KOUGA
local municipality
Good Governance through Service Excellence

ORDINARY COUNCIL MEETING

AGENDA

Date : 28 FEBRUARY 2018
Time: 14:00
Venue : Kouga Council Chamber (Jeffreys Bay Unit)

KOUGA MUNICIPALITY (EC108)	UMASIPALA I-KOUGA (EC108)	MUNISIPALITEIT KOUGA (OK108)
NOTICE CONVENING A MEETING	**ISAZISO NGENTLANGANISO**	**KENNISGEWING VAN VERGADERING**
NOTICE IS HEREBY GIVEN that an Ordinary Council Meeting will be held in the in the **Kouga Council Chambers, (Jeffreys Bay Unit** on	**OKU KUKWAZISA OKOKUBA** intlanganiso yesigqeba Ye-khansile **eyakuba-kwikhansile yase Kouga (Jeffreys Bay)**	**KENNIS GESKIED HIERMEE** dat 'n Gewone Raadsvergadering in die **Kouga Raadsaal, (Jeffreys-baai Eenheid)** gehou sal word op
DATE: 28 FEBRUARY 2018	**UMHLA: 28 EyoMdumba 2018**	**DATUM: 28 FEBRUARIE 2018**
TIME: 14:00	**IXESHA: 14:00**	**TYD: 14:00**
H.M. HENDRICKS **SPEAKER**	**H.M. HENDRICKS** **USOMLOMO**	**H.M. HENDRICKS** **SPEAKER**

AGENDA

1. **NOTICE OF MEETING**

2. **OPENING AND WELCOME**

3. **APOLOGIES**

4. **ACKNOWLEDGEMENTS, CONDOLENCES & CONGRATULATIONS**

5. **STATEMENTS OR COMMUNICATIONS BY THE SPEAKER**

6. **STATEMENTS OR COMMUNICATIONS BY THE EXECUTIVE MAYOR**

7. **REPORT BACK: SARAH BAARTMAN DISTRICT MUNICIPALITY REPRESENTATIVES**

   The Sarah Baartman District Municipality report will be tabled at the next Council to be held in March 2018.

8. **REPORT BACK: INTERGOVERNMENTAL RELATIONS FORUM (IGR)**

9. **REPORT BACK: MUNIMEC**

MUNIMEC is scheduled for 27 February 2018 to 1 March 2018. A Report will be tabled at the next Council Meeting.

10. **STATUTORY MATTERS**

11. **CONFIRMATION OF MINUTES OF PREVIOUS COUNCIL MEETINGS**

11.1 Minutes of an Ordinary Council Meeting held on 25 January 2018 (Jeffreys Bay)

Pages 8-11

11.2 Minutes of an Ordinary Council Meeting held on 25 January 2018 (St Francis Bay)

Pages 12-20

11.3 Minutes of a Special Council Meeting held on 1 February 2018

Pages 21-28

12. **MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR**

(The reports by the Executive Mayor, in terms of the provisions of Section 63 of the Local Government Municipal Systems Act, 32 of 2000, on matters dealt with by the Executive Mayor in terms of delegated authority as detailed in the Minutes to be noted).

12.1 Minutes of a Mayoral Committee Meeting held on 22 November 2017

Pages 30-58

13. **MINUTES AND REPORTS OF COMMITTEES OF THE COUNCIL**

13.1 **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MINUTES**

13.1.1 Minutes of a MPAC Meeting held on 24 November 2017

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14. **REPORTS BY THE OFFICE OF THE MUNICIPAL MANAGER**

18/02/MM1 Council Resolutions for January & February 2018

Pages 64-76

15. **REPORTS BY THE EXECTUIVE MAYOR**

14.2 **FINANCE**

18/02/F1 2017/18 Adjustments Budget

Pages 78

(Adjustment Budget distributed under separate cover)

18/02/F2 Land Advisory Committee: Minutes & Report Back

(Report distributed under separate cover)

18/03/F3 Monthly Budget Statements For The Period July 2017 To January 2018 And Financial State Of Affairs Of The Municipality As At 31 January 2018 (2017/18 Financial Year)

Pages 79-117

14.3 **CORPORATE SERVICES**

18/02/CORP3 Approval of Council Policies – Revised In November & December 2017

Pages 119-519

18/02/CORP4 Portfolio Committee Members to Council

Pages 520-522

14.4 **INFRASTRUCTURE & ENGINEERING**

18/02/I&E2 Report on the Trip to Israel: 26 November 2017 to 1 December 2017

Pages 524-533

18/02/I&E3 Long Term Water Supply Security - Desalination

Pages 534-536

18/02/I&E4 Drought Disaster Area In Kouga

Pages 537-548

CONFIDENTIAL

15. **MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR**

(The reports by the Executive Mayor, in terms of the provisions of Section 63 of the Local Government Municipal Systems Act, 32 of 2000, on matters dealt with by the Executive Mayor in terms of delegated authority as detailed in the Minutes to be noted).

15.1 Minutes of an 'In Committee' Mayoral Committee Meeting held on 22 November 2017.

Pages 551-553

16. **CONFIRMATION OF PREVIOUS 'IN COMMITTEE' COUNCIL MEETINGS**

16.1 Minutes of an 'In Committee' Special Council Meeting held on 1 February 2018

Pages 555-557

17. **REPORTS BY THE EXECTUIVE MAYOR**

17.1 **CORPORATE SERVICES**

18/02/CCORP3 Acting Appointment: Senior Manager Position: Community Services

Pages 559-561

18/02/CCORP4 Employment Equity: Status Quo Report

Pages 562-566

18. **CLOSURE**

Distribution list:

Speaker
Executive Mayor
All Councillors
Municipal Manager
All Directors
Relevant Managers

MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR

CONFIRMATION OF PREVIOUS COUNCIL MINUTES

MINUTES OF AN ORDINARY COUNCIL MEETING OF THE KOUGA MUNICIPALITY HELD AT THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) ON THURSDAY, 25 JANUARY 2018 AT 10:00

PRESENT: Councillors	H Hendricks	(Speaker)
	D Benson	
	EC van Lingen	(Executive Mayor)
	H Bornman	
	B Williams	
	F Baxter	
	FJ Campher	
	BF Rheeder	(Alderman)
	DM Nkomo	
	L Vorster	
	FJ Louw	
	B Carstens	
	NS Botha	
	D. Biggs	
	B Dhludhlu	
	WPD Gertenbach	
	W Coenraad	
	M Dayimani	
	VA Camealio-Benjamin	
	TN Meleni	
	P Nkwalase	
	ER Februarie	
	S Jujwana	
	M Peters	
	C Mandeka	
	C Matroos	
	VS Vumazonke	
	Z Mayoni	
	A Mabukane	
Officials & Municipal Manager	C du Plessis	(Municipal Manager)
	S Thys	(CFO)
	K Moodley	(Director: Corporate Services)
	V Felton	(Director: Infrastructure & Eng)
	C Dreyer	(Manager: IDP)
	D de Jager	(Manager: HR)
	H Hammes	(Acting Manager: Corporate Serv)
	L Makupula	(Committee Services)
	M Jantjies	(Committee Services)
	B Klopper	(Committee Services)
AUDITOR GENERAL	C Somsam	(AGSA)
	T Mseleni	(AGSA)
COGTA	B Vanda	(Cogta EC)

1. **NOTICE OF MEETING**

The Speaker requested the Municipal Manager, to read the notice of the meeting.

2. **OPENING AND WELCOME**

The Speaker welcomed everybody to the meeting and requested a moment of silence or silent meditation.

The Speaker welcomed the Executive Mayor, Members of the Executive Committee, Members of Council, Municipal Manager & Officials, the delegation from the Auditor General's Office and members of the public.

The Speaker enquired whether all Councillors were connected to their laptops and whether all Councillors had received the Notice of the meeting as well the agenda electronically.

Cllr Cameolio-Benjamin stated that it was unfortunate that some Councillors will not be participating in the meeting as the agenda was not received on their new laptops and could also not be accessed and felt that some Councillors were disadvantaged. Cllr Cameolio-Benjamin also stated that the option of going paperless/electronic should have been phased in systematically irrespective of how urgent the meeting was. Cllr Cameolio-Benjamin referred to Rule 6, of the Standing Rules of Order:-

*"6. **Service of notices***

At least 7 days before any ordinary meeting of the council and at least forty eight hours before any special meeting of the council, a notice to attend the meeting, specifying the business proposed to be transacted thereat and signed by the Speaker or the Municipal Manager as contemplated in 5.2 above, shall be left or delivered to an accessible distribution point within the municipality as determined by the council from time to time / sent be electronic mail to an address provided by the councillor as his/her official address / mail address."

Cllr Cameolio-Benjamin once again stated that due to all Councillors not having access to the agenda, Councillors will not be able to participate in the meeting.

The Speaker referred to Rule 6 which states that the notice of the meeting is to be served 7 days prior to the meeting and not the actual agenda. If the agenda also needs to be delivered 7 days prior to the meeting, an amendment to the Rules of Order is then to be considered. A legal opinion is that it refers to the serving of the Notice of a meeting and not that of the agenda and therefore an agenda may be delivered even 2 days prior to the meeting. The Speaker advised that the paperless option and problems experienced will be discussed and was of the opinion that it was a premature option and should have been phased in. The Speaker requested that the meeting continue.

Cllr Dayimani requested to be recognised to address Council. Cllr Dayimani stated that this meeting was not going to continue and that how does the Speaker expect the Councillors who did not receive the agenda to participate.

The Speaker stated that he was going to discuss the paperless matter. Cllr Dayimani asked what are we going to discuss? Cllr Februarie enquired what was the intention for the meeting to continue? The Speaker said that Cllrs Dayimani and Februarie were out of order. Cllr Dayimani said that the Speaker was out of order.

