**, be approved;
 - (c) that the Grants-In-Aid allocations as set out in **APPENDIX 1 – PART 2 – SECTION J**, be approved;
 - (d) that the three year Capital Budget for 2015/2016, 2016/2017 and 2016/2017, as set out in **APPENDIX 1 – PART 2 – SECTION N**, be approved;
 - (e) that the proposed rates on properties in WCO24, tariffs, tariff structures and service charges for water, electricity, refuse, sewerage and other municipal services, as set out in **APPENDIX 3**, be approved;
 - (f) that the proposed newly developed budget related policies as set out in **APPENDICES 4–5**, be approved;
 - (g) that the proposed amendments to existing budget related policies and other policies as set out in **APPENDICES 6 - 28**, be approved;
 - (h) that Council specifically note and consider the need to take up an external loan, needed for investment in income generating infrastructure to the tune of R270 million of which R161 million will be required in year 1, R 36 million in year 2 and R73 million in year 3 (refer to Section G: High Level Budget Overview and Table A1 Budget Summary) and confirms approval of same in order for the Chief Financial Officer to attend to the necessary legislative requirements; and
 - (i) that Council takes note that the external loan of R50 million will not taken up in the current financial year because of the municipal cash position;
 - (j) that Council specifically take note of the fact that the proposed electricity charges and tariff structure is subject to NERSA approval that could change materially.
 - (k) that Council takes note of MFMA circular 78 and 79 that was published to guide the MTREF for 2016/2017 to 2018/2019 as set out in **APPENDICES 29 - 30**; and
 - (l) that Council takes note of MFMA circular 82 published to guide municipalities in reducing costs as set out in **APPENDIX 31**.

(CHIEF FINANCIAL OFFICER TO ACTION)

41ST COUNCIL MEETING: 2016-05-25: ITEM 7.2

The Budget speech by the Executive Mayor is attached as **APPENDIX A**.

The Speaker allowed Councillor N Jindela to present a high level overview of the Budget (presentation is hereby attached as **APPENDIX B**).

After having considered the views and input by the public, it was

RESOLVED (majority vote)

- (i) that the tariffs for the sport fields on page 19 of Appendix 3 be removed.

Emanating from the Standing Committee and Mayoral Committee meetings for May 2016, it was agreed that the lease agreements will be submitted before the two committees and Council with full detail of the cost implications to the various sport facility categories. The different sport field categories with its cost implications will be advertised for public comment after which Council will fully endorse such agreements; and

- (ii) that Paragraph 4.35.12 of the Supply Chain Management Policy (Appendix 7) which reads as follows:

“Accounting Officers must appoint consultants on a time and cost basis with specific start and end dates”

be removed from the Policy.

It was further

RESOLVED (majority vote)

- (a) that the High Level Budget Summary, as set out in **APPENDIX 1 – PART 1 – SECTION C**; be approved;
- (b) that the Annual Budget Tables as prescribed by the Budgeting and Reporting Regulations, as set out in **APPENDIX 1 – PART 1 – SECTION D**, be approved;
- (c) that the Grants-In-Aid allocations as set out in **APPENDIX 1 – PART 2 – SECTION J**, be approved;
- (d) that the three year Capital Budget for 2015/2016, 2016/2017 and 2016/2017, as set out in **APPENDIX 1 – PART 2 – SECTION N**, be approved;
- (e) that the proposed rates on properties in WCO24, tariffs, tariff structures and service charges for water, electricity, refuse, sewerage and other municipal services, as set out in **APPENDIX 3**, be approved;
- (f) that the proposed newly developed budget related policies as set out in **APPENDICES 4–5**, be approved;
- (g) that the proposed amendments to existing budget related policies and other policies as set out in **APPENDICES 6 - 28**, be approved subject thereto that Chapter 5 of the Supply Chain Management Policy (**APPENDIX 7**) not be deleted but remain the same as the 2015/2016 financial year;
- (h) that Council specifically note and consider the need to take up an external loan, needed for investment in income generating infrastructure to the tune of R270 million of which R161 million will be required in year 1, R 36 million in year 2 and R73 million in year 3 (refer to Section G: High Level

Budget Overview and Table A1 Budget Summary) and confirms approval of same in order for the Chief Financial Officer to attend to the necessary legislative requirements; and

- (i) that Council takes note that the external loan of R50 million will not taken up in the current financial year because of the municipal cash position;
- (j) that Council specifically take note of the fact that the proposed electricity charges and tariff structure is subject to NERSA approval that could change materially.
- (k) that Council takes note of MFMA circular 78 and 79 that was published to guide the MTREF for 2016/2017 to 2018/2019 as set out in **APPENDICES 29 - 30**; and
- (l) that Council takes note of MFMA circular 82 published to guide municipalities in reducing costs as set out in **APPENDIX 31**.

The following Councillors requested that their votes of dissent be minuted:

Councillors JA Davids; DA Hendrickse S Jooste (Ms); N Mananga-Gugushe (Ms); C Moses (Ms); P Mntumni (Ms); N Ntsunguzi (Ms); LN Siwakamisa and AT van der Walt.

(CHIEF FINANCIAL OFFICER TO ACTION)

ITEM 7.2

APPENDIX A

EXECUTIVE MAYOR'S BUDGET SPEECH

**41ST COUNCIL MEETING:
2016-05-25**

MAYORAL COMMUNICATIONS: BUDGET REVIEW

Today this Council must also approve the budget for the financial year 2016 / 17. The draft budget was available for public insight and inputs and comments, and we must thank every person and institution or organisation that submitted comments and inputs to be considered.

All 9 cluster meetings of the IDP cycle in the different wards of the greater Stellenbosch also provided valuable feedback. Here the community was given time to ask questions and the administration could respond to their concerns.

Apart from giving consideration and feedback here today on the public inputs and comments, the LG MTEC assessment report for Stellenbosch for 2016 will be considered as part of the feedback.

Thank you to **Cllr Ester Groenewald**, who submitted submissions on behalf of her ward committee. The submissions will be noted and your proposals will be included to ensure levels of clarity. Some very good proposals related to tariffs were submitted by **Cllr Franklin Adams** and most of these were accommodated in the budget. One of these that will have a major impact is the concession of burial fees that must be applicable Monday to Saturday. **Cllrs Louw and Frazenburg** also submitted input related to the Irrecoverable Debt Policy. Based on their input the policy will be amended to the writing off of any interest (or part thereof) so that Council must approve amounts above R100 00 while amounts below R100 000 may be effected after motivation to and approval by the CFO when the non-interest portion of the debt is paid..

A very good submission was received by **Ms Lauren King** regarding the quality of public open spaces, and especially regarding the design and strategic location in Ida's Valley. It is noted that the Directorate: Community and Protection Services will use this submission as a concept model to be implemented in different areas in WC024.

Regarding the development of Jonkershoek, there is provision in the budget for the appointment of a project manager to address the issues of this settlement. The municipality will have to facilitate the process where provincial and national departments are the custodians of land.

The municipality also received inputs and comments by way of the public participation process followed in April 2016 at the 9 cluster meetings in the different wards of WC024. The concerns and issues raised can be summarised as follows:

Basic Service Delivery issues

- **Cleanliness** in several areas was a very high priority and the Municipality plans to improve waste management
- **Sport facilities** were raised at the different Cluster Meetings.
- Most of the basic service delivery issues in terms of **infrastructure maintenance** will be addressed through the operational budget provided.
- **upgrading of roads**
- **Traffic congestion:**
- **Rivers:** Several issues were raised in terms of cleanliness in and around rivers. The River Collaborative recently launched is a good example of such initiatives.

Multi-purpose Centres

- Several community needs centred on the need for access to multi-purpose venues to accommodate different activities.

Community Development

- Several social issues were raised which requires multi-stakeholder partnerships.

Unemployment and Job creation

- To address this problem effectively the Municipality has to rely on a partnership approach with the public and private sectors.

Safety

- Safety was raised as a very high priority in all Wards of WCO024. Budget provision for Law Enforcement will enable administration to deal with some of the issues.
- The fact that crime is such a complex issue with several dimensions, partnerships with SAPS, Neighbourhood watches, Community Policy Forums, DOCS and other public, private and community sector entities are critical to address the problems effectively. The Stellenbosch Safety Initiative (SSI) plays a crucial role in the promotion of partnership establishments.

Housing development

- **The need for housing** far exceeds the capacity of the National Human Settlement department to provide in the much needed shelter for the homeless. Housing development in the municipal area is done in line with the housing pipeline finalised in partnership with the National and Provincial departments of Human Settlements. Only projects included in the housing pipeline can be included in the budget.
- **Land for housing** will be provided for in terms of the Spatial Development Framework and the Urban Development Strategy.
- **Hostel upgrading and maintenance:** The Municipality will do a detailed assessment of the conditions of the hostels for upgrading purposes. This assessment will determine viable options and will allow for appropriate costing and implementation.

Issues in rural areas

- The Cape Winelands District Municipality has agreed to the establishment of a Service level agreement for the provision of basic services for rural dwellings in our Municipal Area.

The **LG MTEC** (Local Government Medium Term Expenditure Committee) report highlights the immense growth experienced by Stellenbosch over the recent years. Aligned with this observation, the report also outlines the fact that major projects and allocations have been made for infrastructure projects. The report also deemed the Stellenbosch budget as credible and sustainable.

Having considered all the inputs and comments, I urge every councillor to support this budget today in order to improve the lives of all residents the greater Stellenbosch area.

ITEM 7.2

APPENDIX B

PRESENTATION BY
COUNCILLOR N JINDELA

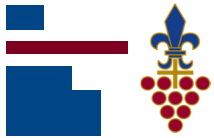
41ST COUNCIL MEETING:
2016-05-25



STELLENBOSCH
STELLENBOSCH • PNIEL • FRANSCHHOEK
MUNISIPALITEIT • UMASIPALA • MUNICIPALITY



BUDGET 2016/2017

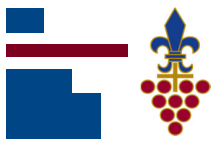


The municipal budget will be
R1 844 Mil consisting of:

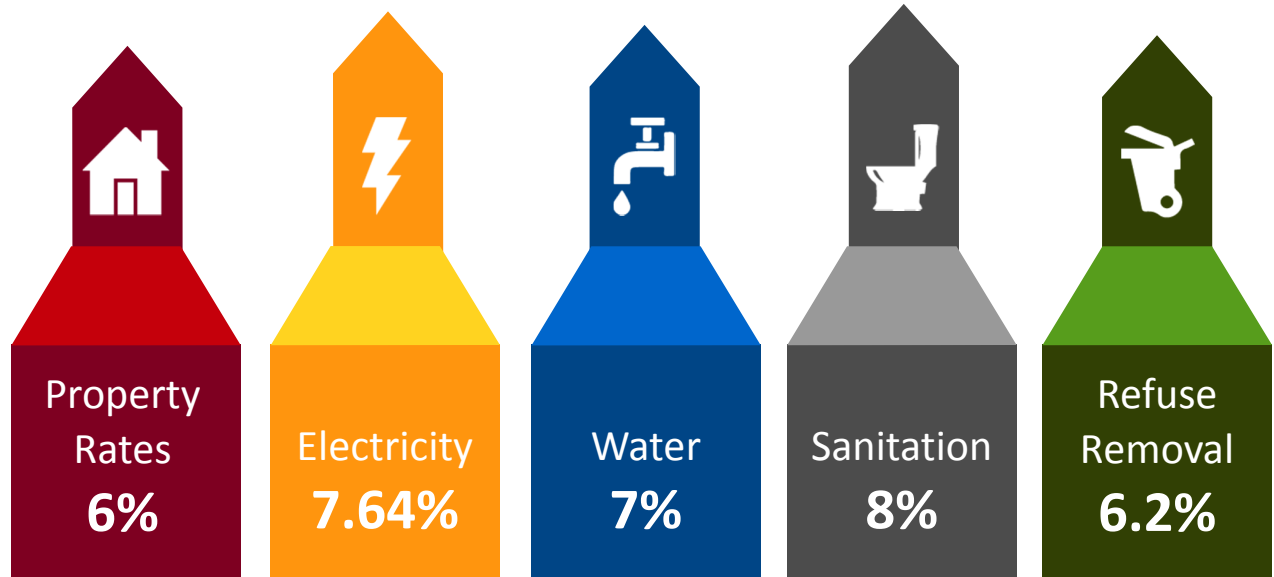
R464 Mil
capital



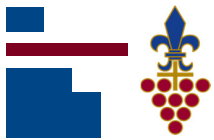
R1 380 Mil
running expenses



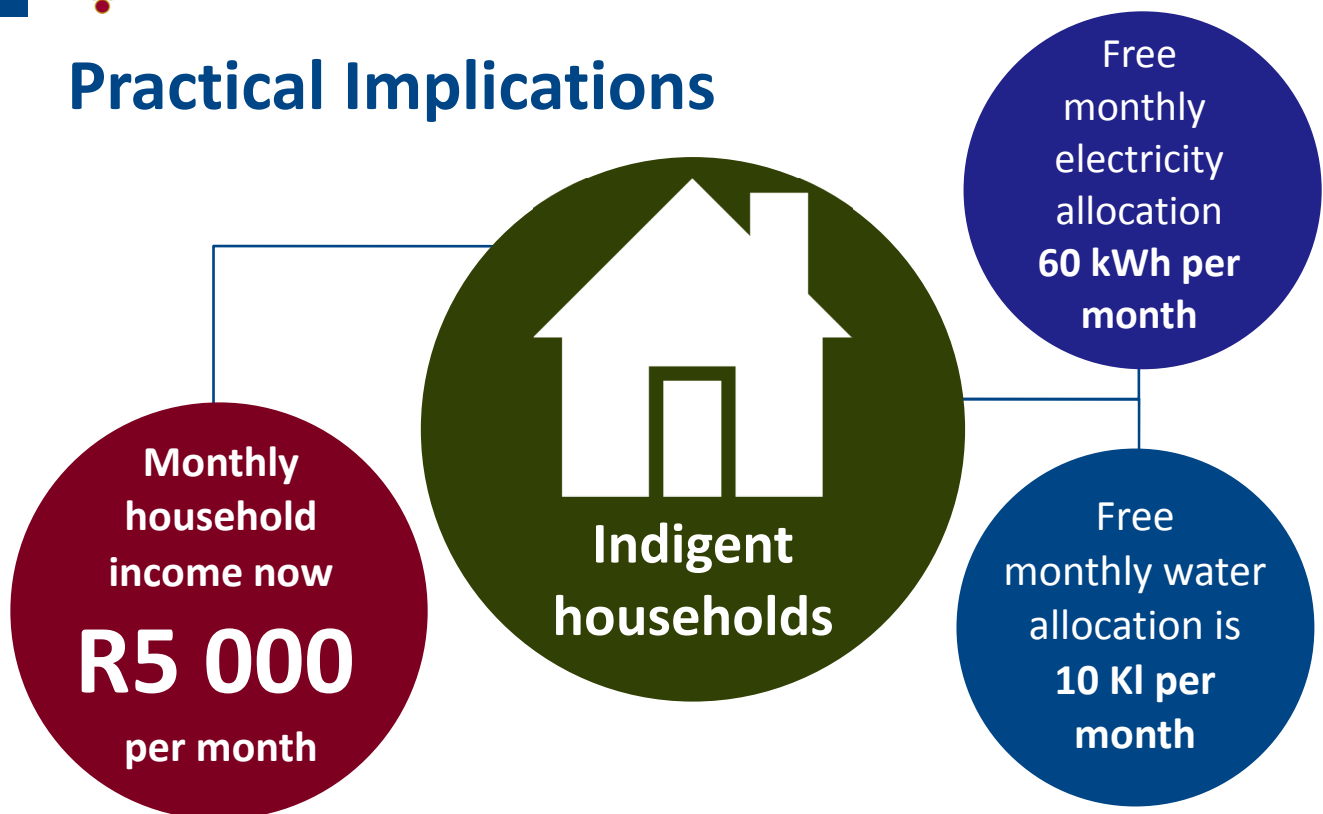
Income budget – Funded through tariff and property rate increases:



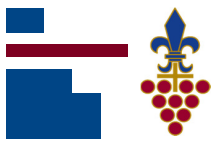
BUDGET 2016/2017



Practical Implications



BUDGET 2016/2017



Capital

**R732 Mil for
Engineering Services**
(over the next 3 years)

Water Services

Extension of WWTW: *Stellenbosch*
Upgrading of WWTW: *Klapmuts*
Bulk Sewer Outfall: *Jamestown*
Bulk water supply Pipe Reservoir:
Johannesdal/Kylemore/Pniel
New Plankenburg: Main Sewer
Outfall
Waterpipe Replacement
Bulk water supply pipeline
& reservoir- *Jamestown*

Solid Waste Major

Drop-offs: Construction –
Franschhoek

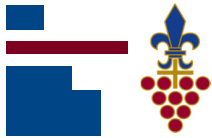
Roads, Storm Water and Traffic Engineering

Reconstruction of roads
Upgrade of Gravel Roads
Reseal of Roads
Upgrade Storm water

Information Technology

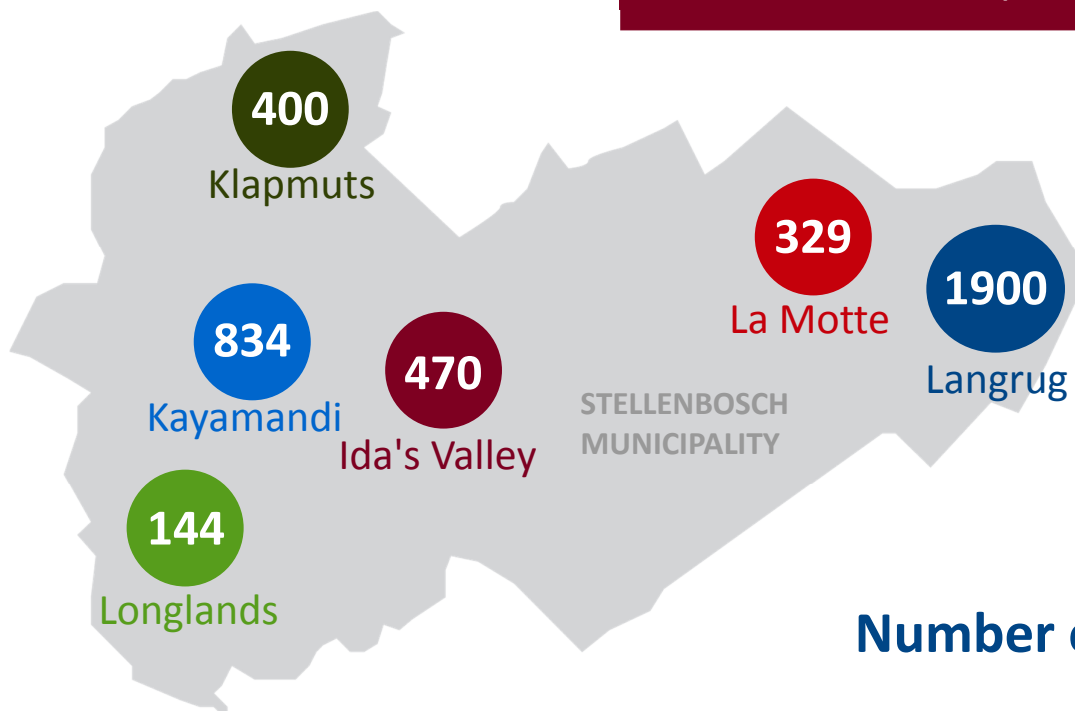
Upgrade and Expansion of
IT Infrastructure Platforms

BUDGET 2016/2017



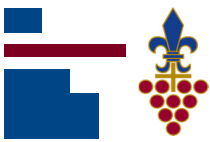
Housing

R88.8 Mil of Grant Funding (*over 3 years*)
R60.9 Mil - Internal housing infrastructure
R27.9 Mil - Top structures



Number of Sites

BUDGET 2016/2017



Jobs

Capital
Investment over
3 years
R924 Mil

Tourism support:
R3.5 Mil

Grant-in-Aid:
R2.5 Mil

LED Initiatives:
R1.1 Mil

Expanded Public
Works
Programme:
R1.8 Mil

Cleaning
of Streets:
R6.7 Mil

BUDGET 2016/2017



AMENDMENTS FROM MARCH: OPERATIONAL BUDGET PER DIRECTORATE

Summary per Directorate	Budget 2016/2017	Amendments	Final Budget 2016/2017
Municipal Manager	14,291,032	-	14,291,032
Planning & Development Services	45,813,424	8,021,500	53,834,924
Human Settlements	69,261,208	-0	69,261,208
Engineering Services	888,662,688	2,171,000	890,833,688
Community and Protection Services	214,716,303	460,000	215,176,303
Strategic & Corporate Services	77,800,067	-6,120,000	71,680,067
Financial Services	64,061,880	1,000,000	65,061,880
	1,374,606,602	5,532,499	1,380,139,101

Please take note: No changes were made to the outer financial years (2017/2018 & 2018/2019).



OPERATIONAL BUDGET ADDITIONAL FUNDING

Operational Budget Items receiving additional funding for 2016/2017 financial year is as follow:

- ❖ **Planning and Development**
 - ❖ Additional Funding for operational ward projects – R1 090 000
 - ❖ Grant in Aid moves from Strategic and Corporate – R6 620 000
 - ❖ Grants: Animal welfare increase from R620 000 to R931 500
- ❖ **Engineering Services**
 - ❖ Re-allocate Grant funding from the capital budget for the planning of the TOD – R2 171 000
- ❖ **Community and Protection Services**
 - ❖ Additional Funding for operational ward projects – R460 000
- ❖ **Strategic and Corporate Services**
 - ❖ Grant in Aid moves to Planning and Development – (R6 620 000)
 - ❖ CWDM Grant funding for the provision of Basic Services for Rural Dwellings – R500 000
- ❖ **Financial Services**
 - ❖ Additional R1 million for the procurement of a Capital Budget and Planning prioritization tool



GRANT IN AID: SUNDRY SUCCESSFUL APPEALS AND COMMENTS RECEIVED FROM PUBLIC

Organisation Name	Type of service	Funds proposed	Grouped Proposed/ Provisional	Outcome Notes
Masimanyane Creche	ECD	R 40,000.00	Proposed	Annual Financial Statements submitted with appeal.
Thanduxolo DayCare	ECD	R 40,000.00	Proposed	Correctly completed bank form submitted with appeal.
Umtha Wemfundo Educare	ECD	R 40,000.00	Proposed	Signed and dated annual financial statements submitted with appeal.
Unakho Day Care For Disabled Children	ECD	R 40,000.00	Proposed	Annual Financial Statements submitted with appeal.
Yethu Educare	ECD	R 40,000.00	Proposed	Annual Financial statements submitted with appeal.
MWAP	YOUTH	R 40,000.00	Proposed	Appeal to approve application in partnership with Potters House (lead implementer) as Potters House struggle to comply to policy requirements on their own.
The Uniting Christian Students Association of SA	YOUTH	R 40,000.00	Proposed	Dept error - did attend compulsory workshop. Submitted feedback report
Youth Empowerment Action	YOUTH	R 40,000.00	Proposed	Submitted new bank form
Cloeteville Football Club	SPORT	R 40,000.00	Proposed	Applicant appologized for error with submission. Did submit new financials.
Excelsior Krieket Klub	SPORT	R 40,000.00	Proposed	Dept error - constitution was signed and dated



AMENDMENTS: CAPITAL BUDGET PER DIRECTORATE

Summary per Directorate	Budget 2016/2017	Changes	Final Budget 2016/2017
Community and Protection	23,278,370	1,590,000	24,868,370
Engineering	374,742,744	(1,091,000)	373,651,744
Financial Services	1,029,850	-	1,029,850
Human Settlements	53,570,000	-	53,570,000
Municipal Manager	35,000	-	35,000
Planning and Development	2,680,000	396,749	3,076,749
Strategic and Corporate Service	11,780,000	(4,220,000)	7,560,000
	<u>467,115,964</u>	<u>(3,324,251)</u>	<u>463,791,713</u>

Please take note: No changes were made to the outer financial years (2017/2018 & 2018/2019).



CAPITAL BUDGET AMENDMENTS

List of amendment for 2016/2017 financial year is as follow:

- ❖ Planning and Development
 - ❖ Establishment of informal trading markets – R396 749
- ❖ Community and Protection Services
 - ❖ Additional Funding for ward projects – R1 590 000
- ❖ Strategic and Corporate Services
 - ❖ Ward Funding allocated to specific projects – (R4 400 000)
 - ❖ Additional Funding for ward projects – R180 000
- ❖ Engineering Services
 - ❖ Additional Funding for ward projects – R1 091 000
 - ❖ Re-allocate Grant funding to the operational budget for the planning of the TOD – (R2 171 000)



AMENDMENTS TO POLICIES

List of amendment for 2016/2017 financial year is as follow:

❖ Travel and Subsistence

- ❖ Travel costs re-imburements have been changed from different rates per vehicle category to a fixed rate across all vehicles.
- ❖ Inclusion of consideration of cost effectiveness between shuttle and car hire when employees travel.
- ❖ Inclusion of consideration of accommodation where the National Treasury has negotiated discounts for rates as per MFMA circular 82.
- ❖ Overnight accommodation will now be limited to instances where the distance travelled by road exceeds 300 kms (return journey)

❖ Special Ratings Area

- ❖ The broad structural arrangements will to be considered by the municipality.

❖ Irrecoverable Debt

- ❖ Delegation – interest write off
 - ❖ CFO delegation – maximum of R100 000
 - ❖ Council delegation – interest more than R100 000



AMENDMENTS TO POLICIES

List of amendment for 2016/2017 financial year is as follow:

❖ Indigent Policy

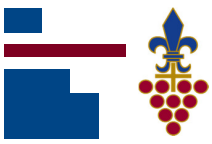
- ❖ Discounted non trading services refer to burials from Monday to Saturday, no longer from Monday to Friday.

❖ Property Rates Policy

- ❖ Replacement of sentence under agricultural use “These properties will however not qualify for any relief measures.” With “These properties will however not qualify for any rebates or reductions.”

❖ SCM Policy

- ❖ Inclusion of the following cost containment measures in line with MFMA Circular 82:
 - ❖ Consultants;
 - ❖ Catering;
 - ❖ Events Planning;
 - ❖ Conferences and;
 - ❖ Office Furnishing..



Conclusion

The budget and IDP documentation available at our **libraries and on website.**

Provincial Government assessed our budget and deemed The budget credible and sustainable.

This budget is well-balanced to address many of our communities' needs.

BUDGET 2016/2017



STELLENBOSCH
STELLENBOSCH • PNIEL • FRANSCHHOEK

MUNISIPALITEIT • UMASIPALA • MUNICIPALITY



BUDGET
2016/2017

THANK YOU

7.3 CONFERRAL OF ALDERMANSHIP ON COUNCILLOR MG SMUTS*File number* : 11/2/4/1*Report by* : Acting Municipal Manager*Compiled by* : Director: Strategic and Corporate Services*Delegated Authority* : Council**Strategic intent of item***Preferred investment destination**Greenest Municipality**Safest Valley**Dignified Living**Good Governance***1. PURPOSE OF THE REPORT**

To consider an application for conferral of Aldermanship on Councillor MG Smuts.

2. BACKGROUND**2.1 Application**

On 2016-05-05 an application was received from Councillor MG Smuts, requesting that Aldermanship be conferred on him as he qualifies for such honours in terms of the Stellenbosch Municipal Honours By-Law (April 2002). The Application is attached as **APPENDIX 1**.

2.2 Calculation of points

Pursuant to the above application, the Head: Committee Services compiled a memorandum to the Municipal Manager, confirming that, according to Council's records, Cllr MG Smuts does indeed qualify for Aldermanship with a total of **30 points**. The memorandum is attached as **APPENDIX 2**.

2.3 Confirmation by the Municipal Manager

Hereto attached, as **APPENDIX 3**, is the verification of the Municipal Manager, confirming that the calculations were verified and that the awarding of points was in accordance with the prescribed criteria.

3. DISCUSSION**3.1 Legal Framework**

Section 6(4)(c) of the Stellenbosch Municipal Honours By-Law (April, 2002) makes provision for Aldermanship to be conferred on a

serving Councillor of the Stellenbosch Municipality who obtains a minimum of 20 points, as set out in the By-Law.

In terms of sub-section (5), any current serving Councillor who is of the view that he/she qualifies for Aldermanship, should notify the Municipal Manager in writing, together with the necessary detail to enable the Municipal Manager to verify the allocation of points, as per the By-Law. The By-Law is attached as **APPENDIX 4**.

4. LEGAL IMPLICATION

The recommendation is in line with section 6(4)(c) of the Stellenbosch Municipal Honours By-Law. The item and recommendations are supported.

5. FINANCIAL IMPLICATION

Finance supports the item.

6. CONCLUSION

Councillor MG Smuts qualifies for Aldermanship in terms of Section 6 (4) (c) of the Stellenbosch Municipal Honours By-Law.