The Speaker stated that he would grant Cllr Dayimani a 5min grand stand.

Cllr Dayimani stated that it will take the whole day to grand stand. Cllr Dayimani stated that this meeting was not going to continue as Councillors cannot participate. Cllr Dayimani made the following statement:-

"We have given you enough time not to adhere to the Rules of Order and to allow your Administration to undermine us. It is not going to happen, and you can close all your computers".

Cllr Dayimani stated that this meeting is not continuing and further stated:-

"I am telling you today, we have been very nice all the time and it is not going to happen. We will show you today, not another day".

The Speaker requested that Cllrs Februarie & Meleni to be seated. Cllr Februarie stated that they will not be seated and said that the Speaker took a decision to go paperless and Council should have taken precautionary measures which they did not. The Speaker asked that they leave the Council Chambers. Cllr Februarie stated that they will not.

The Speaker requested that the meeting adjourn and reconvene in 10mins (10:15).

The meeting reconvened at 10:35

The Speaker read Rule 7 in the Rules of Order:-

*"7. **Non-service of notices***

Accidental omission to serve on any councillor a notice of meeting shall not invalidate the proceedings of that meeting."

The Speaker Stated that cognisance has been taken in that the ANC Caucus was unanimous that the meeting was invalid but in terms of the Rules of Order if you accidentally did not receive the Notice, the meeting is not invalidated.

The Speaker mentioned that there has been an issue with the electronic circulation of the agenda. From the Chair, The Speaker would like to recognise that it is true. It has not only been ANC Councillors who have experienced the

problem, it included all Councillors and going paperless has not been without problems.

The Speaker stated that there were compliance matters which needed to be dealt with today by 25 January 2018 and proposed that Council deal with only compliance matter and that the remaining matters be referred to a Special Council Meeting or any other meeting. During that period the paperless problems can also then be discussed and sorted out and was of the opinion that going paperless was done too hastily, poorly planned and poorly executed. The fact of the matter was, that it was a Council decision made last year that Council go paperless, but with the implementation, there has been some problems.

The Speaker gave the ANC Caucus the opportunity to address Council to indicate whether they were willing to participate in the meeting only to deal with compliance matters.

Cllr Dayimani thanked the Speaker and stated "*the participation on compliance or non-compliance matters requires that all Councillors have access to documents and therefore in the absence of those documents we cannot continue to participate in the meeting unless those Councillors who received documents must discuss the items in the presence of the ANC Caucus, and we do not participate and if that is the case, where is constitutional democracy? We are suggesting as Councillors and the Caucus of the ANC that up until such time that the consequences about the issues raised continuously, we are left with no choice, the meeting of today Speaker, is not going to continue, compliance or non-compliance, you can apply your rules inconsistent and proceed with the meeting but we are not going to recognise it and we are going to do everything to make it possible not to recognise the meeting and in fact, it is not going to continue. Thank you*".

The Speaker continued with the meeting and called for apologies.

Cllr Dayimani advised the Speaker that the meeting was not going to continue. Cllr Februarie stated that they do not want to go that way. Cllr Dayimani again stated that there is no meeting going to continue

Cllr Februarie referred to Rule 7, of the Standing Rules of Order and stated that the actions were done deliberately therefore the meeting will not be recognised.

The Speaker announced that the meeting was to adjourn and that the meeting be reconvened in St Francis Bay at 11:30.

The meeting adjourned at 10:40 to reconvene in St Francis Bay.

_____ _____

H HENDRICKS **DATE**
SPEAKER

MINUTES OF A CONTINUATION MEETING OF AN ORDINARY COUNCIL MEETING OF THE KOUGA MUNICIPALITY HELD AT THE KOUGA COUNCIL CHAMBER (ST FRANCIS BAY UNIT) ON THURSDAY, 25 JANUARY 2018 AT 11:30

PRESENT: Councillors	H Hendricks	(Speaker)
	D Benson	
	EC van Lingen	(Executive Mayor)
	H Bornman	
	B Williams	
	F Baxter	
	FJ Campher	
	BF Rheeder	(Alderman)
	DM Nkomo	
	L Vorster	
	FJ Louw	
	B Carstens	
	NS Botha	
	D. Biggs	
	B Dhludhlu	
	WPD Gertenbach	
	W Coenraad	
Officials & Municipal Manager	C du Plessis	(Municipal Manager)
	S Thys	(CFO)
	K Moodley	(Director: Corporate Services)
	V Felton	(Director: Infrastructure & Eng)
	C Dreyer	(Manager: IDP)
	D de Jager	(Manager: HR)
	H Hammes	(Acting Manager: Corporate Serv)
	L Makupula	(Committee Services)
	M Jantjies	(Committee Services)
	B Klopper	(Committee Services)
AUDITOR GENERAL	C Somsam	(AGSA)
	T Mseleni	(AGSA)
COGTA	B Vanda	(Cogta EC)

1. **NOTICE OF MEETING**

The Speaker requested the Municipal Manager, to read the notice re-convening the meeting in St Francis Bay.

2. **OPENING AND WELCOME**

The Speaker welcomed everybody present to the meeting and requested confirmation of the agenda. Only compliance items will be dealt with in terms of legislative requirements and all other items will be referred to a Special Council meeting of which the date is to be determined and all Councillors will receive notice thereof.

An urgent supplementary item was tabled by the Municipal Manager and by resolution taken by the majority of its full number, the item was unanimously accepted for discussion, as reflected below:-

18/01/F3 *Assets: Eviction, Illegal Dwellers, Aston Bay Caravan Park, Erf 166, Aston Bay: Proposed Submission Of Formal Written Proposal To The Department Of Roads And Public Works, Eastern Cape, For The Donation Of Erf 166, Aston Bay*

(Item will be dealt with under the Office of the Municipal Manager –18/01/MM3)

3. **ABSENT WITH / WITHOUT APPROVAL**

ANC Councillors

4. **ACKNOWLEDGEMENTS, CONDOLENCES & CONGRATULATIONS**

None

5. **STATEMENTS BY THE SPEAKER**

None

6. **STATEMENTS OR COMMUNICATIONS BY THE EXECUTIVE MAYOR**

The Executive Mayor advised that the communication will be circulated to Councillors due to time constraints and will submit a full statement at the Special Council meeting still to be determined.

7. **REPORT BACK: SARAH BAARTMAN DISTRICT MUNICIPALITY REPRESENTATIVES**

None

8. **REPORT BACK: INTERGOVERNMENTAL RELATIONS FORUM (IGR)**

None

9. **REPORT BACK: MUNIMEC**

None

10. **STATUTORY MATTERS**

11. **CONFIRMATION OF MINUTES OF PREVIOUS COUNCIL MEETINGS**

11.1 Minutes of an Ordinary Council Meeting held on 8 December 2017 be referred to the Special Council meeting.

11.2 Minutes of a Special Council Meeting held on 19 December 2017 be referred to the Special Council meeting.

12. **MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR**

(The reports by the Executive Mayor, in terms of the provisions of Section 63 of the Local Government Municipal Systems Act, 32 of 2000, on matters dealt with by the Executive Mayor in terms of delegated authority as detailed in the Minutes to be noted).

12.1 Minutes of a Mayoral Committee meeting held on 22 November 2017 be referred to the Special Council meeting.

13. **MINUTES AND REPORTS OF COMMITTEES OF THE COUNCIL**

13.1 **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MINUTES**

None

13.2 **KOUGA AUDIT COMMITTEE MINUTES**

None

14. **REPORTS BY THE MUNICIPAL MANAGER**

18/01/MM1 MID YEAR INSTITUTIONAL PERFORMANCE ASSESSMENT: 2017/18 FINANCIAL YEAR: PERIOD 1 JULY 2017 TO 31 DECEMBER 2017

The Institutional Performance in terms of objectives is reflected in the report. All performance contracts have been concluded – 1st quarter evaluation and bi-annual evaluation with Directors have been completed and are available for inspection.

Resolved: (25 January 2018)

i) That the content of the Institutional Performance Report for the period 1 July 2017 to 31 December 2017 be noted.

ii) That the following recommendations relative to the Institutional Performance Report be adopted:

a) That Directorates review Departmental Performance on a monthly basis and report Departmental Performance in terms of the SDBIP to the Municipal Manager at the Top Management Meetings and to the respective Portfolio Councillor.

(b) That Directorates must on a quarterly basis within 5 days of the end of each Quarter submit Departmental Performance Reports to the relevant Portfolio Committee. (Where Portfolio Committees do not meet within this specific time frame, such reports must be submitted to the Office of the Municipal Manager within this period.)

(c) That the Performance Management Section prepare an Institutional Performance report for submission to Council and the Audit Committee not later than the 7th day of the month after the end of the Quarter.

(d) That the Performance Management Section report all instances of non-compliance to Council and the Audit Committee in writing.

18/01/MM2 **SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN: 2017/18 FINANCIAL YEAR: ALIGNMENT OF TARGETS WITH THE INTEGRATED DEVELOPMENT PLAN**

Detailed objectives and milestones listed within the report. Confirmation that the Key Performance Indicators will be addressed with the revision of the SDBIP once the Adjustment Budget has been finalised and accepted.

Resolved: (25 January 2018)

i) That the content of the report on the matter of the alignment of 2017/18 Service Delivery Plan with the Integrated Development Plan as set out in the report be noted and approved.

ii) That the Municipal Manager in consultation with the Executive Mayor reconsider the applicability of SDBIP targets for the 2017/18 year and submit a report on proposed amendments to the Executive Mayor for submission to Council for approval after approval of the adjustments budget as provided for in Section 54(1)(c) of the MFMA.

iii) That on approval of any amendment to the SDBIP, the Municipal Manager reconsider the applicability of the targets as set out in individual performance plans against any possible revision of the SDBIP and effect the adjustment to performance plans accordingly.

iv) That the Director: Infrastructure & Engineering be requested to verify the percentage amount (State income) per households per month for correctness, as reflected in the report submitted to Council.

18/01/MM3 **ASSETS: EVICTION, ILLEGAL DWELLERS, ASTON BAY CARAVAN PARK, ERF 166, ASTON BAY: PROPOSED SUBMISSION OF FORMAL WRITTEN PROPOSAL TO THE DEPARTMENT OF ROADS AND PUBLIC WORKS, EASTERN CAPE, FOR THE DONATION OF ERF 166, ASTON BAY**

The Municipal Manager advised of pending court case and Kouga Municipality was requested to advise of the solutions to the situation. The Department Public Works indicated that they have no purpose for the land in question and a possible exchange for housing development was proposed by Kouga Municipality. A report is required for submission by Kouga Municipality indicating Council's support by resolution whereafter the Office of the MEC will address the procurement process.

Resolved (25 January 2018)

i) That Council take note of the Application for Eviction of illegal dwellers, occupying Erf 166, Aston Bay, and that the Municipality is added as the eleventh respondent to the matter.

ii) That Council support the submission of a formal written proposal to the Department of Roads and Public Works, proposing that the said department donate Erf 166, Aston Bay to the Municipality for purposes of future housing development, or in the alternative enter into an Exchange of Land Agreement, whereby the Municipality would exchange certain ,available land parcels for an end user department such as the Department of Education for development of school buildings, which land can be exchanged for the said Erf 166, Aston Bay.

15. **REPORTS BY THE EXECUTIVE MAYOR**

15.1 **FINANCE**

The Speaker requested the Municipal Manager to confirm that the tabled report, as far as his knowledge, is accurate and truthful – which the Municipal Manager replied that he accepted it as a true reflection of the reports being tabled to the Council.

18/01/F1 MID-YEAR FINANCIAL REPORT FOR THE PERIOD JULY TO DECEMBER 2017 AND THE ASSESSMENT OF THE MUNICIPALITY'S FINANCIAL POSITION AS AT 31 DECEMBER 2017 (2017/18 FINANCIAL YEAR)

Concerns raised:-

- decline in the debt collection rate – measure to be addressed;
- repairs and maintenance - % spent not acceptable;
- Remuneration of Councillors - % incorrect;
- Bulk purchases – to be reduced;
- Infrastructure & Engineering – (Capital Budget Performance) poor performance (12,32%);

Councillor B Williams proposed amendments to the recommendation, which was unanimously accepted by those present.

Resolved: (25 January 2018)

i) That the Municipal Manager's report on the Mid-year Budget and Performance Assessment of the municipality, in accordance with Section 72(1)(a) of the MFMA, be noted.

ii) That the Executive Mayor's report on the implementation of the budget and the financial state of affairs of the municipality, in accordance with Sections 52(d), 54(1)(f) and 72 of the MFMA, be noted.

iii) That an Adjustments Budget, based on the realistically anticipated revenues, in line with section 18 of the MFMA, be tabled by the Executive Mayor to the Council.

iv) That the 2017/18 Adjustments Budget be tabled by the Executive Mayor to the Council on 28 February 2018.

v) That the Mid-year report accordingly be submitted to National Treasury and Provincial Treasury, in line with Section 72(1) (b) of the MFMA.

vi) That the Budget Monitoring Committee meet on a monthly basis with the attendance of Directors and presentation of both Capital and operational Budgets at this Committee to form part of Key Performance Indicators of all Directors.

vii) That the Revenue Enhancement Task Team be established as per Council Resolution taken on **31 May 2017 (17/05/F16).**

Municipal Manager (Chairperson)
Chief Financial Officer
Director: Infrastructure & Engineering
Director: Community Services
Director: Corporate Services
Director: Planning Development: LED & Tourism
Executive Mayor
Relevant Portfolio Councillors (Infrastructure & Engineering & Finance)

viii) That the Executive Mayor and the Portfolio Chairpersons of both Infrastructure & Engineering and Finance form part of the Revenue Enhancement Task Team which will meeting monthly.

ix) That participation in the Task Team form part of Key Performance Indicators of the Municipal Manager and Directors.

x) That a vehicle be hired and at least one electrician be appointed on a temporary basis to conduct disconnections of electricity of non-paying customers.

18/01/F2 **BUDGET AND TREASURY: WITHDRAWALS FROM MUNICIPAL BANK ACCOUNT FOR THE QUARTER ENDED 31 DECEMBER 2017**

Resolved: (25 January 2018)

i) That the withdrawals that were made in terms of Section 11(1) (b) to (j) of the MFMA for the quarter ended 31 December 2017, be noted.

ii) That the report accordingly be submitted to Provincial Treasury and the Auditor-General, as stipulated in Section 11(4) (b) of the MFMA.

15.2 **CORPORATE SERVICES**

The Speaker requested the Municipal Manager to confirm that the tabled report, as far as his knowledge, is accurate and truthful – which the Municipal Manager replied that he accepted it as a true reflection of the reports being tabled to the Council.

18/01/CORP2 **2ND DRAFT ANNUAL REPORT (2016/2017)**

Resolved: (25 January 2018)

i) That the 2nd Draft of the 2016/17Annual Report be noted in terms of the provisions of Section 127(1) of the Municipal Finance Management Act (Act 56 of 2003).

ii) That the Accounting Officer in terms of Section 127 (5) of the MFMA, and in accordance with Section 21 (A) of the Municipal Systems Act:

a) Make public the Annual Report; and

b) Invite the Local Community to submit inputs and comments on the 2nd Draft Annual Report.

c) Submit the Annual Report to:

- The Auditor-General;
- The Provincial Treasury;
- The Provincial Department for Local Government;
- Other institutions as prescribed by legislation.

iii) That the 2ndDraft Annual Report for the 2016/17 financial year be tabled to the Kouga Audit Committee for consideration.

iv) That an Oversight Report on the 2nd Draft Annual Report be prepared by the Municipal Public Accounts Committee in terms of Section 129 of the MFMA to be tabled to the Council at the end of March 2018.

v) That the Manager: Legal Services be requested to evaluate input/comments received by Public Participation and that a report be submitted to Council.

15.3 **INFRASTRUCTURE & ENGINEERING**

The Speaker requested the Municipal Manager to confirm that the tabled report, as far as his knowledge, is accurate and truthful – which the Municipal Manager replied that he accepted it as a true reflection of the reports being tabled to the Council.

18/01/I&E1 LONG-TERM WATER SUPPLY SECURITY- DESALINATION

Resolved (25 January 2018)

i) That a professional, experienced Service Provider be appointed to further investigate desalination as a sustainable source of water supply as a long term measure.

ii) That due process be followed and that a report be submitted to the next Ordinary Council meeting.

The meeting closed at 12:50.

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H HENDRICKS **DATE**
SPEAKER

MINUTES OF AN SPECIAL COUNCIL MEETING OF THE KOUGA MUNICIPALITY HELD AT THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) ON THURSDAY, 1 FEBRUARY 2018 AT 10:00

PRESENT: Councillors	H Hendricks	(Speaker)
	EC van Lingen	(Executive Mayor)
	H Bornman	
	B Williams	
	F Baxter	
	FJ Campher	
	BF Rheeder	(Alderman)
	DM Nkomo	
	L Vorster	
	FJ Louw	
	B Carstens	
	NS Botha	
	B Dhludhlu	
	WPD Gertenbach	
	M Dayimani	
	VA Camealio-Benjamin	
	TN Meleni	
	P Nkwalase	
	ER Februarie	
	S Jujwana	
	M Peters	
	C Mandeka	
	C Matroos	
	VS Vumazonke	
Officials & Municipal Manager	C du Plessis	(Municipal Manager)
	S Thys	(CFO)
	K Moodley	(Director: AME&SP)
	C Dreyer	(Manager: IDP)
	D de Jager	(Manager: HR)
	H Hammes	(Acting Manager: AME&SP)
	B Klopper	(Committee Services)

1. **NOTICE OF MEETING**

The Speaker requested the Municipal Manager, to read the notice of the meeting.

2. **OPENING AND WELCOME**

The Speaker welcomed everybody to the meeting and requested Councillor Cllr F Campher to open the proceedings with a prayer.

3. **ABSENT WITH / WITHOUT APPROVAL**

Cllr D Biggs	-	With approval
Cllr D Benson	-	With approval

4. **ACKNOWLEDGEMENTS, CONDOLENCES & CONGRATULATIONS**

None

5. **STATEMENTS OR COMMUNICATIONS BY THE SPEAKER**

None

6. **STATEMENTS OR COMMUNICATIONS BY THE EXECUTIVE MAYOR**

The Executive Mayor took the opportunity to remind all councillors of the Equitable Shares drive that commences next week. The programme will begin in Humansdorp on 5 February; then move to Hankey and Patensie in March. In April residents of Loerie, Thornhill and St Francis will have the opportunity to register. The programme will conclude at Oyster Bay and Jeffreys Bay in May and June.

The full schedule and requirements are available from the Income section. Notices have been distributed to inform residents, but it is important that councillors also play their part and raise awareness amongst their communities of the drive. Residents who receive EQS need to re-register to continue receiving free basic services and would like to encourage new applications.

A delegation from Germany arrives in Kouga on 5 February 2018 and will be guests for the ensuing week. The delegation is from Ilsfeld Municipality, with whom the Kouga Delegation had established a climate change partnership.

The purpose of the visit was to cement the partnership, which will enable Kouga to access international expertise and possibly even funding to mitigate the impact of the climate change in Kouga region. One such impact which was highlighted in October last year when Kouga visited Germany, is the current drought, one of the worst our region has experienced in decades.

The water situation in Hankey and Patensie, in particular, has become a matter of national interest. Day Zero for these towns, which depend 100% on the Kouga Dam for water, is fast approaching.