RECOMMENDED

- (a) that, in terms of Section 6(4)(c) of the Stellenbosch Municipal Honours By-Law promulgated in Provincial Gazette 5859 of 19 April 2002, Aldermanship be conferred upon Councillor MG Smuts; and
- (b) that, following the approval of Council, the Executive Mayor, as patron of the Stellenbosch Municipal Honours, confer the honour on Councillor MG Smuts in an appropriate manner.

**(DIRECTOR: STRATEGIC AND
CORPORATE SERVICES TO ACTION)**

41ST COUNCIL MEETING: 2016-05-25: ITEM 7.3

RESOLVED (nem con)

that this matter be withdrawn.

**(DIRECTOR: STRATEGIC AND
CORPORATE SERVICES TO ACTION)**

7.4 COUNCIL TO CONSIDER AND APPROVE NOMINATIONS TO THE MUNICIPAL HONOURS ADVISORY PANEL

File number : *Unfiled*

Report by : *Director: Corporate and Strategic Services*

Compiled by : *Director: Corporate and Strategic Services*

Delegated authority : *Council*

1. PURPOSE OF THE REPORT

To inform Council about the nominations received for the Municipal Honours Advisory Panel.

2. BACKGROUND

The Stellenbosch Municipal Honours By-law of 2002 provides for the awarding of Mayoral Honours on citizens of the greater Stellenbosch municipal area.

The By-law [**APPENDIX 1**] indicates that the Municipal Honours Advisory panel should be demographically representative of the Stellenbosch municipality. The Panel should consist of 5 citizens of the Stellenbosch municipal area and 5 councillors of the Stellenbosch Municipal Council.

The call for nominations to be submitted was advertised on 14 April 2016 [**APPENDIX 2**] and the following names were received:

Mr Paul Khambule
Mr Bernard Williams

The CV's of the nominated persons are attached as **APPENDIX 3** and **APPENDIX 4**.

3. LEGISLATIVE FRAMEWORK**RECOMMENDED**

that Council approve the names of the nominees to form part of the Municipal Honours Advisory Panel.

**(DIRECTOR: STRATEGIC AND CORPORATE
SERVICES TO ACTION)**

41ST COUNCIL MEETING: 2016-05-25: ITEM 7.4

RESOLVED (nem con)

that Council approve the names of the nominees to form part of the Municipal Honours Advisory Panel.

**(DIRECTOR: STRATEGIC AND CORPORATE
SERVICES TO ACTION)**

8. CONSIDERATION OF MATTERS REFERRED TO COUNCIL VIA THE MAYORAL COMMITTEE MEETING/S (3/4/2/5)

8.1 UNDEVELOPED ERVEN IN KAYAMANDI: PROGRESS REPORT: WAY FORWARD

File number : 7/2/1/1

Report by : Director: Human Settlements and Property Management

Compiled by : Manager: Property Management

Delegated Authority : Council

Strategic intent of item

Preferred investment destination	X
Greenest municipality	
Safest valley	
Dignified Living	
Good Governance	X

1. PURPOSE OF REPORT

The purpose of this report is two-fold:

- a) To consider the inputs received as a consequent of a public notice; and
- b) To advise on a way forward.

2. BACKGROUND

2.1 Motion: Councillor Jindela

On 2014-06-25, following a motion from Councillor Jindela, Council resolved, *inter alia*

- (a) *that a proper identification of all vacant plots in Kayamandi be conducted;*
- (b) *that, if there are any plots allocated to any names and which have not been used currently, such individuals be contacted and be informed of the Council decision and such plots must also be put on the list of plots to be made available;*
- (c) *that a valuation of the vacant plots contemplated in (b) above, be determined to set an affordable price for willing buyers;*
- (d) *that an item be submitted to a next Council meeting with recommendations on how these plots can be made available at affordable prices; and*

- (e) *that the list of all available plots be made available for the community of Kayamandi after the decision has been taken by Council"*

2.2 Council resolution: identified plots

On 2015-09-23 a report was tabled at the Council meeting, identifying the undeveloped, vacant plots in Kayamandi, and recommending a way forward.

Having considered the report, Council resolved as follows:

34TH COUNCIL MEETING: 2015-09-23: ITEM 7.2

RESOLVED (majority vote with 1 abstention)

- (a) that the properties are not required to provide the minimum level of basic municipal services;
- (b) that the Municipal Manager be authorised to act with the various categories of properties, as set out in paragraph 3.3 (*supra*);
- (c) that, following the notice periods referred to in paragraph 3.3 (*supra*), a progress report be submitted to Council, whereafter the tender process can be attended to;
- (d) that in the meantime, valuations be obtained from two independent valuers, with the view of determining a market value for the various properties (weighted average);
- (e) that public participation processes be followed which should include local newspapers, ward committees, libraries, notice boards and public platforms; and
- (f) that a feedback report be submitted to Council in February 2016".

A copy of the agenda item that served before Council is attached as **APPENDIX 1**.

2.3 Public notice calling for submissions/claims

On 12 November 2015 a notice was published in the Eikestad News, calling on the public/legal entities with legal claims against any of the properties, to submit same to the Acting Municipal Manager within 3 months from date of the notice (12 February 2016). A copy of the notice is attached as **APPENDIX 2**

3. DISCUSSION

3.1 List of claims/submissions received

By 12 February 2016 (cut-off date for submissions) a number of claims/submissions were received:

Erf number	Allocated to	Agreement concluded	Sales Price paid	Transferred to beneficiary	Category *
298	Methodist Church	No	Yes	No	C
718	Seventh Day Adventist Church	Yes	Yes	No	B
756	K.I Monaheng	Yes	Yes	No	B
781	S Joni	?	?	No	C
783	EP Masimi	Yes	?	No	C
802	J&PS Bolitshi	?	?	No	C
830	E&MJ Mdekvesha	Yes	Yes	Yes	A
931	Mr & Mrs Gxilishe	?	?	No	C
932	Mr & Mrs Gxilishe	?	?	No	C
933	F&S Jansen	Yes	Yes	Yes	A
934	J&S Hendriks	Yes	Yes	Yes	A
937	JJ&E Muller	?	?	No	C
1173	B Ruiters	Yes	Yes	Yes	A
1175	M Mqwazi	?	?	No	C
1523	Stellenbosch Baptist Church	?	?	No	C

*Categories

- A: Property has been transferred to beneficiary
- B: Contract has been concluded and Sales Price has been paid, Transfer outstanding due to technicalities.
- C: Property allocated, but no proof of contract, payment or Sales Price.

3.2 List of properties where no submissions were received

Hereunder a list of properties where no claims/submissions were received and where the municipality have no records that such erven have been allocated to specific individuals (Category D):

Erf number	Size
328	192m ²
329	160 m ²
330	160 m ²
331	160 m ²
332	160 m ²
333	148 m ²
513	194 m ²
636	180 m ²
663	168 m ²
747	213 m ²
850	204 m ²
942	217 m ²
1143	252 m ²
1157	233 m ²
1176	264 m ²
1182	201 m ²
1191	192 m ²
1155	229 m ²
1162	244 m ²
1181	199 m ²
1187	204 m ²
1192	192 m ²
1236	220 m ²

1257	183 m ²
1258	195 m ²
1261	204 m ²
1270	212 m ²
1612	173 m ²
1633	262 m ²
1909	233 m ²
2557	625 m ²

3.3 Qualifying criteria: Tender process

Should Council approve the disposal of the erven listed above, or some of them, the following qualifying criteria could be considered for beneficiaries:

- a) Must be a resident of- or work in Stellenbosch for a minimum period of five (5) years;
- b) If younger than 40 years (at date of closing tender), then the beneficiary must be married or have a legal dependent staying with him/her;
- c) May not have received any form of financial assistance/subsidy from the State in obtaining a house/serviced site previously; and
- d) May not currently own any other fixed asset

3.4 Legal requirements

3.4.1 In terms of section 14(1) a municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

In terms of subsection (2), a municipality may transfer ownership or otherwise dispose of a capital asset other than those contemplated in subsection (1), but only after the municipal council, in a meeting open to the public-

- (a) has decided on reasonable grounds that **the asset is not needed to provide the minimum level of basic municipal services**; and
- (b) has considered the **fair market value** of the asset and the **economic and community value** to be received in exchange for the asset.

3.4.2 Asset Transfer Regulations (ATR)

In terms of Regulation 5 (1) (b) of the Asset Transfer Regulations, a municipal Council may transfer or dispose of a non-exempted capital asset only after the Municipal Council:-

- (i) **has made the determination required Section 14(2)(a) and (b)**; and

- (ii) has, as a consequence of such determination, **approved in principle that the asset may be disposed of.**

In terms of Regulation (7), when considering any disposal as contemplated above, a council must take into account:-

- (a) whether the capital asset may be required for the municipality's own use at a later date;
- (b) the expected loss or gain that is expected to result from the proposed transfer or disposal;
- (c) the extent to which any compensation to be received in respect of the proposed transfer or disposal will result in a significant economic or financial cost or benefit to the municipality;
- (d) the risks and rewards associated with the operation or control of the capital asset that is to be transferred or disposed of in relation to the municipality's interests;
- (e) the effect that the proposed transfer or disposal will have on the credit rating of the municipality, its ability to raise long-term or short-term borrowings in the future and its financial position and cash flow;
- (f) any limitation or conditions attached to the capital asset or the transferor disposal of the asset, and the consequences of any potential non-compliance with those conditions;
- (g) the estimated cost of the proposed transfer or disposal;
- (h) the transfer of any liabilities and reserve funds associated with the capital asset;
- (i) any comments or representations on the proposed transfer or disposal received from the local community and other interested persons;
- (j) the interests of any affected organ of state, the municipality's own strategic, legal and economic interests and the interests of the local community; and
- (k) compliance with the legislative regime applicable to the proposed transfer or disposal.
- (l) compliance with the legislative regime applicable to the proposed transfer or disposal.

Regulation 11 authorise a Council to approve **conditions**, when considering an in principle disposal, such as:

- (a) the **way in which an asset is to be disposal of** (e.g. tender, call for proposal, etc.);
- (b) a **floor price** or minimum compensation;

- (c) whether the capital asset may be transferred/disposal of for **less than its fair market value** (in which case the council must first consider the criteria set out in Regulation 13 (2))

Regulation 13(2) provides that if a municipality or municipal entity on account of the public interest, in particular in relation to the plight of the poor, intends to transfer a non-exempted capital asset for less than its fair market value, the municipality or entity must, when considering the proposed transfer, take into account –

- (a) the interest of –
 (i) the State; and
 (ii) the local community;
- (b) the strategic and economic interest of the municipality or municipal entity, including the long-term effect of the decision on the municipality or entity;
- (c) the constitutional rights and legal interests of all affected parties;
- (d) whether the interest of the parties to the transfer should carry more weight than the interest of the local community, and how the individual interest is weight against the collective interest; and
- (e) whether the local community would be better served if the capital asset is transferred at less than its fair market value, as opposed to a transfer of the asset at fair market value.

Further in terms of Regulation 13, any such disposal must be in accordance with Council's disposal management system (SCM), irrespective of the value of the asset.

3.4.3 SCM Policy

In terms of paragraph 5.3 of the SCM Policy, immovable property may only be sold at market-related prices, except when the public interest or plight of the poor demands otherwise. "*Public interest*" is described as, *inter alia*, the promotion of welfare and charitable as the needs of the people that are vulnerable and unable to meet their socio-economic needs independently.

In terms of paragraph 5.4, assets may be disposed of by way of:-

- (a) a tender process;
- (b) a call for development proposal; or
- (c) a two-stage Bidding process

4. INPUTS BY OTHER DEPARTMENTS

4.1 CFO

Finance supports the item.

4.2 Legal Services

See comments on **APPENDIX 1** (4.2)

4.3 Planning & Economic Development

Community Development: The department is in agreement with recommendations a-d. Special provision should be made when regarding price and support to the development of bulk infrastructure to the erven referred to in recommendations e-f should the bidder be to develop the erf as an Early Childhood Development Centre

5. CONCLUSION

From the above it is clear that the various properties listed above are not needed for municipal purposes; and can therefore be put out on tender.

RECOMMENDED

- (a) that the claims/submissions received as a consequence of the notice be noted;
- (b) that it be noted that the properties listed in par. 3.1, marked category A, has already been transferred to the beneficiaries;
- (c) that the properties listed in par. 3.1 marked as category B, be transferred to the beneficiaries as soon as possible;
- (d) that the beneficiaries of the properties listed in par.3.1 marked as category C, be informed in writing to provide the necessary written proof within 3 months that: -
 - i) the property was allocated to them;
 - ii) a Sales Agreement has been concluded (or that it now be concluded); and
 - iii) that the sales price and other outstanding monies have been paid; failing which the properties be put out on tender;
- (e) that the properties listed in par. 3.2 marked as (category D) be put out on tender, subject to the qualifying criteria set out in par. 3.3 (*supra*);
- (f) that a reserve price be determined as the weighed average of two independent valuations; and
- (g) that the properties not yet transferred, i.e. categories B-D, be identified as land not necessary to provide the minimum level of basic municipal services.

**(DIRECTOR: HUMAN SETTLEMENTS AND
PROPERTY MANAGEMENT TO ACTION)**

**ENGINEERING SERVICES AND HUMAN SETTLEMENTS COMMITTEE
MEETING: 2016-05-04: ITEM 5.1.1****RECOMMENDED**

- (a) that the claims/submissions received as a consequence of the notice be noted;
- (b) that it be noted that the properties listed in par. 3.1, marked category A, has already been transferred to the beneficiaries;
- (c) that the properties listed in par. 3.1 marked as category B, be transferred to the beneficiaries as soon as possible;
- (d) that the beneficiaries of the properties listed in par.3.1 marked as category C, be informed in writing to provide the necessary written proof within 3 months that: -
 - i) the property was allocated to them;
 - ii) a Sales Agreement has been concluded (or that it now be concluded); and
 - iii) that the sales price and other outstanding monies have been paid; failing which the properties be put out on tender;
- (e) that the properties listed in par. 3.2 marked as (category D) be put out on tender, subject to the qualifying criteria set out in par. 3.3 (*supra*);
- (f) that a reserve price be determined as the weighed average of two independent valuations; and
- (g) that the properties not yet transferred, i.e. categories B-D, be identified as land not necessary to provide the minimum level of basic municipal services.

**(DIRECTOR: HUMAN SETTLEMENTS AND
PROPERTY MANAGEMENT TO ACTION)****MAYORAL COMMITTEE MEETING: 2016-05-18: ITEM 5.1.1**

It was noted that the list of claims (paragraph 3.1) contains some errors and therefore should be corrected and updated with the most current information, prior to being submitted to Council.