The initial estimate for Day Zero - the day the Kouga Dam dries up - was 11 March, but there has been a slight rise in the dam level this past week.

While this buys us a little more time, we cannot afford to sit back.

We have a costed emergency action plan specifically for Hankey and Patensie, and have been meeting with roleplayers, including the Gamtoos Irrigation Board and Department of Water and Sanitation, about the implementation and funding of those drought relief measures deemed most viable.

The good news is that Patensie isn't in immediate danger. Kouga has been assured by the Irrigation Board that their balancing dam in Patensie has sufficient capacity to supply the town with water for several months, even if the Kouga Dam dries up.

Of greater concern is Hankey, where our first exploratory borehole - drilled to a depth of 225m - delivered no yield. The challenge is that the geology of Hankey and Patensie is not conducive to groundwater retention, however, we were able to identify a few potential target sites and will continue exploring this option. In the short term the most viable solution for Hankey is the Klein River. In order to ensure the water quality is up to standard, we plan on bringing in a reverse osmosis plant.

Rainwater harvesting also needs to be encouraged among our communities, business and other state departments. We will be setting the tone by installing rainwater tanks at municipal buildings.

All the studies done this past year indicate that, in the long run, the development of a desalination plant at Jeffreys Bay is the most sustainable solution to meet all of Kouga's water requirements in the medium to long term.

If we can supply our coastal towns with desalinated water, their allocations from the supply dam can be used to augment the supply to Hankey and Patensie.

Sourcing funding for a plant is, therefore, a priority for us. It will cost about R323-million to construct a 15Ml plant which will secure Kouga's medium-term water requirements.

In order to raise awareness among our communities, we have been having public meetings in those areas worst affected. We were in Patensie on 30 January 2018, in Hankey on 31 January 2018 and will be in Weston on 1 February 2018. These meetings are also an opportunity for residents to put ideas on the table, as the drought is a challenge that can only be overcome if all communities are a united front. Meetings will also be held at Loerie on 13 February and Thornhill on 14 February, although these towns are not in immediate danger.

In closing, the Executive Mayor thanked everyone who supported and attended Sunday's prayer day at the Kouga Dam. There was a good turn-out, with about 2 000 people from all walks of life joining in prayer for rain in our catchment areas.

If we continue working and praying together in that same spirit, the Executive Mayor was confident that we will be able to navigate our way safely through this difficult time.

7. **REPORT BACK: SARAH BAARTMAN DISTRICT MUNICIPALITY REPRESENTATIVES**

None

8. **REPORT BACK: INTERGOVERNMENTAL RELATIONS FORUM (IGR)**

None

9. **REPORT BACK: MUNIMEC**

None

10. **STATUTORY MATTERS**

11. **CONFIRMATION OF MINUTES OF PREVIOUS COUNCIL MEETINGS**

11.1 Minutes of an Ordinary Council Meeting held on 8 December 2017 be confirmed and accepted subject to the amendments.

Proposed: Cllr H Bornman Seconded: Cllr B Dhludhlu

11.2 Minutes of a Special Council Meeting held on 19 December 2017 be confirmed and accepted subject to the amendments.

Proposed: Cllr S Jujwana Seconded: Alderman Rheeder

12. **MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR**

(The reports by the Executive Mayor, in terms of the provisions of Section 63 of the Local Government Municipal Systems Act, 32 of 2000, on matters dealt with by the Executive Mayor in terms of delegated authority as detailed in the Minutes to be noted).

12.1 Minutes of a Mayoral Committee meeting held on 22 November 2017 be referred to the next Mayoral Committee meeting for confirmation.

13. **MINUTES AND REPORTS OF COMMITTEES OF THE COUNCIL**

13.1 **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MINUTES**

None

13.2 **KOUGA AUDIT COMMITTEE MINUTES**

None

14. **REPORTS BY THE MUNICIPAL MANAGER**

18/02/MM1 COUNCIL RESOLUTIONS FOR NOVEMBER & DECEMBER 2017 (MAYORAL & COUNCIL)

Resolved: (1 February 2018)

i) That the updated Action Sheets reflecting resolutions of the Council meetings for December 2017 be accepted..

ii) That the updated Action Sheets reflecting resolutions of the Mayoral Committee meeting be withdrawn and referred to the next Mayoral Committee meeting for acceptance.

15. **REPORTS BY THE EXECUTIVE MAYOR**

15.1 **CORPORATE SERVICES**

The Speaker requested the Municipal Manager to confirm that the tabled report, as far as his knowledge, was accurate and truthful – on which the Municipal Manager replied that he accepted it as true reflections of the reports being tabled to the Council.

18/02/CORP1 SCHEDULE OF MEETINGS – JANUARY 2018 TO JUNE 2018

Resolved: (1 February 2018)

i) That the Schedule of Meetings for the period of January 2018 to June 2018, as reflected below, be approved.

MEETING	DATE
COUNCIL	25 January 2018 28 February 2018 29 March 2018 26 April 2018 31 May 2018 28 June 2018
MAYORAL COMMITTEE	20 February 2018 20 March 2018

	17 April 2018 22 May 2018 19 June 2018
FINANCE PORTFOLIO	6 March 2018 3 April 2018 8 May 2018 5 June 2018
CORPORATE SERVICES	6 March 2018 3 April 2018 8 May 2018 5 June 2018
INFRASTRUCTURE & ENGINEERING	7 March 2018 4 April 2018 9 May 2018 6 June 2018
PLANNING DEVELOPMENT & TOURISM	7 March 2018 4 April 2018 9 May 2018 6 June 2018
COMMUNITY SERVICES	8 March 2018 5 April 2018 10 May 2018 7 June 2018
MPAC	9 February 2018 15 February 2018 22 February 2018 1 March 2018 9 March 2018 15 March 2018 12 April 2018 19 April 2018 17 May 2018 24 May 2018 14 June 2018 21 June 2018
TOP MANAGEMENT	8 January 2018 15 January 29018 22 January 2018 5 February 2018 19 February 2018 5 March 2018 19 March 2018 9 April 2018 23 April 2018 7 May 2018 21 May 2018 4 June 2018 18 June 2018
KOUGA AUDIT COMMITTEE	22 March 2018 27 June 2018

18/02/CORP2 **CONDONATION OF CELL PHONE CONTRACTS FOR COUNCILLORS**

Resolved: (1 February 2018)

i) That the item on the condonation of cell phone contracts for councillors be withdrawn.

ii) That the Director: Corporate Services be requested to submit an item to the March Council meeting

iii) That addressing the cell phone contracts taken out for Councilors and associated financial implications, be referred to the MPAC for investigation.

15.2 **INFRASTRUCTURE & ENGINEERING**

The Speaker requested the Municipal Manager to confirm that the tabled report, as far as his knowledge, is accurate and truthful – which the Municipal Manager replied that he accepted it as a true reflection of the reports being tabled to the Council.

18/02/I&E1 **RE-NEW DECLARATION OF A LOCAL STATE OF DISASTER IN THE KOUGA MUNICIPAL AREA DUE TO PREVAILING DROUGHT CONDITIONS**

Resolved: (1 February 2018)

i) That Council, in terms of Section 55(1) of the Disaster Management Act No57 of 2002, renew the declaration of a local state of disaster.

ii) That Administration arranges for the gazetting of said declaration in the provincial gazette.

iii) That the Sarah Baartman District Municipality be informed accordingly.

iv) That a schedule of Council resources, personnel and funds be allocated for the implementation of water conservation and demand management initiatives, to reduce water usage.

v) That application be made to provincial and national government for additional funds to assist Kouga Municipality with the implementation of emergency measures.

vi) That the Municipal Manager be requested to submit a comprehensive report on the current status regarding the drought disaster area in the Kouga indicating short term remedial measures to assist areas in need as well as long term solutions to address the water crisis and that the report be submitted to the next Council meeting in February 2018.

The meeting closed for "In Committee" discussions.

_____ _____

H HENDRICKS **DATE**
SPEAKER

CONFIRMATION OF PREVIOUS MAYORAL COMMITTEE MINUTES

MINUTES OF A MAYORAL COMMITTEE MEETING OF THE KOUGA MUNICIPALITY HELD IN THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) ON WEDNESDAY, 22 NOVEMBER 2017 AT 09:00

Present:		
Councillors	EC van Lingen	(Executive Mayor)
	D Benson	
	H Bornman	
	BJ Williams	
	F Baxter	
	F Campher	
	B Dhludhlu	
Councillors:		
as Observers	N Botha	
	W Gertenbach	
	Alderman Rheeder	
Officials	C du Plessis	(Municipal Manager)
	K Moodley	(Director: AME & SP)
	G Louw	(Act. Director: Social Services)
	E Oliver	(Manager: AME&SP)
	S Thys	(CFO)
	V Felton	(Dir: Infrastructure, Planning & Dev)
	E Oosthuizen	(Manager: Technical Services)
	H Hammes	(Senior Admin Officer)
	M Rossouw	(Manager: Auxiliary)
	A Perils	(Manager: PMU)
	S Abrahams	(Manager: Budget & Treasury)
	T Tsemgiwe	(Manager: PMO)
	B Klopper	(Committee Clerk – Scribe)
Treasury	N Jikwana	National Treasury
	W Scott	Provincial Treasury
	T Gwija	Provincial Treasury
	E le Roux	Provincial Treasury

1. **NOTICE OF MEETING**

The Executive Mayor requested the Municipal Manager to read the Notice convening the meeting.

2. **OPENING AND WELCOME**

The Executive Mayor welcomed those present and requested Councillor H Bornman to open the proceedings with prayer.

3. **APOLOGIES**

D de Jager (Manager: HR)

4. **PRESENTATION: MSCOA - BYTES - CURRENT POSITION ON ISSUES WAY FORWARD**

July to October reality

- To get all municipalities over the mSCOA deadline due to equitable share threats – more than 50% were not ready, focus on existing not new clients
- July we coordinated over 250 people to achieve this and had to make tough decisions to resource it – all our preparation paid off but our planning…NT and the municipalities were not predictable
- Our focus was on ensuring that all payrolls were done, all billing was achieved everywhere, then onto next area
- Challenge in all municipalities translating vote budget into 7 segments evidenced in transaction processing – NT had changed rules

NT Session 11 September

- Vendor with the highest number of successful submissions
- System where most compliant tick list items could be checked
- Negative - Support issues raised from PTs – consultants and office
- Cigfaro NT advised 53 not on MSCOA – majority across 2 vendors. Some not even billed. Some reverted back to old system, newspaper articles

NT Session 11 September – Issues Raised

- Duplicates in IDP – PROR
- Constant change and insufficient time to implement
- Slow it down due to number of deadlines at a municipality
- Change management as VOTE is still the focus at municipality and on the schedules.
- Delays on **standard report mapping**

Budget Concerns Raised

Original Budget

– NT requested the A-schedules of the original budget to align to the adopted budget. However, NT will accept a letter of confirmation from the municipality stating that the alignment will be done with the revised budget. Bytes will assist the municipality with the letter to NT.

Budget rollovers and virements

– The original budget was changed incorrectly in the system on 21 rows. Bytes corrected the budget to the original status and the rollover budget and outstanding virements are in progress;
– Integrity checks done across system – various emails to resolve

Reporting Concerns Raised

- Budget, Expenditure and Payroll reports
- The data for the reports is available on the system
- A report writer is available to extract the data to excel
- Bytes working through Kouga reports to assist to enhance existing reports with the requirement of the municipality
- Customized reports can be created by the municipality
- Training on the report writer will be done

CFO/MM Dashboards

- Bytes has a weekly workshop on reporting as SIGs delay – Kouga to join
- CFO will provide dashboard requirements

Budget Schedules

A and B schedule
- done by Bytes due to NT mapping released late in August
- Process works – proven in our error raising on NT schedules
- Will release to all clients once C schedules completed – December

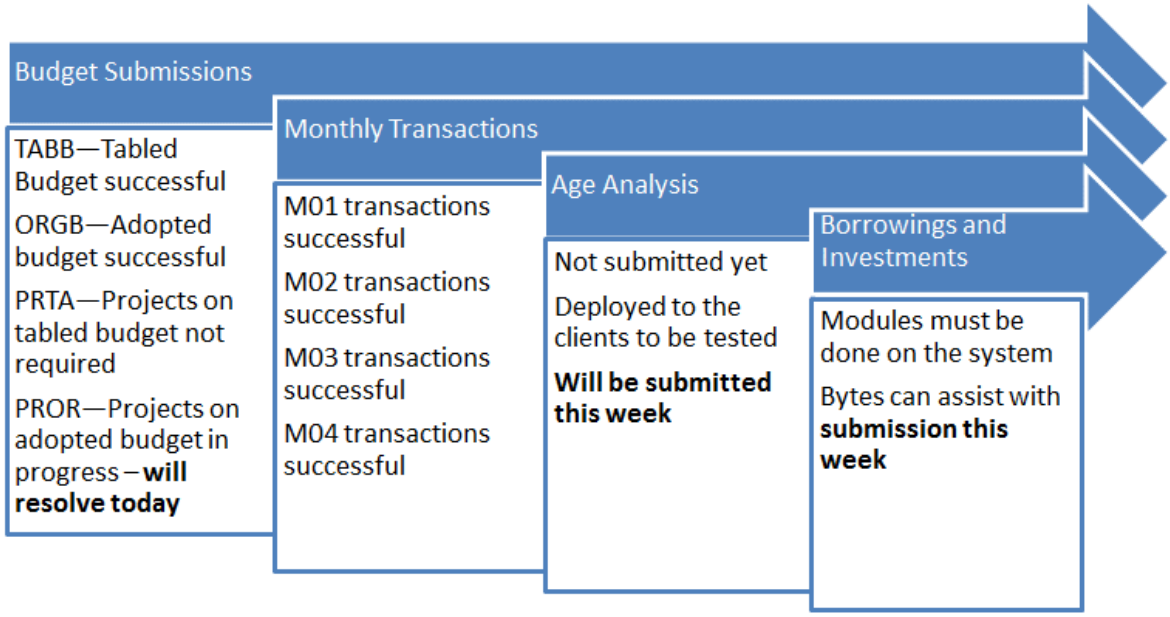
C schedule
- NT mapped only 4 sheets
- Delivered 14 sheets
- 3 - debtors, creditors, investments – existing extracts in Classic, moved to web 24th November
- 5 sheets being manually mapped
- Remaining to be delivered 24th November – **must be checked as not NT mapping but Bytes understanding of mapping**

Billing Concerns Raised

- Billing Parameters
  - Some billing parameters were incorrectly updated on the system
  - Bytes assisted in correcting the parameters
  - Budget line items must be added - assisting
  - Assisting to fix the data

- Debit Raising
  - Allocation errors were identified and corrected on the system
  - Municipality to assist in identifying the correct votes/segments, Bytes to assist with journals

Status Of Submissions To NT – Equitable Share Threat



Way Forward

Onsite Support:

- Either SAMRAS GM or CRM will visit Kouga weekly to ensure continuity of corrective support;

Training

- Training on the Report Writer will be done onsite to CFO and budget staff;
- Other training requirements will be identified by the municipality and done by Bytes onsite;
- The municipality to attend centralized training provided by Bytes

FOCUS POINT	ACTION	RESPONSIBILITY	DUE DATE	STATUS
A-schedules	Letter to NT regarding balancing of schedules	Kouga	22 Nov 17	
Budget	Correct budget as per original and fix budget data	Bytes	21 Nov 17	Done
Budget	Correct budget for roll over projects and virements	Bytes	22 Nov 17	In progress
Reporting	Provide management report training for budgeting	Bytes	22 Nov 17	In progress
Reporting	Provide training on the report writer and reports available	Bytes/Kouga	Now and ongoing	Phased

FOCUS POINT	ACTION	RESPONSIBILITY	DUE DATE	STATUS
Reporting	Payroll report training – email sent of what is available, review and revert	Bytes/Kouga	30 November	
Data submissions	Finalize age analysis reports to be submitted to NT	Bytes/Kouga	23 Nov 17	
Data submissions	Upload age analysis reports to NT	Kouga	23 Nov 17	
Data submissions	Provide Bytes with report for Borrowing and Investments	Kouga	22 Nov 17	
Data submissions	Upload Borrowing and Investments to NT	Kouga	23 Nov 17	

FOCUS POINT	ACTION	RESPONSIBILITY	DUE DATE	STATUS
Cashbook	The cashbook is balancing but the supporting documents must be reviewed	Bytes/Kouga	30 Nov	
Billing	New budget lines to be added	Kouga	24 Nov	
Billing	Re-configure parameters	Bytes/Kouga	30 Nov	
Billing	Fix historical data with journal – no impact on debtor accounts	Bytes/Kouga	5 Dec	

FOCUS POINT	ACTION	RESPONSIBILITY	DUE DATE	STATUS
Support	All items to be logged on CIMS in detail in order to track progress	Kouga	ongoing	
Implement Assets Module	Bytes to present proposal	Bytes	30 Nov 17	
Implement SCM Workflow Module	Bytes to present proposal	Bytes	30 Nov 17	
Management Dashboards	Partnership to scope and enhance Management Dashboards – iterative approach to improve and trend analysis	Bytes/Kouga	Dec to Feb	Phased approach

FOCUS POINT	ACTION	RESPONSIBILITY	DUE DATE	STATUS
Training	Report writer	Kouga/Bytes	30 Nov 17	
Training	System module training to be identified and requested from Bytes	Kouga	10 Dec 17	
Training	Assist Municipality with Workplace Skills Plan for System Training	Bytes/Kouga	5 Dec 17	
Communication	Pierre joined from NT to focus	Improved process		

Focused On Additional Functionality

1. IDP to project to KPI/KPA and the recording of the measurement of the project by specific individuals and the production of the complete SDBIP report with that measurement
2. document publishing – part of the NT tender is the facility to route documents to individuals/groups to ensure their review and signoff, then automatically publish to the external web site. This includes the workflow, security and document management modules used by all the processes that we release.
3. asset register using the new classifications – this is to align towards the view of a centralized standard for all assets in the country – please review and add/advise
4. debt management
5. custom report writer
6. ratepayer/citizen portal with facility to do payments through Nupay
7. letters, templates, sms and report configuration
8. physical representation of the organogram including photographs of the resources
9. Employee measurement
10. Petty Cash
11. Costing
12. workflow, security, document management, accounting/GL, all framework completed, implementations speed up

Our Plans To Complete

Module	UAT Testing	Go live
SCM, stores, inventory	November to ?	As soon as all scenarios tested
Payroll	December to February	March 2018
Billing	April to June	July 2018
Assets	November to February	March 2018
Tariff Modelling	Engine built, waiting on SIG formulas	
Reporting	Oct/Nov all reports moved over	Live as each report released

The Executive Mayor pointed out that various problems are being experienced with the transition and Bytes is blaming it on Kouga Municipality officials. It was also mentioned that the training of officials is of utmost importance for the transition to be implemented successfully.

The Bytes representative stated that there was failure initially but they are assisting and doing everything to solve problematic issues still encountered. Meeting to be arranged between Bytes and KM, Clr B Williams be advised to attend the meeting.