RECOMMENDED BY THE EXECUTIVE MAYOR

- (a) that the claims/submissions received as a consequence of the notice be noted;
- (b) that it be noted that the properties listed in par. 3.1, marked category A, has already been transferred to the beneficiaries;

- (c) that the properties listed in par. 3.1 marked as category B, be transferred to the beneficiaries as soon as possible;
- (d) that the beneficiaries of the properties listed in par.3.1 marked as category C, be informed in writing to provide the necessary written proof within 3 months that: -
- i) the property was allocated to them;
 - ii) a Sales Agreement has been concluded (or that it now be concluded); and
 - iii) that the sales price and other outstanding monies have been paid; failing which the properties be put out on tender;
- (e) that the properties listed in par. 3.2 marked as (category D) be put out on tender, subject to the qualifying criteria set out in par. 3.3 (*supra*);
- (f) that a reserve price be determined as the weighed average of two independent valuations; and
- (g) that the properties not yet transferred, i.e. categories B-D, be identified as land not necessary to provide the minimum level of basic municipal services.

**(DIRECTOR: HUMAN SETTLEMENTS AND
PROPERTY MANAGEMENT TO ACTION)**

FURTHER COMMENTS BY THE MANAGER: PROPERTY MANAGEMENT

On 2016-05-11 a report was received from the Finance Department (Valuations section), compiled by Mrs M Blaauw, based on the information on the valuation role. In terms hereof there are further:

- properties that have already been transferred to individuals; and
- properties that have been allocated to individuals.

Hereunder updated lists of properties, indicating their current status.

List of claims/submissions received

Erf number	Allocated to	Agreement concluded	Sales Price paid	Transferred to beneficiary	Category *
298	Methodist Church	No	Yes	No	C
*329	Nogilana N	No	No	No	C
*636	Dumisane TW & NG	No	No	No	C
*663	Bamgiso ST & N	No	No	No	C
718	Seventh Day Adventist Church	Yes	Yes	No	B
*747	Vani VH	No	No	No	C
756	K.I Monaheng	Yes	Yes	No	B
781	S Joni	No	No	No	C
783	EP Masimi	Yes	No	No	C

802	J&PS Bolitshi	No	No	No	C
830	E&MJ Mdekvesha	Yes	Yes	Yes	A
*850	Mtekeli N&SLN	No	No	No	C
931	Mr & Mrs Gxilishe	Yes	Yes	Yes	A
932	Mr&Mrs Gxilishe	Yes	Yes	Yes	A
933	F&S Jansen	Yes	Yes	Yes	A
934	J&S Hendriks	Yes	Yes	Yes	A
937	JJ&E Muller	No	No	No	C
*942	Tengile V	No	No	No	C
*1162	Salaze PZ & C	Yes	Yes	Yes	A
1173	B Ruiters	Yes	Yes	Yes	A
1175	M Mqwazi	No	No	No	C
*1176	Mavumba SM	Yes	Yes	Yes	A
*1191	Myataza TL	Yes	Yes	Yes	A
*1192	Vumazonke A&N	No	No	No	C
*1236	Katshi N	No	No	No	C
*1257	Makhiwa N	Yes	Yes	Yes	A
*1258	Mhlakaza LV	Yes	Yes	Yes	A
*1261	Lebata NS	No	No	No	C
1523	Stellenbosch Baptist Church	No	No	No	C
*1612	Buti AV	No	No	No	C
*1909	Gungxe RM & N	No	No	No	C

*Categories

- A: Property has been transferred to beneficiary
- B: Contract has been concluded and Sales Price has been paid, Transfer outstanding due to technicalities.
- C: Property allocated, but no proof of contract, payment or Sales Price.

List of properties where no submissions were received (Category D)

Erf number	Size
328	192m ²
330	160 m ²
331	160 m ²
332	160 m ²
333	148 m ²
513	194 m ²
1143	252 m ²
1155	229 m ²
1157	233 m ²
1181	199 m ²
1182	201 m ²
1187	204 m ²
1270	212 m ²
1633	262 m ²
2557	625 m ²

In light of the above it is

RECOMMENDED

- (a) that the claims/submissions received as a consequence of the notice be noted;
- (b) that it be noted that the properties listed and marked as category A (updated list), have already been transferred to the beneficiaries;

-
- (c) that the properties listed and marked as category B (updated list), be transferred to the beneficiaries as soon as possible;
 - (d) that the beneficiaries of the properties listed and marked as category C (updated list), be informed in writing to provide the necessary written proof within 3 months that: -
 - (i) the property was allocated to them;
 - (ii) a Sales Agreement has been concluded (or that it now be concluded); and
 - (ii) that the sales price and other outstanding monies have been paid; failing which the properties be put out on tender;
 - (e) that the properties listed and marked as category D (Updated list) be put out on tender, subject to the qualifying criteria set out in par. 3.3 (*supra*);
 - (f) that a reserve price be determined as the weighed average of two independent valuations; and
 - (g) that the properties not yet transferred, i.e. categories B-D, be identified as land not necessary to provide the minimum level of basic municipal services.

**(DIRECTOR: HUMAN SETTLEMENTS AND
PROPERTY MANAGEMENT TO ACTION)**

41ST COUNCIL MEETING: 2016-05-25: ITEM 8.1

RESOLVED (majority vote)

- (a) that the claims/submissions received as a consequence of the notice be noted;
- (b) that it be noted that the properties listed and marked as category A (updated list), have already been transferred to the beneficiaries;
- (c) that the properties listed and marked as category B (updated list), be transferred to the beneficiaries as soon as possible;
- (d) that the beneficiaries of the properties listed and marked as category C (updated list), be informed in writing to provide the necessary written proof within 3 months that: -
 - (i) the property was allocated to them;
 - (ii) a Sales Agreement has been concluded (or that it now be concluded); and
 - (ii) that the sales price and other outstanding monies have been paid; failing which the properties be put out on tender;

- (e) that the properties listed and marked as category D (Updated list) be put out on tender, subject to the qualifying criteria set out in par. 3.3 (*supra*);
- (f) that a reserve price be determined as the weighed average of two independent valuations; and
- (g) that the properties not yet transferred, i.e. categories B-D, be identified as land not necessary to provide the minimum level of basic municipal services.

**(DIRECTOR: HUMAN SETTLEMENTS AND
PROPERTY MANAGEMENT TO ACTION)**

8.2 LANQUEDOC HOUSING PROJECT: PROPOSED TRANSFER OF UNALLOCATED RESIDENTIAL PROPERTIES

File number : 7/2/1/1

Report by : Director: HS & PM (T. Mfeya)

Compiled by : Manager: Property Management (P Smit)

Delegated Authority : Council

Strategic intent of item:

Preferred investment destination	<input type="checkbox"/>
Greenest municipality	<input type="checkbox"/>
Safest valley	<input type="checkbox"/>
Dignified Living	<input checked="" type="checkbox"/>
Good Governance	<input type="checkbox"/>

1. PURPOSE OF REPORT

To consider a request from the Lanquedoc Housing Association (LHA) to transfer a number of unallocated residential properties in Lanquedoc to Stellenbosch Municipality, free of charge.

2. BACKGROUND

2.1 The Lanquedoc Housing project

During the 1990's the Lanquedoc Housing Project was initiated by the then Anglo American Farms Limited (AAF) with the view of providing housing opportunities to their employees and ex-employees who left the company in good standing. For this purpose the Lanquedoc Housing Association (LHA) was duly established for the development of the housing project on land donated by AAF.

Some members of the LHA, however, refused to take occupation of their allocated houses, whilst some houses were built in excess of the total number of members. All of the 23 improved erven (houses) have subsequently been substantially vandalised and some have been illegally occupied. These erven are owned by the LHA.

There are a further eight (8) unimproved residential erven that were not allocated to qualifying member of the LHA. These erven are still undeveloped and is owned by the LHA.

2.2 Transfer of Communal erven in progress

During 2014 Council **approved** an application from the LHA to transfer 5 communal properties to the Municipality, **on condition that the outstanding debt on the 31 residential properties be written off.** The transfer of the 5 communal properties is in progress.

2.3 Request for transfer of unallocated erven

Hereto attached as **APPENDIX 1** an application received from the LHA, requesting the transfer of the remaining, unallocated properties to Stellenbosch Municipality, subject to certain conditions.

3. DISCUSSION**3.1 The proposal**

The LHA would like to donate to Stellenbosch Municipality (SM) the above residentially zoned properties listed below:

- a) The SM waives any outstanding municipal rates and taxes and or outstanding payments for municipal services and or any other debt that may exist with regards to the erven*. The SM agrees to provide the necessary clearance certificated in order for the transfer of the erven to take place;

***Please note** that Council has already written off the outstanding debt during 2014.

- b) The SM is responsible for the payment of all the costs incidental to the transfer of the erven to the SM as well as the costs associated with the drafting of an “*Agreement of Donation*”;
- c) The SM and/or new owners complies with the Languedoc Architectural and Development Guidelines and that this be included as a suspensive condition of sale in the event that SM sells any of the erven;
- d) The SM complies with the existing building plans for the renovation of or building of any residential buildings on any of the erven and that this be included as a suspensive condition of donation in the event that the SM sells any of the erven;
- e) The SM utilises the erven as it deems fit but with the condition that any proceeds associated with the sale of the erven and or the overall utilisation of the erven be for the benefit of the Lanquedoc community.
- f) The SM accepts that the erven are donated on a voetstoots basis, as they stand, and the LHA shall not be held responsible for any defects in the erven, either patent or latent nor for any occupation, illegal or otherwise, of the erven;
- g) The SM accepts that the LHA is not obliged to show to the SM the beacons, boundaries or corner pegs of the erven and is not responsible for any deficit and will not benefit from any surplus.

3.2. Improved Residential Erven

Erf no.	Zoning Description	House Size (sqm)
135	Residential	28
136	Residential	51
137	Residential	66
138	Residential	71

190	Residential	51
203	Residential	51
216	Residential	51
244	Residential	51
246	Residential	66
285	Residential	51
287	Residential	51
322	Residential	51
356	Residential	51
360	Residential	51
369	Residential	66
373	Residential	66
377	Residential	51
379	Residential	66
444	Residential	66
470	Residential	66
487	Residential	28
593	Residential	66
594	Residential	66

3.3 Unimproved Residential Erven

Erf no.	Zoning Description
127	Residential
128	Residential
522	Residential
523	Residential
524	Residential
525	Residential
526	Residential
527	Residential

3.4 Illegal occupied buildings

According to the LHA 7 of the 23 units have been illegally occupied by individuals. For Stellenbosch Municipality to take transfer of these units will shift the responsibility to the Municipality to obtain eviction orders, at great cost. Even if we were to be successful in obtaining eviction orders, we will then probably have to provide alternative accommodation. For this reason it is suggested that we only take transfer of the units **once vacant occupation has been guaranteed**.

3.5 Vandalised structures

Should Council indeed accept the donation of the 23 units, after vacant occupation has been obtained, it will be on a voetstoots basis, meaning that we must either take responsibility for the renovation of the units before disposal, or dispose of it on a voetstoots basis. It is suggested that we dispose of the units on a voetstoots basis.

4. INPUTS BY OTHER DEPARTMENTS

4.1 Legal Services

The item and recommendations are supported.

4.2 Financial Services

Finance supports the Item

5. CONCLUSION

From the above it is clear that the LHA is not in a position to manage the properties. For this reason they are willing to donate same to Stellenbosch Municipality on conditions that all outstanding debt be written off. By taking transfer of properties that are illegally occupied will transfer the risk to Stellenbosch Municipality.

RECOMMENDED

- (a) that the offer from the LHA to donate the 23 improved residential units and 8 unimproved sites as listed in paragraphs 3.2 and 3.3 (*supra*) be accepted, on condition that transfer only occur once vacant occupation has been obtained;
- (b) that the Municipality takes responsibility for the payment of all costs incidental to the transfer of the properties; and
- (c) that Council accept the conditions set out in paragraph 3.1 (a) – (g) (*supra*)

**(DIRECTOR: HUMAN SETTLEMENTS AND
PROPERTY MANAGEMENT TO ACTION)**

**ENGINEERING SERVICES AND HUMAN SETTLEMENTS COMMITTEE
MEETING: 2016-05-04: ITEM 5.1.2****RECOMMENDED**

- (a) that the offer from the Lanquedoc Housing Association (LHA) to donate the 23 improved residential units and 8 unimproved sites as listed in paragraphs 3.2 and 3.3 (*supra*) be accepted, on condition that transfer only occur once vacant occupation has been obtained;
- (b) that the Municipality takes responsibility for the payment of all costs incidental to the transfer of the properties;
- (c) that Council accept the conditions set out in paragraph 3.1 (a) – (g) (*supra*); and
- (d) that prior to any transfer taking place, the Lanquedoc Housing Association (LHA) provide the Municipality with the necessary locus standi.

The following Councillors requested that their vote of dissent be minuted:

Councillors JA Davids; P Mntumni (Ms) and L Ronoti.

**(DIRECTOR: HUMAN SETTLEMENTS AND
PROPERTY MANAGEMENT TO ACTION)**

MAYORAL COMMITTEE MEETING: 2016-05-18: ITEM 5.1.2**RECOMMENDED BY THE EXECUTIVE MAYOR**

- (a) that the offer from the Lanquedoc Housing Association (LHA) to donate the 23 improved residential units and 8 unimproved sites as listed in paragraphs 3.2 and 3.3 (*supra*) be accepted, on condition that transfer only occur once vacant occupation has been obtained;
- (b) that the Municipality takes responsibility for the payment of all costs incidental to the transfer of the properties;
- (c) that Council accept the conditions as set out in paragraph 3.1 (a) – (g) (*supra*); i.e.
 - (i) that the Stellenbosch Municipality (SM) waives any outstanding municipal rates and taxes and or outstanding payments for municipal services and or any other debt that may exist with regards to the erven. The SM agrees to provide the necessary clearance certificated in order for the transfer of the erven to take place;
 - (ii) that the Stellenbosch Municipality (SM) is responsible for the payment of all the costs incidental to the transfer of the erven to the SM as well as the costs associated with the drafting of an “Agreement of Donation”;
 - (iii) that the Stellenbosch Municipality (SM) and/or new owners complies with the Languedoc Architectural and Development Guidelines and that this be included as a suspensive condition of sale in the event that SM sells any of the erven;
 - (iv) that the Stellenbosch Municipality (SM) complies with the existing building plans for the renovation of or building of any residential buildings on any of the erven and that this be included as a suspensive condition of donation in the event that the SM sells any of the erven;
 - (v) that the Stellenbosch Municipality (SM) utilises the erven as it deems fit but with the condition that any proceeds associated with the sale of the erven and or the overall utilisation of the erven be for the benefit of the Lanquedoc community;
 - (vi) that the Stellenbosch Municipality (SM) accepts that the erven are donated on a voetstoots basis, as they stand, and the LHA shall not be held responsible for any defects in the erven, either patent or latent nor for any occupation, illegal or otherwise, of the erven; and
 - (vii) that the Stellenbosch Municipality (SM) accepts that the LHA is not obliged to show to the SM the beacons, boundaries or corner pegs of the erven and is not responsible for any deficit and will not benefit from any surplus; and
- (d) that prior to any transfer taking place, the Lanquedoc Housing Association (LHA) provide the Municipality with the necessary locus standi.