Concerns Raised by KM

1. Clarity on Equitable Share & Timeframes in order not to infringe rights of communities;
2. Staff Training;
3. Appointment of Manager: mSCOA - Previous employee of NT and is being victimized;
4. Expenditure Reports – no project number allocated;
5. Access to mSCOA Framework;

Response by Bytes

1. A team from Bytes were on site to assist to ensure that the submission by Kouga Municipality was compliant and met the requirements in terms of equitable share and timeframes. The status of submission to National Treasury – shortcomings will be addressed by 22 November 2017 to sort out the equitable share – refer to Submission Status to NT;
2. Training provided – issues were addressed in September 2017 i.e. duplications, budget rollovers, virements. Dashboards available on the systems which needs to be utilized and officials are to get up to speed with generating reports;
3. No contract with NT, therefore no conflict of interest – external contract;
4. Vote numbers will be allocated to identify projects in the Expenditure Report;
5. Access to the mSCOA Framework will be given as requested with personal usernames and passwords;

Closing Statement by the Executive Mayor

The Executive Mayor stated that Kouga Municipality is solution driven and applies consequence management. The Status of Submission to National Treasury report to be finalized and submitted by end November 2017.

The Executive Mayor thanked the delegation and presenter from Bytes.

5. **STATEMENTS AND COMMUNICATIONS BY THE EXECUTIVE MAYOR**

6. **CONFIRMATION OF PREVIOUS MAYORAL COMMITTEE MINUTES**

6.1 **Minutes of the Mayoral Committee Meeting held on 19 October 2017**

Resolved: (22 November 2017)

i) That the Minutes of the Mayoral Committee held on 19 October 2017 be confirmed.

6.1.1 **MATTERS ARISING - MAYORAL COMMITTEE MEETING HELD ON 19 OCTOBER 2017**

17/08/F2 SUPPLY CHAIN MANAGEMENT/STORES: MONTHLY TENDERS AND S39 DEVIATIONS FOR THE MONTH OF JULY 2017

Resolved: (22 November 2017)

i) That the Municipal Manager arranges to have a meeting the AG's Office to discuss Creditors that are not on the books yet.

ii) That the payment of legal fees be addressed and control measures be put in place.

iii) That the Finance and AME&SP Directorates have more communication on matters that directly affect both directorates.

iv) That the outstanding payments to SALGA to the amount of R250 000.00 be referred to the MPAC for investigation.

v) That the Municipal Manager be requested to refer the outstanding payments to SALGA to the MPAC meeting in January 2018 for investigation.

17/08/LED6 TRAINING DONE WITH GAMTOOS VALLEY AND THE SEWING MATERIALS HANDOVER

Resolved: (22 November 2017)

i) That the five sewing machines that were purchased for training purposes in the Patensie area that is currently in Owen Nelsons' office be retrieved and moved to where they will be utilized for training.

ii) That once an organization has been identified, the sewing machines be donated for the purposes of training and that the items be removed from the Assets Register.

iii) That it be noted that a report is being awaited from the Manager: Assets and Fleet and will be submitted to the next Finance Portfolio Committee meeting.

7. **REPORTS BY THE PORTFOLIO CHAIRPERSONS**

7.1 **REPORTS BY THE CHAIRPERSON: FINANCE - (REFER TO ATTACHMENTS AS PER PORTFOLIO COMMITTEE AGENDA DATED 9 November 2017)**

Councillor B Williams presented the Finance Directorate's items to the Committee.

17/11/F1 SUPPLY CHAIN MANAGEMENT/ STORES: MONTHLY TENDERS AND S39 DEVIATIONS FOR THE MONTH OF SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the report on the monthly tenders and Section 39 Deviations for the month of September 2017, be noted.

ii) That a Joint Report be prepared by Directorate: IPD & Finance in relation to the provision of Suction Tanker Services with the associated billing/tariff structure.

iii) That a costs comparison analysis report between leasing/purchasing of service delivery vehicles be compiled and finalized by 24 November 2017 and submitted to the Office of the Mayor.

17/11/F2 REVENUE MANAGEMENT: MONTHLY DEBTORS REPORT – SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the Debtors Report for the month of September 2017, be noted.

ii) That Sea Vista debtors be allocated to Ward 1 and be removed from Ward 12.

17/11/F3 EXPENDITURE REPORTS: FOR THE MONTH SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the Expenditure reports for the month of September 2017, be noted.

ii) That the CFO be requested to distribute a memorandum regarding procedures and processes to follow for the procurement processes.

17/11/F4 **MONTHLY REPAIRS AND MAINTENANCE REPORT FOR THE MONTH OF SEPTEMBER 2017: ASSET AND FLEET SECTION**

Resolved: (22 November 2017)

i) That the monthly report on Repairs and Maintenance of Vehicles for the month of September 2017, be noted.

17/11/F5 **PROGRESS REPORT: IMPLEMENTATION OF THE MUNICIPAL STANDARD CHART OF ACCOUNTS (mSCOA)**

Resolved: (22 November 2017)

i) That the progress report on the implementation of mSCOA, be noted.

17/11/F6 **ICT OPERATIONS: REPORT FOR THE MONTH OF SEPTEMBER 2017**

Resolved: (22 November 2017)

i) That the ICT operations report for the month of September 2017, be noted.

ii) That the ICT Steering Committee meet on 6 December 2017 to address such as:

- Limited ICT staff
- Upgrade of ICT equipment
- Improved ISP
- Backup Systems

iii) That it be noted that the following ICT policies will be reviewed at the Policy Workshop to be held on 30 November 2017: -

ICT Corporate Governance Policies;
Corporate Governance of ICT Charter;
Corporate Governance of ICT Policy;
ICT Strategy;
ICT Risk Management Framework;
ICT Disaster Recovery Policy;
Policy and Procedures for the Disposal of Immovable Capital Assets;
Preferential Procurement Policy;
Supply Chain Management Policy for Infrastructure Procurement and Delivery Management;

17/11/F7 REPORT ON STATUS OF FLEET FUNCTION

Resolved: (22 November 2017)

i) That the monthly fleet report as at 30 September 2017, be noted.

ii) That a cost analysis be undertaken to provide all Municipal service delivery vehicles with a vehicle decal/sticker, indicating the call centre contact information as well as a *"how's my driving"* slogan, be obtained, to identify employees misusing municipal vehicles.

iii) That the report as contemplated in (ii) be submitted to the next Finance Portfolio Committee meeting.

17/11/F12 WRITE-OFF IN RESPECT OF IRRECOVERABLE ARREAR DEBTS – INDIGENT HOUSEHOLDS

Resolved: (22 November 2017)

i) That the write-offs of irrecoverable arrear debts of indigent households in the amount of R1,105,433,83, for the period July 2017 to September 2017, be approved.

ii) That the item be referred to Council for approval.

17/11/F13 REVENUE REPORT: SUMMARY OF THE EQUITABLE SHARE ALLOCATIONS PER UNIT/SERVICE AND WARD

Resolved: (22 November 2017)

i) That the summary of the Equitable Share allocations per unit/service and ward for the period ending 30 September 2017, be noted.

17/11/F14 REVENUE MANAGEMENT AND CUSTOMER CARE REPORT FOR THE MONTH OF SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the Revenue Management and Customer Care Report for the month of September 2017, be noted.

17/11/F15 **ICT PROGRESS REPORT ON EMAIL AND INTERNET MACHINE HARD DRIVE FAILURE**

Resolved: (22 November 2017)

i) That the progress report on email and internet machine hard drive failure, be noted.

ii) That it be noted that an ICT Committee meeting will be held on 6 December 2017.

17/11/F16 **LAND ADVISORY COMMITTEE MINUTES: 2 & 20 NOVEMBER 2017**

Resolved: (22 November 2017)

i) That the Land Advisory Committee Minutes: 2 & 20 November 2017, be noted.

ii) That a detailed report on all land, as per the minutes, be compiled which is to include:-

- title deeds/ownership;
- site maps
- intention to dispose of i.e. lease/rental;
- market related values;
- Service Level Agreements attached, if any;
- legal requirement compliant;
- confirmation that land is not required for municipal services in terms of Section 14;

iii) That the detailed report as contemplated in (ii) above be submitted to the Council meeting to be held on 8 December 2017.

7.2 **REPORTS BY THE CHAIRPERSON: ADMINSTRATION, MONITORING, EVALUATION & SPECIAL PROJECTS - (REFER TO ATTACHMENTS AS PER PORTFOLIO COMMITTEE AGENDA DATED 7 November 2017)**

Councillor H Bornman presented the AME&SP Directorate's items to the Committee.

17/11/AME-SP1 **MONTHLY REPORTS FOR THE ADMINISTRATION, MONITORING, EVALUATION & SPECIAL PROJECTS DIRECTORATE: ADMINISTRATION SECTION FOR AUGUST-SEPTEMBER 2017**

Resolved: (22 November 2017)

i) That the monthly report for July, August and September 2017, of the Directorate of AME & SP be noted.

ii) That the monthly progress report on the Call Centre activity i.e. number of calls received, resolved and not resolved, be submitted to the AME Portfolio Committee.

iii) That a detailed Call Centre report on the nature of the issues per directorate be submitted to the respective Portfolio Committees.

iv) That it be noted that the committee raised concern regarding Ward 1 meetings and logistics thereof.

v) That it be noted that to encourage active public participation especially in the forthcoming IDP Public Participation process, loud-hailing be used as a tool to communicate with the community regarding each meeting.

17/11/AME-SP2 **PAPERLESS PROJECT PRELIMINARY REPORT**

Resolved: (22 November 2017)

i) That the preliminary investigation into a paperless solution, be noted and supported.

ii) That the exorbitant printing cost currently being incurred be aligned with the National Drive to protect and preserve the environment and take into consideration the impact on climate change.

iii) That training of Councillors on the use of laptops be finalized before implementation of paperless solution.

iv) That the proposed paperless solution be referred to the Council Meeting to held in February 2018.