**(DIRECTOR: HUMAN SETTLEMENTS AND
PROPERTY MANAGEMENT TO ACTION)**

41ST COUNCIL MEETING: 2016-05-25: ITEM 8.2**RESOLVED** (majority vote)

- (a) that the offer from the Lanquedoc Housing Association (LHA) to donate the 23 improved residential units and 8 unimproved sites as listed in paragraphs 3.2 and 3.3 (*supra*) be accepted, on condition that transfer only occur once vacant occupation has been obtained;
- (b) that the Municipality takes responsibility for the payment of all costs incidental to the transfer of the properties;
- (c) that Council accept the conditions as set out in paragraph 3.1 (a) – (g) (*supra*); i.e.
 - (i) that the Stellenbosch Municipality (SM) waives any outstanding municipal rates and taxes and or outstanding payments for municipal services and or any other debt that may exist with regards to the erven. The SM agrees to provide the necessary clearance certificated in order for the transfer of the erven to take place;
 - (ii) that the Stellenbosch Municipality (SM) is responsible for the payment of all the costs incidental to the transfer of the erven to the SM as well as the costs associated with the drafting of an “Agreement of Donation”;
 - (iii) that the Stellenbosch Municipality (SM) and/or new owners complies with the Languedoc Architectural and Development Guidelines and that this be included as a suspensive condition of sale in the event that SM sells any of the erven;
 - (iv) that the Stellenbosch Municipality (SM) complies with the existing building plans for the renovation of or building of any residential buildings on any of the erven and that this be included as a suspensive condition of donation in the event that the SM sells any of the erven;
 - (v) that the Stellenbosch Municipality (SM) utilises the erven as it deems fit but with the condition that any proceeds associated with the sale of the erven and or the overall utilisation of the erven be for the benefit of the Lanquedoc community;
 - (vi) that the Stellenbosch Municipality (SM) accepts that the erven are donated on a voetstoots basis, as they stand, and the LHA shall not be held responsible for any defects in the erven, either patent or latent nor for any occupation, illegal or otherwise, of the erven; and
 - (vii) that the Stellenbosch Municipality (SM) accepts that the LHA is not obliged to show to the SM the beacons, boundaries or corner pegs of the erven and is not responsible for any deficit and will not benefit from any surplus; and

- (d) that prior to any transfer taking place, the Lanquedoc Housing Association (LHA) provide the Municipality with the necessary locus standi.

The following Councillors requested that their votes of dissent be minuted:

Councillors JA Davids; DA Hendrickse S Jooste (Ms); N Mananga-Gugushe (Ms); C Moses (Ms); P Mntumni (Ms); N Ntsunguzi (Ms) and LN Siwakamisa.

**(DIRECTOR: HUMAN SETTLEMENTS AND
PROPERTY MANAGEMENT TO ACTION)**

8.3 PROGRESS REPORT: POLICY FOR SELF- GENERATION OF ELECTRICITY

File number : 8/1/Engineering Services
Report by : Director: Engineering Services
Compiled by : Acting Manager: Electrical Services
Delegated Authority : Council

Strategic intent of item

Preferred investment destination	<input checked="" type="checkbox"/>
Greenest municipality	<input checked="" type="checkbox"/>
Safest valley	<input checked="" type="checkbox"/>
Dignified Living	<input checked="" type="checkbox"/>
Good Governance	<input checked="" type="checkbox"/>

1. PURPOSE OF REPORT

To inform Council of the progress made regarding potential financial implications that will result from the implementation of the proposed policy on the self-generation of electricity, in terms of the resolution by the Portfolio Committee of 5 February 2014.

2. BACKGROUND

In the light of Eskom's electricity supply problems, as well as the new trend of traditional consumers of electricity to self-generate electricity by means of photo voltaic panel installation, the Engineering Services embarked on a project to develop a policy on self-generation of electricity.

Such a proposed Policy on Renewable Energy/ Alternate Energy Generation was submitted to the Portfolio Committee on 5 February 2014. After discussion, it was resolved as follows:

**ENGINEERING SERVICES AND HUMAN SETTLEMENTS
COMMITTEE MEETING: 2014-02-05: ITEM 5.1.5****RESOLVED (nem con)**

- (a) that the proposed policy and the comments by the CFO regarding renewable power installations, be noted;
- (b) that the policy be referred back to the Administration to comment on the potential financial implications that will result from the implementation of this policy; and

- (c) that this matter be resubmitted to this Committee after giving effect to (b) above.

(DIRECTOR: ENGINEERING SERVICES TO ACTION)

Whilst the policy was drafted and made technical recommendations, the Chief Financial Officer recommended that an investigation had to be conducted to determine the potential financial impact of such a policy on the municipality's revenue.

3. DISCUSSION

As part of the Stellenbosch collaboration with and participation in the provincial GreenCape initiative, this forum undertook to assist with such an investigation.

The topic is also very relevant and current, and discussions were attended with SALGA, NERSA and other industry players. There is no national guidance on the matter and it necessitated some very detailed and cumbersome research and analysis to come to a conclusive answer.

The report from GreenCape was made available on 11 May 2015 and the content was also presented to officials by their provincial counterparts. The recommendations are not simple and various scenarios and possibilities should be considered.

The report is currently being scrutinized and discussed internally with the aim to incorporate the findings and amend the policy accordingly, whereafter it will be submitted to Council for consideration, and a subsequent public participation and approval process.

RECOMMENDED

that this Committee takes note of the progress made in terms of the study into the potential financial implications that may result from the implementation of the proposed policy on self-generation of electricity.

(DIRECTOR: ENGINEERING SERVICES TO ACTION)

**ENGINEERING SERVICES AND HUMAN SETTLEMENTS COMMITTEE
MEETING: 2015-06-03: ITEM 5.2.3**

RESOLVED (nem con)

that this Committee takes note of the progress made in terms of the study into the potential financial implications that may result from the implementation of the proposed policy on self-generation of electricity.

(DIRECTOR: ENGINEERING SERVICES TO ACTION)

FURTHER COMMENTS FROM THE DIRECTORATE: ENGINEERING SERVICES

The report mentioned in the previous item has been scrutinized by the Manager: Electrical Services and it can be summarized as follows:

Self-generation of electricity by consumers will reduce the profit of the Municipality on the sale of electricity. What the impact will be is difficult to determine because there is too many unknown factors.

The Municipality can influence the negative impact to a certain extent by designing the tariffs accordingly.

The directorate together with Green Cape will now amend the draft policy, determine the rules and regulations and draw up an application form after which it will be submitted to Council for approval and subsequent implementation.

Green Cape will also assist in the design of the tariffs for consumers who wish to go the route of the self-generation of electricity with the aim to minimize the impact on the income of the Municipality.

RECOMMENDED

that the Committee take note of the further progress made in terms of the study into the potential financial implications that may result from the implementation of the proposed policy on self-generation of electricity.

(DIRECTOR: ENGINEERING SERVICES TO ACTION)

ENGINEERING SERVICES AND HUMAN SETTLEMENTS COMMITTEE MEETING: 2015-08-05: ITEM 6.2.3**RECOMMENDED**

that the Committee take note of the further progress made in terms of the study into the potential financial implications that may result from the implementation of the proposed policy on self-generation of electricity.

(ACTING DIRECTOR: ENGINEERING SERVICES TO ACTION)

MAYORAL COMMITTEE MEETING: 2015-08-19: ITEM 5.1.5**RECOMMENDED BY THE EXECUTIVE MAYOR**

that Council note the further progress made in terms of the study into the potential financial implications that may result from the implementation of the proposed policy on self-generation of electricity.

(ACTING DIRECTOR: ENGINEERING SERVICES TO ACTION)

33RD COUNCIL MEETING: 2015-08-25: ITEM 7.9**RESOLVED** (nem con)

that this matter be referred back to allow the Administration to submit a Progress Report to Council as mentioned in the item.

**(ACTING DIRECTOR: ENGINEERING
SERVICES TO ACTION)**

FURTHER COMMENTS FROM THE DIRECTORATE: ENGINEERING SERVICES

The policy with guidelines and application procedures have been completed and are attached as **APPENDIX 1**, **APPENDIX 2A** and **APPENDIX 2B** respectively. The policy will serve as a temporary guideline until such time as National Standards are finalized and NERSA has provided a clear policy in terms of the Electricity Regulation Act (Act 4 of 2006).

The tariff design has been incorporated into 2016/17 tariff structure which will be presented to Council for approval in May 2016.

It is the Directorate: Engineering Services' proposal that the policy together with the guidelines and application procedures be accepted by Council in principle after which a public participation process with external and internal stakeholders will follow.

RECOMMENDED

- (a) that the Policy on self-generation of Electricity, attached as **APPENDIX 1**, **APPENDIX 2A** and **APPENDIX 2B**, be accepted as a Draft Policy;
- (b) that the Draft Policy be advertised for public input (internal and external);
- (c) that the Acting Director: Engineering Services incorporate the public input (external and internal); and
- (d) that the Draft Policy, with public input (external and internal stakeholders) be resubmitted to Council for final approval.

**(ACTING DIRECTOR: ENGINEERING
SERVICES TO ACTION)**

ENGINEERING SERVICES AND HUMAN SETTLEMENTS COMMITTEE MEETING: 2016-05-04: ITEM 6.1.2**RECOMMENDED**

- (a) that the Policy on self-generation of Electricity, attached as **APPENDIX 1**, **APPENDIX 2A** and **APPENDIX 2B**, be accepted as a Draft Policy;

-
- (b) that the Draft Policy be advertised for public input (internal and external);
 - (c) that the Acting Director: Engineering Services incorporate the public input (external and internal); and
 - (d) that the Draft Policy, with public input (external and internal stakeholders) be resubmitted to Council for final approval.

**(ACTING DIRECTOR: ENGINEERING
SERVICES TO ACTION)**

MAYORAL COMMITTEE MEETING: 2016-05-18: ITEM 5.1.5

RECOMMENDED BY THE EXECUTIVE MAYOR

- (a) that the Policy on self-generation of Electricity, attached as **APPENDIX 1, APPENDIX 2A and APPENDIX 2B**, be accepted as a Draft Policy;
- (b) that the Draft Policy be advertised for public input (internal and external);
- (c) that the Acting Director: Engineering Services incorporate the public input (external and internal); and
- (d) that the Draft Policy, with public input (external and internal stakeholders) be resubmitted to Council for final approval.

**(ACTING DIRECTOR: ENGINEERING
SERVICES TO ACTION)**

41ST COUNCIL MEETING: 2016-05-25: ITEM 8.3

RESOLVED (nem con)

- (a) that the Policy on self-generation of Electricity, attached as **APPENDIX 1, APPENDIX 2A and APPENDIX 2B**, be accepted as a Draft Policy;
- (b) that the Draft Policy be advertised for public input (internal and external);
- (c) that the Acting Director: Engineering Services incorporate the public input (external and internal); and
- (d) that the Draft Policy, with public input (external and internal stakeholders) be resubmitted to Council for final approval.

**(ACTING DIRECTOR: ENGINEERING
SERVICES TO ACTION)**

8.4 ADOPTION OF THE SPORTS FACILITIES MANAGEMENT PLAN FOR WC024*File number : 17/6/6**Compiled by : Acting Manager Community Services and
Head: Sports, Amenities and Facilities**Report by : The Director Community & Protection Services**Delegated Authority : Council***Strategic intent of item**

Preferred investment destination	<input checked="" type="checkbox"/>
Greenest municipality	<input type="checkbox"/>
Safest valley	<input type="checkbox"/>
Dignified Living	<input checked="" type="checkbox"/>
Good Governance	<input checked="" type="checkbox"/>

1. PURPOSE OF REPORT

To obtain final approval from Council for Sports Facility Management Plan (SFMP attached as **APPENDIX 1**) as per the Council resolution of January 2014 (refer to **APPENDIX 2**). It also includes comments on the revised Draft Lease Agreements which are ready for signing with the various Area Sport Councils.

2. BACKGROUND

The SFMP is the strategic framework, aligned with the National Development Plan and The National Sports and Recreation Management Plan which was endorsed in 2013.

A process of public participation commenced in February 2014 (refer to **APPENDIX 3**) where the public was invited to give input of the new proposed sports management model as capture in the SFMP. The sport plan also went under revision to include the National Sport and Recreation Plan's strategic views and directives.

During this process, the current draft lease agreement went through additional revisions as per the different categories envisioned in the SFMP.

The process was started 9 December 2015 at a workshop where the SSRA and its member councils signed an Accord in support of the SFMP and the transformation and development of Sport and Recreation in Greater Stellenbosch (refer to **APPENDIX 4**). A road show where all communities and Area Sports Councils were consulted started in January and intends completion in May 2016.

3. DISCUSSION**3.1 Overview of the revised sport plan**

The SFMP stands on two legs:

- The transformation of the sport and recreation in greater Stellenbosch
- Long term lease agreements with the Area Sport Councils for the management of specific sport grounds according to specific predetermined categories.

The role of the municipality = to create an Enabling Environment.

- Creates enabling environment for the development of sport and recreation
- Capital Expenditure (=Maintenance and Facility Development)
- Provides a basic subsidy to the SSRA towards the Sport Development fund
- Capacity development
- Lease Agreements with Area Sports Councils for 9 years and 11 months.
- Interact with key stakeholders for capital development of sport and recreation.
- Develop the Sport and Recreation Master Plan.
- Co-Develop strategies for the development and management of Sport and Recreation in Stellenbosch with SSRA.

The role of SSRA = to promote Development and Growth of sport in WC024

- Represents civil society stakeholders in the development and growth of Sport and Recreation
- Must include educational institutions and other sport and recreation stakeholders and not only area sports councils or federations.
- Develop and manage the Sport and Recreation Development Fund (20% for administration; 80% for development).
- Must source additional funds from other stakeholders and industry to expand the Sport and Recreation Development fund.
- Must be affiliated to the Cape Winelands Sports Confederation.
- Area Sports Councils must all be affiliate to SSRA. These area sports councils will receive an annual subsidy from the Sport and Recreation Development Fund.
- Sport Administration (fixtures, applications, monitor facilities e.t.c).
- Capacity development.
- Talent Identification and Development.
- Tournaments and Events.

- Development fund for Sport and Recreation.
- Annual Stellenbosch Sports Awards.
- Interact with key stakeholders for development and support of sport and recreation.
- Co-Develop strategies for the development and management of Sport and Recreation in Stellenbosch with Municipality.

The role of Area Sports Council = Management and Local Development of sport and sport facilities.

- Must be affiliated with the SSRA.
- Sign lease agreement with municipality for 9 years and 11 months.
- Operational management of specific sports grounds.
- Develop strategies for the development of Sport and Recreation in specific area.
- Interact with key area community specific sport and recreation stakeholders.
- Must expand membership to include educational institutions and other Sport and Recreation stakeholders in the area.
- The Area Sports Councils are divided into four categories. These categories are determined according to the site that will be operated, the capacity of the Area Sports Council and current financial status of the Area Sports Council.

3.2 Draft lease agreements as per Category

There are 4 draft lease agreements created in consultation with the legal department. Each Area Sports Council is divided into the three categories. The following is brief summaries of the categories:

- Category A – Elite hub and sole management by Area Sports Council. The Area Sports Council takes full responsibility for the sports grounds. A subsidised market related rental will be determined.
- Category B – The Growth and Development hub and a joint management between the Area Sports Council and the Municipality. The Area Sports Council will be responsible for development of sport and recreation programmes and internal management of buildings' as well as electricity. The municipality will be responsible for capital development and maintenance of fields. A subsidised market related rental will be determined.
- Category C – Capacity development hub and jointly managed by the Area Sports Council and Municipality. Area Sports Council responsible for the interior of the buildings but the Municipality will take most of the responsibility for maintenance of the sportsgrounds. A nominal rental will be determined.

- Category D – Rural sports hub and managed by the municipality. The Areas Sports Council will hire the fields and facilities at a nominal or subsidised rate.

3.3 Outcome of the stakeholder consultation process

The revised sport plan was promoted amongst the SSRA and all Area Sports Councils and their member sport clubs. The SSRA, Area Sports Council and sport clubs are in agreement with their specific categories and are willing to sign the lease agreements by June 2016.

4. CONCLUSION

The Sports Facilities Management Plan have been adopted via the signing of the Accord by each sports council after numerous consultations. As part of this process, the lease agreements have been received positively and sports councils are keen to sign.

5. COMMENTS FROM OTHER RELEVANT DEPARTMENTS

Legal: Senior legal Advisor

In section 217 of the Constitution (1996) provides that when an organ of state in the national, provincial or local sphere of government contracts for goods and services, it must do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

The Constitution furthermore provides that a municipality must structure and manage its administrative, budgeting and planning processes to give priority to the basic needs of the community. This includes the promotion of the social and economic development of the community. Schedule 5 B of the Constitution of South Africa lists major culture-related functions of local government one of which is local sport facilities.

All the functions listed in Schedule 5 should be read in conjunction with non-culture related ones as conferred on local governments in terms of Part B of Schedule 4 of the Constitution. All of the above functions find expression and guidance through a plethora of specific pieces of legislation relating to the governing of municipalities.

Legal and Policy Framework

Though not an exhaustive list, the legal framework and policies governing the Sport Facility Management Plan are:
NATIONAL SPORT AND RECREATION ACT EVENTS ACT OF 2010.

THE MUNICIPAL SYSTEMS ACT (32 of 2000)
THE OCCUPATIONAL HEALTH AND SAFETY ACT (85 of 1993)
MUNICIPAL ASSET TRANSFER REGULATIONS ACT, Act 56 OF 2003

MUNICIPAL FINANCE MANAGEMENT ACT, ACT 56 OF 2003
THE STELLENBOSCH MUNICIPAL TARIFF POLICY
PROPERTY RATES ACT, 6 of 2004

Local Government: Municipal Finance Management Act, 56 of 2003

Section 111 of the Local Government:

Municipal Finance Management Act (MFMA) provides inter alia that, each municipality and each municipal entity must have and implement a supply chain management policy. Section 112 provides inter alia that the supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover among others the range of supply chain management processes, that municipalities and municipal entities may use, including tenders, quotations, auctions and other types of competitive bidding; when a municipality or municipal entity may or must use a particular type of process; procedures and mechanisms for each type of process; and the delegation of municipal supply chain management powers and duties, including to officials.

prescribed regulatory framework for municipal supply chain management, which must cover among others the range of supply chain management processes, that municipalities and municipal entities may use, including tenders, quotations, auctions and other types of competitive bidding; when a municipality or municipal entity may or must use a particular type of process; procedures and mechanisms for each type of process; and the delegation of municipal supply chain management powers and duties, including to officials.

Municipal Supply Chain Regulations, Government Notice 868 of 30 May 2005 Regulation 11(1) provides amongst others that a supply chain management policy must provide for an effective system of acquisition management in order to ensure that goods and services are procured by the municipality or municipal entity in accordance with authorised processes only.

Municipal Asset Transfer Regulations promulgated in terms of the Local Government: Municipal Finance Management Act, 2003

A capital asset is defined as;

“as any immovable asset such as land, property or building; and subsidiary asset in relation to a capital asset as “an asset that forms an integral part of the capital asset or of the operation or maintenance of the asset”. The word transfer is defined in relation to a capital or subsidiary.

Regulation 1 provides for the following definitions:

“Capital asset” means, “any immovable asset such as land, property or buildings.

“Subsidiary asset in relation to a capital asset”, means “an asset that forms an integral part of the capital asset or of the operation or maintenance of the asset”

“Transfer in relation to a capital or subsidiary asset”, means transfer of ownership in the asset as a result of a sale or other transaction.

“Asset as the transfer of ownership in the asset”, as a result of a sale or other transaction.

More specifically, **Regulation 3** encapsulates certain governing principles and provides that the regulations are governed and must be implemented in accordance with, among others, the following principle: “Asset preservation principle, i.e. the need to prevent the indiscriminate or unsustainable transfer or disposal of a municipal capital asset in order not to undermine the ability of the municipality or municipal entity to render or expand municipal services in the longer term.”

Regulation 5(1) provides inter alia that a municipality may transfer or dispose of a non-exempted capital asset only after the municipal council has approved in principle that the capital asset may be transferred or disposed of.

Municipal Systems Act, Act 32 of 2000

Section 4 of the Systems Act sets out the rights and duties of municipal councils. In terms of this section, the council of a municipality has the right to govern the affairs of the local community on its own initiative, exercise the municipality’s executive and legislative authority and to finance the affairs of the municipality by charging fees for services and imposing surcharges on fees, rates on property and, where authorised, other taxes, levies and duties.

The municipality must also, in terms of s74 of the Systems Act, adopt and implement a tariff policy on the levying of fees for municipal services provided for by the municipality or by way of service delivery agreements. The Municipal System Act requires that Council adopt a Tariff Policy. The general financial management functions covered in section 62 of the Municipal Finance Management Act includes the implementation of a tariff policy. Section 74(2) and (3) of the Systems Act read as follow:

"(2) A tariff policy must reflect at least the following principles, namely that-

(a) users of municipal services should be treated equitably in the application of tariffs;
- (b)" the amount individual users pay for services should generally be in proportion to their use of that service;

(3) A tariff policy may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination."

Prior to the approval, and part and parcel of the consideration effort, the municipality, must admit to the general public what tariff increases it intends implementing. These increases are for all municipal services- which includes water-and electricity supply. This allows for transparency, fairness and openness as far as local government budget is concerned and also affords those affected by tariff increases, a proper opportunity to be heard.

South African Law of Contract

The principles of law of contract allow parties to a contract to change and modify their contract. Parties to a contract are as free to change and/or modify their contract after they had already made it as if they were to make it in the first instance. The parties need only reach consensus on the terms they need to change or modify. The proposed changes must be lawful and enforceable.

It must be noted that the MFMA, the Property Rates Act, the Municipal Tariff Policy and Supply Chain Management Policy will be applicable to the proposed amendments of the leases. It is therefore advisable that the Council be informed of the respective amendments to each lease agreement and that the report indicates the following:

- a) *when the lease agreements terminate;*
- b) *Which of the leases if any are registered at the Deeds Office*
- c) *Which of the leases are compliant with legislative prescripts;*
- d) *Which leases can be renegotiated with shorter periods to allow the Council access to its own land for bona fide municipal purposes;*
- e) *Subleasing on the various sport fields;*
- f) *Income generated by the various sport clubs, how a portion of it can be utilised for the socio development and sponsoring of upcoming athletes from disadvantaged backgrounds.*

In terms of the item and the annexures attached due process had been followed pertaining to public consultation. The Sport Facility Management Plan makes no reference to the Legislative Framework which governs Sport Facilities, besides the MFMA which is referred to on pg. 12 para 4 as well as the King III Report on Corporate Governance.

It is imperative that due regard be given to the *legislative framework* and that the relevant precautionary measures be taken to avoid a situation whereby the Council cede some of its rights in terms of the new/ revised lease agreement to the Sport Clubs. It is advisable that the policy makes reference to the legislative framework and that the Council consider the implementation of a By-law to guide and regulate the usage of all Sports and Recreation Facilities.

Mention must be made that I have not been party to the negotiations to date and am providing input after the fact and without having had the benefit of insight into how the proposals have developed.

RECOMMENDED

that Council approve the Sports Facilities Management Plan for WCO24.

APPENDICES

Appendix 1: Sports Facilities Management Plan

Appendix 2: Council Resolution of January 2014

Appendix 3: Process of Public Participation - February 2014
Appendix 4: Copy of signed Accord in support of the SFMP

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

COMMUNITY AND PROTECTION SERVICES COMMITTEE:
2016-05-11: ITEM 5.1.1

RECOMMENDED

that Council approves the Sports Facilities Management Plan for WCO24.

Councillor DA Hendrickse requested that his vote of dissent be minuted.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

MAYORAL COMMITTEE MEETING: 2016-05-18: ITEM 5.1.6

RECOMMENDED BY THE EXECUTIVE MAYOR

that Council approves the Sports Facilities Management Plan for WCO24.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

41ST COUNCIL MEETING: 2016-05-25: ITEM 8.4

RESOLVED (majority vote)

that Council approve the Sports Facilities Management Plan for WCO24.

Councillor DA Hendrickse requested that his vote of dissent be minuted.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

8.5 COMPREHENSIVE SAFETY PLAN

File number : 4/10/3/2/1
Compiled by : Manager: Fire and Disaster
Report by : Director: Community and Protection Service
Delegated Authority : Council

Strategic intent of item

Preferred investment destination	<input checked="" type="checkbox"/>
Greenest municipality	<input type="checkbox"/>
Safest valley	<input checked="" type="checkbox"/>
Dignified Living	<input checked="" type="checkbox"/>
Good Governance	<input type="checkbox"/>

1. PURPOSE OF REPORT

To obtain Council approval to implement the revised annual Safety Annual Plan for the Greater Stellenbosch for the period 2016 – 2020 (see **APPENDIX 1**).

2. BACKGROUND

The intent of the annual Safety Plan for the Greater Stellenbosch is to introduce a broad safety strategy for all the communities that live and do business in the WCO24.

During the Integrated Development Processes (IDP) engagements with the communities safety stood out as one of the top priorities in all wards. Communities felt their suburbs were not well protected and safe enough for the vulnerable groups such as the elderly, children, women and people with disability. Their perceptions why they felt unsafe ranged from insufficient patrols in the various suburbs, poor responsiveness from SAPS, organised crime taking root, substance abuse relating to petty crime, invasion of unknown persons passing through Stellenbosch surrounding areas. Land invasion was cited as a threat by established communities fearing that these types of actions may lead to unknown criminal activities.

Part of the continuation of the Safety Plan was to streamline communication in the Safety Cluster and between all stakeholders. This unleashed the potential for joint planning, sharing of resources, introduced new stakeholders in combating crime in a structured and disciplined operations. The overarching strategic focus of this Safety Plan is to make provision for community interaction to be an active Safety Stakeholder.

DISCUSSION

The Safety Plan intends to introduce two levels of functionality namely:

- (a) Strategic Focus: encapsulates discussions with Strategic partners within the WCO24 regarding new trends of Crime, Prevention of Crime and responsiveness to trends and risk facing our communities. Mitigating potential crime which may emanate from social and behavioural patterns.
- (b) Operational Focus: to meet weekly with the Stellenbosch Safety Initiative (SSI) to discuss operational safety matters in the WCO24. The SSI comprises of SAPS, Law Enforcement and all Private security companies. SSI share resources intelligence identifies potential criminal activities which may arise, and respond collectively to criminal activities in pursuit.

3. LEGAL IMPLICATIONS

Functions and Objectives of a Municipal Council

The primary role of the municipal council is that of political oversight of the municipality's functions, programmes and the management of administration. All of the powers of local government are vested in the municipal council. It has the power to make by laws (legislative authority) and the powers to put those laws into effect (executive authority). The municipal court has executive and legislative authority over the matters set out in Part B of schedule 4 and schedule 5 of the Constitution.

The municipality may also administer any other matter assigned to it by national and provincial legislation.

In administering the matters assigned to local government, the municipal council must strive within its capacity to achieve the Constitutional objects of local government. (my emphasis)

Roles and Responsibilities within Local Government

These constitutional objects are:

To provide democratic and accountable government for local communities:

- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government

4. FINANCIAL IMPLICATIONS

Budget requirements must be dealt with through the budget process.

5. COMMENTS FROM OTHER RELEVANT DEPARTMENTS**5.1 ELECTRICAL SERVICES**

Lights exist and maintained in all streets, public parking lots and some public open spaces.

If there are any shortcomings, it can be motivated to the Directorate: Engineering Services. Lighting required on private property have to be provided by the owner.

5.2 GREENING SERVICES

Greening services will play a supporting role by maintaining trees to ensure a safe environment and the unobstructed monitoring activities of the CCTV system.