17/11/AME-SP3 **REPORT ON THE STATUS OF WARD COUNCILLORS OFFICES**

Resolved: (22 November 2017)

i) That the report on the Status of Ward Councillors Offices and the associated financial implications thereof, be noted.

ii) That the Directorate be instructed to develop a Policy in support for Public Office Bearers in line with the provisions of tools of trade as contained in Government Gazette No. 40763, dated 3 April 2017.

iii) That a progress report on the project, consideration of the R100 000.00 allocation to Ward Councillors' Offices, be submitted to the next AME Portfolio Committee meeting.

iv) That it be noted with concern that the location of Ward 1 office has still not been resolved and that it be noted that the needs assessment of the Oyster Bay Community hall was not entirely correct and that, that hall currently does have a desk, chairs, telephone and photocopier.

v) That a detailed report of logistics for Ward 1 office to be submitted at the next AME Portfolio Committee Meeting.

vi) That the Budget Monitoring Committee be requested to liaise with the relevant Directorates to identify funds for the upgrading of all Ward Offices in terms of maintenance and that a report be submitted to the next AME Portfolio Committee meeting.

17/11/AME-SP4 **MAYORAL RESOLUTIONS FOR OCTOBER 2017**

Resolved: (22 November 2017)

i) That it be noted that the Actions Sheets reflecting resolutions of the Mayoral Committee meeting held on 19 October 2017 will be reviewed before inclusion on the agenda for the Council meeting to be held in December 2017.

17/11/AME-SP5 **STATE OF THE ARCHIVES OF KOUGA MUNICIPALITY**

Resolved: (22 November 2017)

i) That the report on the State of the Archives of Kouga Municipality be noted.

ii) That the services of Metrofile, as a sole service provider, be investigated by the Directorate: AME&SP to convert hard copy documents of the Municipality into electronic records.

iii) That a submission be made by the Directorate: AME&SP to the Office of the Municipal Manager regarding the procurement process which needs to be complied with in terms of the Supply Chain Management Policy and prescribed legislation.

iv) That a report, as contemplated in (ii) be submitted to the next AME&SP Portfolio Committee meeting.

17/11/AME-SP6 **RESCINDING OF COUNCIL RESOLUTION 13/07/F15 OF 27 MARCH 2014 – CELLPHONE CONTRACTS**

Resolved: (22 November 2017)

i) That no future cellphone contracts be concluded by Kouga Municipality on behalf of Councillors and that current cellphone contracts be systematically phased out over a period of 3 months.

ii) That the Director: AME&SP be requested to obtain clarity on the legalities from the Service Provider regarding the transfer of cellphone contracts from the Kouga Municipality to Councillors for the implementation of the phasing out process to be commenced with.

iii) That the Director: AME&SP be requested to investigate as to why Council Resolution 13/07/F15 dated 27 March 2014 was not executed which resulted in the contravention of such Council Resolution.

iv) That the item be referred to Council for approval.

17/11/AME-SP7 **LEGAL OPINION ON THE ISSUING OF PROOF OF RESIDENCE BY ADMINISTRATION**

Resolved: (22 November 2017)

i) That the content and the associated risks, as outlined in the legal opinions of C. W. Malan and Britz Attorneys be noted,

ii) That based on the legal opinions, Council terminate the practice of issuing Proof of Residence and that residents who seek such Proof of Residence, be advised to obtain a sworn affidavit at the local police station,

iii) That the arbitrary issuing of Proof of Residence by Administration staff be investigated.

iv) That the Communications Department be requested to liaise with all relevant institutions informing them of Council's Resolution and that a notice be placed in the local media as well as on the Kouga Municipality's Website.

v) That the item be referred to Council for approval.

7.3 **REPORTS BY THE CHAIRPERSON: INFRASTRUCTURE, PLANNING AND DEVELOPMENT - (REFER TO ATTACHMENTS AS PER PORTFOLIO COMMITTEE AGENDA DATED 7 November 2017)**

Councillor F Campher presented the IPD Directorate's items to the Committee.

17/11/IPD1 PROGRESS REPORT ON 10 X HUMAN SETTLEMENTS PROJECTS

Resolved: (22 November 2017)

i) That the progress report on the 10 x Low Cost Housing Projects be noted. That all the following concerns raised be addressed before 30 November 2017:

- The status of Kwa-Nomzamo 400 which includes Phola Park, Shukushukuma, Bungalows and Golf Course.
- Relocation of informal settlement next to Waste Water Treatment Plant in Kwa-Nomzama.
- Land for a transfer station in St Francis Bay for Sea Vista residents.
- Land for future Human Settlement Development to be investigated for Sea Vista 2000.
- Report on the transfer of land between Department of Public Works and Kouga Municipality.

iv) That it be noted that contentious land issues are being addressed by the Land Advisory Committee and a report thereon will be submitted to the next IPD Portfolio Committee meeting.

v) That a meeting be arranged with the Department of Public Works regarding the transfer of land to Kouga Municipality and that a report be submitted to the next IPD Portfolio Committee meeting.

vi) That it be noted that an application for MIG funding for land for a transfer station in St Francis Bay for Sea Vista has been submitted to the Department of Human Settlements.

vii) That it be noted that the status of KwaNomzamo 400 will require a the submission of a new Environmental Impact Assessment study for the upgrade to formal housing.

viii) That it be noted that once the relocation of the informal settlement next to the Waste Water Treatment Plant in Kwa-Nomzama has been finalised, that the Directorate: IPD ensure that no new informal settlement be permitted on the land vacated.

ix) That a comprehensive progress report on the above be submitted to the next IPD Portfolio Committee meeting.

17/11/ IPD2 OPERATIONAL WATER TEST RESULTS: JEFFREYS BAY: BOREHOLE FIELD AND WATER TREATMENT WORKS

Resolved: (22 November 2017)

i) That the operational chemical water analysis results of the Jeffreys Bay boreholes be noted and accepted.

17/11/IPD3 ILLEGAL ELECTRICAL CONNECTIONS PROGRESS REPORT AND ACTION PLAN

Resolved: (22 November 2017)

i) That Ward Councillors meet with the communities explaining the danger of the illegal electrical connections, be noted.

ii) That the affected community be relocated to registered erven where services can be made available.

iii) That transit land be identified and services be installed prior to the relocation of the affected community.

iv) That legal action be taken against the perpetrators for illegal electrical connections caused by tampering.

v) That the By-law regarding the tampering of municipal electrical connections be implemented with assistance from SAPS.

vi) That registered/qualified electricians be requested to remove all the illegal electrical connections as a last resort.

viii) That a comprehensive report be complied indicating all financial implications, as contemplated in (ii) and (iii) and that the report be submitted to the next IPD Portfolio Committee meeting.

17/11/IPD4 PROPOSED GUIDELINE IN DEALING WITH VANDALISM TO MUNICIPAL ASSETS

Resolved: (22 November 2017)

i) That the implementation of the proposed Guideline in Dealing with Vandalism to Municipal Assets, be accepted.

ii) That strategies to prevent vandalism of municipal assets i.e. CCTV approach be investigated for implementation, in line with the approved budget and available funds, be accepted.

iii) That the Communications Department be requested to follow the normal communication channels such as the media, monthly newsletters and the website as well as the distribution of pamphlets in all areas and through ward committees advising communities of the consequences of vandalism, be accepted.

iv) That the item be referred to Council for approval.

17/11/IPD5 REPORT ON FOUNTAINS/SANDS DEVELOPMENT: AUGMENTATION.

Resolved: (22 November 2017)

i) That the Report on the Fountains/Sands Development: Augmentation be noted.

ii) That the Director: IPD be requested to conduct an investigation regarding the 2 vacant erven and whether the municipality has the right to claim the land due to outstanding augmentation contributions as the company has been liquidated and deregistered, noted.

iii) That the Director: IPD be requested to submit an audit report on all other properties with outstanding augmentation fees to the next IPD Portfolio Committee meeting.

17/11/IPD6 RE: PROGRESS ON MUNICIPAL INFRASTRUCTURE GRANT (MIG)

Resolved: (22 November 2017)

i) That the Progress on Municipal Infrastructure Grant (MIG), be noted.

ii) That the scope of work for upgrading the St Francis Bay Waste Water Treatment Plant has increased the costs, be noted.

iii) That the construction of New Action Sports Park tender submitted to the Bid Specification Committee, be noted.

iv) That a comprehensive report be presented to the Budget Monitoring Committee meeting to be held on Friday, 24 November 2017, be noted.

17/11/IPD7 **RE: REPORT ON STATUS OF REQUIRED OPERATION AND MAINTENANCE OF SURFACE ROADS**

Resolved: (22 November 2017)

i) That the progress report on the Status of the required Operation and Maintenance of Surface Roads be adopted.

ii) That the Director: IPD be requested to compile a status report on all gravel roads to be submitted by Friday, 24 November 2017.

iii) That the Director: IPD be requested to investigate the possibility of a roads team to support the grader Operator and submit a report to the next IPD Portfolio Committee meeting.

17/11/IPD8 **RE: ELECTRIFICATION OF INFORMAL SETTLEMENTS: ALL AREAS IN KOUGA MUNICIPALITY**

Resolved: (22 November 2017)

i) That the proposed plan to electrify informal settlements and to consideration be given on the 2018/2019 budget for implementation thereof, be noted.

ii) That the application for formalisation of the area submitted to the Department of Human Settlements, be noted.

iii) That a progress report on the electrification of informal settlements be submitted the next IPD Portfolio Committee meeting.

17/10/ IPD9 **FESTIVE SEASON READINESS 2017/2018**

Resolved: (22 November 2017)

i) That the Festive Season Readiness Program 2017/2018 be accepted.

ii) That the Director: IPD be requested to investigate options, as a matter of urgency, to restrict/limit the flow of water at the Main Beach public showers and public taps to save water by installing water control valves, be accepted.

iii) That notices be placed at all beach public amenities advising the public of Council's intention to restrict and control water usage as a water saving measure, be accepted.

iv) That the item be referred to Council for approval.