RECOMMENDED

that the report on the Comprehensive Safety Plan for the Greater Stellenbosch of the WC024 Area, be endorsed by Council.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

**COMMUNITY AND PROTECTION SERVICES COMMITTEE:
2016-05-11: ITEM 5.1.4**

RECOMMENDED

that the report on the Comprehensive Safety Plan for the Greater Stellenbosch of the WC024 Area, be endorsed by Council.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

MAYORAL COMMITTEE MEETING: 2016-05-18: ITEM 5.1.9

RECOMMENDED BY THE EXECUTIVE MAYOR

that the report on the Comprehensive Safety Plan for the Greater Stellenbosch of the WC024 Area, be endorsed by Council.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

41ST COUNCIL MEETING: 2016-05-25: ITEM 8.5**RESOLVED** (nem con)

- (a) that the report on the Comprehensive Safety Plan for the Greater Stellenbosch of the WC024 Area, be endorsed by Council; and
- (b) that all registered Neighbourhood Watches within the WCO24 form part of the Comprehensive Safety Plan.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

8.6 AMENDMENT OF CONTRACT B/SM 38/14: PROVISION OF PROFESSIONAL ENGINEERING SERVICES FOR THE DESIGN AND CONSTRUCTION OF THE REHABILITATION AND CAPPING OF THE STELLENBOSCH LANDFILL SITE (CELLS 1 AND 2)

File number : 6/3/3/6 x 16/5/3

Report by : Acting Director: Engineering Services

Compiled by : Manager Solid Waste Management: Saliem Haider

Delegated Authority : Council

Strategic intent of item

Preferred investment destination	<input type="checkbox"/>
Greenest municipality	<input checked="" type="checkbox"/>
Safest valley	<input type="checkbox"/>
Dignified Living	<input type="checkbox"/>
Good Governance	<input checked="" type="checkbox"/>

1. PURPOSE OF THE REPORT

To obtain Council approval for the amendment of the contract of Jan Palm Consulting Engineers CC (JPCE) as per Section 116(3) of the Municipal Finance Management Act (Act 56 of 2003) (Refer to **APPENDIX 1**).

2. BACKGROUND

JPCE was appointed for B/SM 38/14 for the provision of professional engineering services for the design and construction of the rehabilitation and capping of the Stellenbosch Landfill site (Cells 1 and 2).

Their brief for this project was as follows:

- Determine the waste footprint
- Design the capping layers and re-vegetation
- Landfill gas management and drainage systems
- Obtaining approval from the competent authority
- Compile tender contract documentation and assist in the tender process
- Construction monitoring during the construction phase

The professional fees portion of the appointment was based on a percentage of the estimated construction value. This value was indicated by the municipality under item 1.1.1 on page 67 of the Bill of Quantities in the Tender Document as R36 000 000. At the time of tendering, this was the estimated value of the construction cost to rehabilitate Cells 1 and 2 at the Stellenbosch Landfill. The fees portion of JPCE was 3.5% of the estimated construction value of R36 million, which amounts to R1 260 000 (Refer to Appendix B). Currently the

estimated value of the construction work is almost R70 million, instead of the R36 million that was stated in the tender document. In terms of Clause 7 on page 64 of the tender document, the final amount due to the service provider will be adjusted according to the final construction values based on the percentage fee tendered. This will result in a fees increase from R1 260 000 to approximately R2 450 000.

The initial estimate of R36 million was obtained from previous landfill rehabilitation provision estimates done annually during June in terms of GRAP 19. These estimates are audited annually by the Auditor General, and although often queried, gave their approval for all estimates to date.

JPCE has been involved with the rehabilitation cost estimates for Stellenbosch Landfill since 2008, and these estimates were done using a desktop concept design based on Minimum Requirements for Waste Disposal by Landfill, 2nd Edition (MR2), issued in 1998 by then Department of Water Affairs and Forestry (DWA). According to MR2, the capping design for a site such as Stellenbosch Landfill should have the following capping layers as a minimum (from top to bottom):

- 200mm Topsoil (growth layer)
- 3 x 150mm clay layers with a maximum permeability of 0.5m/year
- Separation Geotextile
- 150mm Gas drainage layer (normally 19mm stone)
- Waste body

Below is a summary of what was included in the R36 million cost estimate done in 2012:

- Preliminary and General items
- Site Clearance and Preparation (Waste trimming and compaction)
- Storm Water Control Measures (Concrete-lined hyson cells channels)
- Capping layers as per above layer works
- Gas management (150mm layer of 19mm stone)
- Miscellaneous (Fence work, Regulatory Authority Approvals)
- 10% Contingencies
- Engineering (Professional Fees and Construction Monitoring)

For each year's estimate the previous year's estimate is escalated using CPI (Table 14 of P0141 for Western Cape Province). The escalated rates of the items in the Bill of Quantities are then checked individually to determine if it is still market related. This is also compared with average rates for similar work on similar projects, which is a far more accurate means to do estimates than just a CPI adjustment. Many of the materials used in capping a landfill are imported geo-synthetic materials which are heavily dependent on import rates and exchange rates prevailing at the time. Additional items are also added to the estimate as more local information becomes available over the years, causing the estimate to evolve over time.

3. DISCUSSION

The reasons for the significant increase in construction value from the earlier estimates to the current estimate can be summarised as follows:

- The initial estimates were based on the assumption that the landfill would be shaped to its final shape as part of the normal landfill operations prior to the rehabilitation and the R36 million estimate only allowed for minimal shaping and trimming of the waste body. There is currently a shaping contract underway by Amandla Construction to the value of almost R10 million which is included under the R70 million estimate but was not included in the earlier estimates due to the above assumption.
- Previous estimates were based on the assumption that on-site clay could be used in the capping layers. Tests done after the appointment of JPCE indicated that the on-site clay does not meet the permeability requirements to obtain approval from the regulating authorities. As a result, an alternative to clay had to be used in the capping layers. The current design includes the use of Trisoplast to replace the clay. Trisoplast is an innovative mineral barrier first developed in the Netherlands in the early 1990's. The combination of the patented special polymer with bentonite and a granular filler (normally sand) results in a durable, flexible and effective sealing agent which in terms of sealing is a far superior alternative than a clay cap. The Trisoplast alternative is however more expensive than the clay.
- Since the promulgation of the National Norms and Standards for Disposal of Waste of Landfill in 2013, it became a requirement to present all landfill designs to the Department of Water & Sanitation (DWS) as part of the approval process. Since 2013 DWS requires that landfills without base liners should have an impermeable cap in order to prevent any further leachate generation as a result of precipitation. The current design makes provision for HDPE cusped sheets on top of the Trisoplast layer which has two functions; firstly it acts as an additional barrier in conjunction with the Trisoplast layer, and secondly, it acts as a drainage medium for the run-off through the growth layer which reduces pore pressure build-up into growth layer which could potentially result in stability issues of the growth layer on these long continuous slopes. The earlier estimates did not make provision for cusped sheets, but is included in the current estimate.
- Specialists studies has indicated that it might be feasible for landfill gas to be used and converted to electricity and as a result it was indicated to include the extraction of gas for beneficial use as one of the end-uses during the environmental authorisation process. This resulted in the decision/requirement to install Multriwell gas extraction system (vertical and horizontal wells) in addition to the stone gas drainage layer used in the previous estimates in order to obtain the optimal yield. The use of the Multriwell gas extraction system therefor also resulted in an increase in the estimated construction cost. **The cost of the gas to electricity plant is however not included in the R70,000,000 estimate since this does not form part of the appointment of JPCE, but the**

process to go out on tender for a consultant for this portion is underway.

- Stellenbosch Municipality requested JPCE to include the construction of service road/ring road around the site as part of the rehabilitation project to provide easy access for maintenance purposes. The cost of a service road was not included in the original R36 million.
- As part of the landfill rehabilitation project the landfill entrance is currently being upgraded to blend in with the eventual final landscaped rehabilitated landfill. The entrance upgrade/beautification was not included in the original R36 million cost estimates.
- Stellenbosch Municipality also requested JPCE as part of the rehabilitation project to demolish the existing old office building and replace it with a more modern innovation centre which can be used by the municipality for educational purposes or as a seminar facility. Currently the design brief for the building is to have a double storey structure with the top storey having a roof deck with 360 degree viewing. The top storey will be a conference area that can cater for at least 50 people and the bottom area will be the office area for the landfill operators. At the moment, the idea is to construct this building as a showcase for buildings to be constructed with the bricks currently being manufactured onsite by Use-it as part of the municipality's recycling drive. The construction cost of this building is currently estimated at approximately R2,8 million with the professional fees for an architectural team being approximately R400,000.00 which includes 12 site visits as part of the architect's construction monitoring. The final professional fees for the architect will be recalculated based on the final construction value of the facility. These costs were not included in the original R36 million cost estimate and the appointment of an architect as sub-consultant did also not form part of our tendered price or scope of work. These costs are currently not included in the R70 million estimate since the go-ahead for the construction for this facility has not been approved as yet.

In terms of item 2.5 on page 69 (Refer to Appendix C) of the Bill of Quantities for abovementioned tender regarding the construction monitoring; the tender allowed for a provisional amount of R600 000.00 for construction monitoring. Currently the estimated construction monitoring costs for the various sub-projects are estimated at:

• Landfill Entrance Contract	= R	70,000.00
• Landfill shaping contract	= R	157,000.00
• Capping and rehabilitation contract	= R	750,000.00
• Information centre	= R	260,000.00
• Total	= R	<u>1,237,000.00</u>

In terms of S116(3) if the MFMA a contract or agreement may be amended, but only after the reason for amendment has been tabled in council and the public has been given reasonable notice of the intent to

amend and also invite the public to submit representations to the municipality. The only amendment of the contract of agreement would be the appointment of an architect for the design of the innovation centre since there was no provision or requirement for one in the contract or scope of works. All the other additional costs are within the contract and scope of works and is based on an increase in the original estimated construction value of R36 million due to reasons explained above.

The Manager: Solid Waste Management, to whom the request was forwarded, sought assistance from Supply Chain Management, who indicated that the Section 116(3) must be followed.

4. COMMENTS FROM RELEVANT DIRECTORATES

4.1 Directorate: Finance

Finance supports the item

4.2 Directorate: Strategic & Corporate Services (Legal comments by Adela Petersen from Fairbridges Arderne & Lawton Inc

In terms of Section 116(3) of the MFMA, (56 of 2003), amendments (in compliance with SCM procedures), may only be made after:

1. the reasons for the proposed amendment have been tabled in the council; and
2. the local community has been given reasonable notice of the intention to amend the contract or agreement; and
3. has been invited to submit representations to the municipality.

Amendments of contracts where the expansion or variation is not more than (National Treasury Circular 62):

1. 20% (construction related goods, services and/or infrastructure projects), and
2. 15% (all other goods and/or services) of the original value of the contract must be submitted directly to the Contract Management Office for approval and further reference to the SCM committee system for approval.

Amendments of contracts where the expansion or variation is more than the threshold prescribed by National Treasury (Circular 62), must be dealt with in terms of the provisions of section 116(3) of the MFMA, and are exempt from this process.

The amendment in this instance exceeds the prescribed threshold.

It is important to note further that amendments to the contract within the scope of the original terms and conditions may be altered, provided that both parties have consensus on the amendment and the contract amendment is in writing and signed by both parties. No agreement to amend or vary a contract shall be valid and of any force unless such

agreement to amend or vary is entered into in writing and signed by the contracting parties.

When an amendment has a budgetary implication for a term longer than 3 (three) years, section 33 of the MFMA will apply to this amendment (Section 116 (3) of the MFMA will be followed with section 33, when amending an existing contract for longer than 3 years).

RECOMMENDED

- (a) that Council note the reasons for the proposed amendment of the contract/agreement; and
- (b) that the local community be given reasonable notice of the intention to amend the contract/agreement and be invited to submit representations to the municipality.

**(ACTING DIRECTOR: ENGINEERING
SERVICES TO ACTION)**

**ENGINEERING SERVICES AND HUMAN SETTLEMENTS COMMITTEE
MEETING: 2016-05-04: ITEM 6.1.1****RECOMMENDED**

- (a) that Council note the reasons for the proposed amendment of the contract/agreement; and
- (b) that the local community be given reasonable notice of the intention to amend the contract/agreement and be invited to submit representations to the Municipality.

**(ACTING DIRECTOR: ENGINEERING
SERVICES TO ACTION)**

MAYORAL COMMITTEE MEETING: 2016-05-18: ITEM 5.1.4**RECOMMENDED BY THE EXECUTIVE MAYOR**

- (a) that Council note the reasons for the proposed amendment of the contract/agreement; and
- (b) that the local community be given reasonable notice of the intention to amend the contract/agreement and be invited to submit representations to the Municipality.

**(ACTING DIRECTOR: ENGINEERING
SERVICES TO ACTION)**

41ST COUNCIL MEETING: 2016-05-25: ITEM 8.6

During deliberations on the matter the DA requested a caucus which the Speaker allowed.

After the meeting resumed, it was

RESOLVED (nem con)

that this matter be referred back to allow the Administration to provide clarifying detail on the variance between the original scope of appointment and the S116(3) proposal, as well as to provide further detail in respect of the funding and financial implications of both the original appointment and the proposed S116(3), including the actual works.

**(ACTING DIRECTOR: ENGINEERING
SERVICES TO ACTION)**

8.7 POWER OUTAGES: PROGRESS REPORT ON CONTINGENCY PLANNING

File number : 16/2/6/6
Compiled by : Manager: Fire and Disaster
Report by : Director: Community and Protection Services
Delegated Authority : Council

Strategic intent of item

Preferred investment destination	<input type="checkbox"/>
Greenest municipality	<input type="checkbox"/>
Safest valley	<input checked="" type="checkbox"/>
Dignified Living	<input checked="" type="checkbox"/>
Good Governance	<input checked="" type="checkbox"/>

1. PURPOSE OF REPORT

To inform Council of the contingency planning in the event of power outages. The current situation has dramatically improved since 2014/ 2015 however the Disaster Management Unit is on high alert should these adverse events reoccur.

2. BACKGROUND

Continuous load shedding and power shedding have been experienced since as early as 2010 due to severe pressure and demand on generating ability by ESKOM. The latest information is that load shedding and power outages will continue for the next few years. This has had a severe impact on trade and industry and also communities in the past months.

Due to the expected power outages, pro-active planning is vital and all spheres of government must look at all obstruction and challenges in ensuring vital services delivery.

2.1 Provincial Circular 4/2015

During February 2015 a Provincial Circular, directed to Municipal Managers in the Western Cape, was received from Dr H Fast (Head of Department, Western Cape Government) which requested a contingency plan for power outages from municipalities. The main focus of the circular was as follows (cited verbatim). **(APPENDIX 1)**

“Should there be such a prolonged electricity shutdown, it would be imperative that water and wastewater treatment processes continue. For this reason, we urge you to put the following measures in place:

Ensure that there is back-up generating capacity at your water and wastewater treatment works, and that there are sufficient fuel reserves to supply the generators;

Ensure that your water reservoir levels are kept at maximum levels.”

The circular further indicated that a central co-ordinating committee responsible for the development, management and execution of the Contingency Plan, must be established.

Further points of note in the circular are:

- Resourcing the plan through trained and competent staff, appropriate funding allocation, plant and equipment and adequate fuel capacity;
- Identify “priority” areas or “hot spots” which should be prioritized in the Contingency Plan;
- The typically main priority areas are indicated as:
 - Water/Waste water purification plants and pump stations;
 - Sewage pump stations;
 - Hospitals, clinics, schools, high employment, GDP businesses, Disaster Management Centres, residential areas and Public Transport facilities
- The preparedness period indicated as 48 hrs.

2.2 MFMA Circular No. 75

Cognisance must be taken of point 5.3 of MFMA circular No 75 (**APPENDIX 2**) – Municipal Budget Circular for the 2015/16 MTREF (Medium Term Revenue and Expenditure Framework, stating:

“5.3 Budgeting for contingency plans for prolonged power outages

Municipalities have indicated that they are in the process of implementing contingency plans to address Eskom power outages such as the procurement of generators and indicated the need for funding from national government. The government is collectively working with Eskom to mitigate the impact of power cuts. These efforts will improve the availability of electricity over the medium term, and plans are under way to ensure that South Africa can generate sufficient energy to power its economy over the long term. The government therefore consistently encourages a reduction in energy consumption and promotion of energy efficiency.

Consequently the response from government is to address the immediate challenge and it would therefore be premature for municipalities to invest in contingency infrastructure with the expectation of funding.”

This seems in direct contradiction to the requisites from Province, regarding preparation for long term or continued power outages.

3 DISCUSSION

3.1 Power Outages Committee – Stellenbosch

A central co-ordinating committee for power outages was established, representing all disciplines.

The initial step was to determine, in accordance to directives from the Municipal Manager, to determine, on a multi-disciplinary level, the impact, requirements would be on municipal service delivery (per discipline) for power outages for the periods 1-3 days, 14 days and long term (indefinitely) in order to give an overview of the impact interruptions would have on municipal service delivery.

Information regarding the effects of power outages was obtained from the various disciplines in the form of the completion of templates and discussions.

In an analysis of completed impact assessment templates, it is particularly of note that for the first scenario, i.e. for a 36 hour period, the impact in accordance with accountable Managers/Heads would be minimal. Should any power outage however, exceed this period, the impact on service delivery would be seriously hampered – this situation exponentially increases the longer the period of outage continues, dependent on the availability of fuel (for support generators), as the situation would affect basically all aspects albeit economical, social, industrial or whatever sphere.

It is therefore of paramount importance that an executive decision is made regarding the planning for periods of power outages exceeding 36 hours, as this would affect fiscal planning and relocation of funds, planning and procedures for closure of offices, prioritising of critical services to be continued, alternatives for service delivery (e.g. execution of work from private residences, etc.)

In summation, the conclusion is that for most disciplines, the period between one (1) and three (3) days, the effect would be minimal. As the continuance of services however, is of paramount importance, it is important to, apart from the priorities set by the Provincial Circular, also consider and prioritise the effect on other disciplines. For this purpose inter alia, a consultant was appointed to evaluate and make recommendations regarding all municipal buildings presently occupied by the various disciplines (and sections) of the Stellenbosch municipality.

3.2 Main Priorities as per Provincial Circular

3.2.1 Water and Sewage

The impact of power outages for periods exceeding failure of power supply for more than 24 hours would be severe and would result in

- Failure to treat water
- Failure to pump water
- Failure to pump sewage
- Failure to treat sewage
- Failure to collect sewage

- Sewer blockages

Problems anticipated when power failure continue more than 24 hours

- Shortage of fuel
- Reservoir will running empty
- Certain areas without water
- Pollution of streams and rivers
- Blockages in network with associated odours and nuisances
- Loss of microbial population in waste water treatment works
- Depletion of chemicals, flocculants and disinfectants due to non-delivery from suppliers
- No contact with staff via mobile , office or network
- No water to convey sewage to WWTW

The proposed requirements to mitigate the effect are proposed as:

Description	Amount
20 X mobile generators ranging from 50kVA to 500kVA	R4,5 mill

3.3 Business Continuity Planning

Advance planning and preparation that is necessary to:

- identify the extent of potential losses/breakdown in services;
- formulate and implement viable recovery strategies;
- develop recovery plans that ensure continuity of organizational services in event of prolonged power outages.

The contents of the item allude to mitigation approaches regarding low and short term power outages.

It must however, be kept in mind that after an executive decision has been made, it will then be clear what contingency plans need to be done by the various managers and heads concerning the facilities and staff under their control.

It is clear that not all facilities will be provided with emergency power. In case of a prolonged power outage, staff will initially (dependent on availability of fuel and transport) need to be re-allocated to different facilities where possible or other arrangements must be put in place (e.g. to work from private residences). Should office buildings have to be shut and locked, such procedures must be identified and approved. The absence from work and other labour issues regarding remuneration also need to be addressed and clearly indicated in specific policies and the approval of the Stellenbosch Municipal Council attained. It is envisaged that a generic plan will not suit this exercise, as the situation and alternatives from facilities and staff differ drastically. Continuance of tasks that are critical to service delivery must be clearly defined and submitted for the approval of the Stellenbosch Municipal Council.

It will therefore be vital for senior officials to define such contingencies and a plan and a consolidated plan be submitted to the Stellenbosch Municipal Council.

Should any power outage exceed a period of 24 hours (either by incident or warning by ESKOM, a Joint Operational Centre (JOC) will be established in accordance with the high level structure as per Annexure.

3.3.1 Establishment of a Disaster Management JOC

As the Fire and Rescue Brigade Services have an Emergency Power Generator in place, which is presently working well, it is proposed that the JOC in terms of Power Outages is established at these facilities. There is ample parking space and all the necessary communications facilities are available. The fiscal requirements for the facility entail basic electrical work on the power generator and relevant areas for connection.

Description	Amount
Fire Station: Cluver Road	R 80 000.00

3.3.2 Initial Procurement of 3 X Emergency Mobile 110kVA Generators

As an initial mitigation step, it was decided at the Power Outage Meeting and the Municipal Manager to procure 3 X Emergency Mobile 110kVA Mobile generators. The purpose of these generators is for deployment to any area where there is critical need for electrical power. The generators will be placed at the Fire Station, Stellenbosch in an endeavour to ensure 24/7 availability and rapid deployment in event of emergency.

The procurement of these generators is presently in the bid evaluation process.

3.3.3 Electricity

The impact of long power outages will necessitate critical maintenance on and securing electrical infrastructure to ensure minimal time losses for power restoration after the ESKOM regains operationability. The following needs were identified:

Description	Amount
1 x Mobile generator 150kw for Beltana depot	R320 000.00
4 x Mobile generator for maintenance	R50 000.00
20 x Solar security lights	R60 000.00
Rooftop PV installation	R500 000.00
TOTAL	R930 000.00

3.3.4 Property Management (Municipal Offices)

Regarding Property Management, a consultant was appointed who did an analysis of municipal properties and determined the needs and options. A total for all the buildings (**APPENDIX 3**) would result in astronomical expenditure and an approach of firstly addressing buildings of vital strategic nature was adopted to summarise fiscal needs. The buildings listed are as follows: Neethling House/Town Hall, Fire station (Cluver Road), Traffic Services (Joubert Street), Beltana Complex (Helshoogte Road) Pniel (Main offices) and Franschoek (Main offices).

The consultant gave two basic approaches, an essential services requirement (which basic referred to power generators and related equipment) and full – which indicated additional power resources, i.e solar related. The fiscal representation is as follows:

FACILITY	Recommended	Proposal Consultant	
		Full	Essential Service
Neethling House/Town Hall	R 2 080 000.00	R 10 654 637.00	Not indicated
Fire Station Cluver Road	R 80 000.00	R 3 315 464.00	R 751 750.00
Traffic Services Joubert Street	R 400 000.00	R 2 871 967.23	R 452 050.00
Beltana Complex Helshoogte road	R 450 000.00	R 11 522 526.93	R 1 388 500.00
Pniel Main Offices	R 380 000.00	R 1 422 782.81	R 502 050.00
Franschhoek Main Offices	R 430 000.00	R 2 162 915.44	R 452 050.00
TOTAL	R 3 820 000.00	R 31 950 293.41	R 3 546 400.00

* Note - if professional fees is taken at approximately 12.5% this will be an added R 477 500.00 thus a total of R 4 297 500.00

3.3.5 ICT (Information Communication Technology)

ICT Communication Technology is an important sphere, as the component, apart from data recovery and back-up systems also manage communications regarding telephone and information/radio high sites. It should also be noted that these technical areas are not only power outage specific, but is a requirement to ensure continuity of service as the total municipality is dependent on data recovery and communication especially during major incidents.

A preliminary list of needs (ICT related) is submitted for consideration, as follows:

ITEM	UNIT PRICE	TOTAL
50 X UPS for ICT switches covering satellite sites	R900-00	R 45 000.00
5 X UPS for High sites (mountain masts)	R250 000-00	R 1 250 000.00
2 X ICT Backup and replication Hardware & Software	R900 000-00	R 1 800 000.00
3 X Mobile generators to allow for critical recharging of batteries	R14 000-00	R 42 000.00
10 X High powered flash light torches	R3 000-00	R 30 000.00
4 X Two-way range radios	R5 000-00	R 20 000.00
TOTAL		R 3 187 000.00

3.3.6 Communication

There is a communication plan in place – any extraordinary occurrence would be an expansion of that plan. In case of all communication methods failing, emergency vehicles with PA systems could be used for dissemination by means of e.g. loud hailing. This is however, dependent on the availability of fuel and transportation.

3.3.7 Fiscal Consolidation of Needs Identified

A consolidation (in summary) of the needs identified by the various Managers is as follows:

Discipline	Amount
Water & Sewage	R 4 500 000.00
Municipal Facilities	R 4 297 500.00
Electro-Technical Services	R 930 000.00
ICT Services	R 3 187 000.00
TOTAL	R 11 984 500.00

RECOMMENDED

- (a) that Council take note of the fiscal implications of the power mitigation needs in the Greater Stellenbosch; and
- (b) that note be taken of the proposed risk mitigation cost of R 11 984 500.00.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

**COMMUNITY AND PROTECTION SERVICES COMMITTEE:
2016-05-11: ITEM 5.1.3**

RECOMMENDED

- (a) that Council take note of the fiscal implications of the power mitigation needs in the Greater Stellenbosch; and
- (b) that note be taken of the proposed risk mitigation cost of R 11 984 500.00.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

MAYORAL COMMITTEE MEETING: 2016-05-18: ITEM 5.1.8

RECOMMENDED BY THE EXECUTIVE MAYOR

- (a) that the Contingency Plan for power outages be adopted;
- (b) that Council takes note of the fiscal implications of the power mitigation needs in the Greater Stellenbosch;

- (c) that note be taken of the proposed risk mitigation cost of R 11 984 500.00; and
- (d) that the Administration submit a Risk Mitigation Project- and Business Plan to Council for implementation over a 2-year period, during the September 2016 cycle of Council.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

41ST COUNCIL MEETING: 2016-05-25: ITEM 8.6

RESOLVED (nem con)

- (a) that the Contingency Plan for power outages be adopted;
- (b) that Council takes note of the fiscal implications of the power mitigation needs in the Greater Stellenbosch;
- (c) that note be taken of the proposed risk mitigation cost of R 11 984 500.00; and
- (d) that the Administration submit a Risk Mitigation Project- and Business Plan to Council for implementation over a 2-year period, during the September 2016 cycle of Council.

**(DIRECTOR: COMMUNITY &
PROTECTION SERVICES TO ACTION)**

9. **CONSIDERATION OF NOTICES OF QUESTIONS AND NOTICES OF MOTIONS RECEIVED BY THE SPEAKER** (3/4/1/4)

NONE

10. **CONSIDERATION OF MOTIONS OF EXIGENCY** (3/4/1/4)

10.1 **MOTION OF EXIGENCY BY COUNCILLOR F ADAMS: AMENDMENT TO THE MUNICIPAL HONOURS BY-LAW** (3/4/1/4)

Councillor F Adams provided a brief background on the urgency of the matter relating to the amendment to the current Municipal Honours By-law.

The matter was put to the vote yielding a result of 9 votes for and 24 votes against.

The Motion therefore did not carry.

RESOLVED (majority vote with 3 abstentions)

that this matter not be debated.

**(DIRECTOR: STRATEGIC AND
CORPORATE SERVICES TO ACTION)**

10.2 MOTION OF EXIGENCY BY COUNCILLOR F ADAMS: WRITING-OFF OF LONG OUTSTANDING DEBTS

Councillor F Adams provided a brief background on the urgency of the matter relating to the writing-off of long outstanding debts pre-1994 of self-help scheme of the Kylemore residents.

The matter was put to the vote yielding a result of 9 votes for and 24 votes against.

The Motion therefore did not carry.

RESOLVED (majority vote with 3 abstentions)

that this matter not be debated.

**(DIRECTOR: STRATEGIC AND
CORPORATE SERVICES TO ACTION)**

11. MATTERS FOR INFORMATION**11.1 REPORT BY THE EXECUTIVE MAYOR ON DECISIONS TAKEN BY THE
MAYORAL COMMITTEE AND STANDING COMMITTEES FOR THE PERIOD
APRIL 2016 (3/4/2/5)**

Report by the Executive Mayor

In terms of Section 56(5) of the Municipal Structures Act, No 117 of 1998, the Executive Mayor must report to the Municipal Council on all decisions taken by the Mayoral Committee and Standing Committees.

The above-mentioned information is attached as **APPENDIX 1**.

FOR INFORMATION**41ST COUNCIL MEETING: 2016-05-25: ITEM 11.1****RESOLVED** (nem con)

that the report by the Executive Mayor on decisions taken by the Mayoral Committee and Standing Committees for the period April 2016, be noted.

**(DIRECTOR: STRATEGIC AND
CORPORATE SERVICES TO ACTION)**

11.2 DECISIONS TAKEN IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR FOR THE PERIOD APRIL 2016 (3/5/1/1)

NONE

12. OTHER URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER (8/1/3/2/7)

NONE

13.1 CONSIDERATION OF REPORTS SUBMITTED BY THE SPEAKER (8/1/3/2/9)

NONE

13.2 CONSIDERATION OF REPORTS SUBMITTED BY THE EXECUTIVE MAYOR (8/1/3/2/9)

NONE

14. MATTERS TO BE CONSIDERED IN-COMMITTEE (3/4/1/5)

(SEE PINK DOCUMENTATION)

Meeting adjourned at 20:15.

CONFIRMED

CHAIRPERSON

(Signature & date)