7.4 **REPORTS BY THE CHAIRPERSON: COMMUNITY SERVICES - (REFER TO ATTACHMENTS AS PER PORTFOLIO COMMITTEE AGENDA DATED 7 November 2017)**

Councillor D Benson presented the Community Services Directorate's items to the Committee.

17/11/CS1 MONTHLY REPORT COMMUNITY SERVICES: SEPTEMBER 2017

Resolved: (22 November 2017)

I) That the monthly report of Directorate: Community Services for September 2017 be accepted.

ii) That the Directorate: Community Services be requested to arrange that the equipment stored at the Fire Department be removed to accommodate living quarters for Firefighters on duty.

iii) That a progress report, as contemplated above (ii), be submitted to the next Community Services Portfolio Committee meeting.

17/11/CS2 REQUEST FOR THE APPROVAL OF THE DEMOLITION OF KOUGA KIOSK AND OLD ABLUTION FACILITIES IN DOLPHIN BEACH PARKING

Resolved: (22 November 2017)

i) That approval be granted to demolish the Kouga Kiosk and Old Ablution Facilities at Dolphin Beach Parking, be accepted.

ii) That new ablution facilities be included in the 2017/2018 Adjustment Budget, be accepted.

iii) That current tenants be relocated to the Tourism Office to continue their trade, be accepted.

iv) That the redevelopment of the area from the Public Library to the Kouga Kiosk be investigated, be accepted.

v) That the item be referred to Council for approval.

17/11/CS3 CATERERS FOOD SAFETY & HYGIENE PROGRAMME REPORT: SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the report on the food safety and hygiene programme for caterers within Kouga Municipal area be noted.

17/11/CS4 SOUTH AFRICAN INSTITUTE OF ENVIRONMENTAL HEALTH (SAIEH) SUMMIT SEPTEMBER

Resolved: (22 November 2017)

i) That the report on the EHP's attendance to the SAIEH Summit be noted.

17/11/CS5 TRADITIONAL CIRCUMCISION REPORT JUNE / JULY 2017 SEASON

Resolved: (22 November 2017)

i) That the report on the traditional circumcision June / July 2017 Season for Kouga Municipality be noted.

ii) That a report, as contemplated above (ii), indicating all financial implications be submitted to the next Community Services Portfolio Committee meeting.

iii) That the Office of the Speaker be requested to submit a full report on progress made regarding the supply of water to circumcision sites, medical assistance etc., as discussed at Forum meetings to the Portfolio Councillor: Community Services by 24 November 2017.

17/11/CS6 STANDARD OPERATING PROCEDURE (SOP) FOR PAUPER BURIALS

Resolved: (22 November 2017)

i) That the report on the Standard Operating Procedure for Pauper Burials for Kouga Municipality be noted.

ii) That the Standard Operating Procedure (SOP) for Pauper Burials be referred to Policy Workshop to be held on 30 November 2017 & 1 December 2017, where all other policies will be reviewed.

17/11/CS7 2017/18 FESTIVE SEASON READINESS PROGRAMME:

Resolved: (22 November 2017)

i) That the Portfolio Committee consider and approve the various recommendations as per the departmental report in the readiness for the festive season 2017/18.

ii) That Council approves the temporary closure of the Pellsrus and Paradise Lagoon areas for motor vehicles for the period: 30 December 2017 to 02 January 2018.

iii) That a formal notice be published in the local newspapers by 24 November 2017 and placed on the Council notice boards of Councils' intentions for the temporary closure of motor vehicle access to the Pellsrus and Paradise Lagoon picnic areas.

iv) That the provision for the number of chemicals toilet facilities over the festive season be addressed by the Directorate: IPD and Directorate: CS.

v) That an expenditure report be submitted to the next Community Services Portfolio Committee meeting.

17/11/CS8 REGISTRATION AND LICENSING SECTION

Resolved: (22 November 2017)

i) That the Chief Traffic Director Mr. C. Reynolds be invited to engage with the political leadership regarding the driver licence testing Centre as soon as possible.

ii) That a skills program/intervention session with Human Resource be arranged to address the challenges of customer care.

iii) That it be noted that a meeting with staff and management was held on 25 October 2017, where work ethics and service delivery standards were discussed and addressed.

v) That the financial implications for the provision of employee identification name tags be investigated for clear identification purposes and be submitted to the next Community Services Portfolio Committee meeting.

17/11/CS9 INSTALLATION OF (CLOSE CIRCUIT TELEVISION (CCTV) CAMERAS IN CAPE ST. FRANCIS

Resolved: (22 November 2017)

i) That it be noted that in the absence of a policy on surveillance camera operation the application for the installation of (close circuit television (CCTV) cameras in Cape St Francis be approved

ii) That the Cape St Francis Ratepayers Association be requested to adhere and comply with all building regulations.

iii) That the Cape St Francis Ratepayers Association take cognizance of the Provisions as contained in the Constitution of the Republic of South Africa and Protection of Private Information Act (POPI) legislation.

iv) That the proposal of a Joint Partnership between Kouga Municipality and the Cape St Francis Ratepayers Association be accepted to include the contribution of electricity from the Council, at no cost, be accepted.

v) That the item be referred to Council for approval.

17/11/CS11 REPORT ON CARAVAN PARKS CONDITION, INCOME AND EXPENDITURE

Resolved: (22 November 2017)

i) That approval be granted to call for proposals to lease the Gamtoos Rivermouth Caravan Park in terms of the procurement requirements and public participation process.

ii) That the proposal to lease the Gamtoos Rivermouth Caravan Park be for a period of 9 years and 11 months.

iii) That the requirements of the Municipal Finance Management Act 56 of 2003 and the Municipal Asset Transfer Regulations be observed.

iv) That the results of the procurement process, having due regard to the Supply Chain Management provisions, be referred to Council for approval.

7.5 **REPORTS BY THE CHAIRPERSON: LOCAL ECONOMIC DEVELOPMENT - (REFER TO ATTACHMENTS AS PER PORTFOLIO COMMITTEE AGENDA DATED 8 November 2017)**

Councillor B Dhludhlu presented the LED Directorate's items to the Committee.

17/11/LED1 REPORT ON THE EASTERN CAPE PROVINCIAL ENGAGEMENTS WITH MUNICIPALITIES & BUSINESS CHAMBERS & FORMATIONS WITH REGARDS TO BARRIERS TO THE EASE OF DOING BUSINESS

Resolved: (22 November 2017)

i) That the report on the red tape reduction meetings be noted.

17/11/LED2 PATENSIE JUICE FACTORY

Resolved: (22 November 2017)

i) That it be noted that the report on the Patensie Juice Factory does not reflect the correct status of the assets and therefore be withdrawn.

ii) That the Director: LED be requested to submit an updated status report of the assets regarding the Patensie Juice Factory.

iii) That an audit of all assets from Patensie Juice Factory which belongs to the Municipality be included in the report as contemplated above (ii) and be submitted to the next LED Portfolio Committee meeting.

17/11/LED3 SERVICE LEVEL AGREEMENT: LOCAL ECONOMIC DEVELOPMENT FUNDING BETWEEN THE SARAH BAARTMAN DISTRICT MUNICIPALITY & KOUGA LOCAL MUNICIPALITY

Resolved: (22 November 2017)

i) That the report on the service level agreement between Sarah Baartman District Municipality and Kouga Local Municipality regarding the support funding for SMME's be noted and approved.

ii) That the report on the service level agreement between Sarah Baartman District Municipality and Kouga Local Municipality regarding the support funding for SMME's be referred to the next LED Portfolio Committee meeting.

iii) That it be noted the amount of R445 000 approved by the SBDM for the funding of projects does not reflect on the budget and therefore a budget amendment report is to be submitted to Council for approval.

17/11/LED4 **REPORT ON RESOLUTION TAKEN ON ITEM 17/08/LED 2 REQUESTING A DETAILED REPORT ON SMME BENEFICIATION AND PARTICIPATION THROUGH THE DEPARTMENT LED**

Resolved: (22 November 2017)

i) That the report on SMME beneficiation from SMME projects in LED be noted.

ii) That a comprehensive report on all car wash equipment kept at the Local Economic Development Office be valued and be submitted to the next LED Portfolio Committee meeting.

ii) That an analysis be conducted to determine whether all equipment can be sold or donated and a report be submitted to the next LED Portfolio Committee meeting.

17/11/LED5 **ECONOMIC EMPOWERMENT AND EMPLOYMENT CREATION MEETING: 24 AUGUST 2017: PAIRING LOCAL COASTAL MUNICIPALITIES WITH CANADIAN COUNTERPARTS IN THE BIGM INITIATIVE & CLIMATE CHANGE INITIATIVES**

Resolved: (22 November 2017)

i) That the report on the visit to Prince Edward County in Canada be noted.

ii) That the proposed visit of delegation from Prince Edward County to Kouga Municipality from 12 – 16 February 2018, be noted.

iii) That it be noted that the BIGM Project is a 3½ year partnership.

iv) That the item be referred to Council to be noted.

17/11/LED6 **REPORT ON THE INTERNATIONAL KICK-OFF WORKSHOP OF THE 6TH PHASE PROJECT OF MUNICIPAL CLIMATE PARTNERSHIPS: 9-11 OCTOBER 2017, BREMEN, GERMANY**

Resolved: (22 November 2017)

i) That the report on the international kick – off workshop of the 6th phase project Municipal Climate Partnerships and the visit to Ilsfed Municipality in Germany be noted and supported.

ii) That the proposed visit by the Ilsfed delegation to Kouga from the 3rd to the 10th February 2018 be noted.

iii) That the signed Memorandum of Understanding between Kouga and Engagement Global be noted.

iv) That the programmes of action of the partnership short, medium and long term, between Kouga and Ilsfed Municipality be integrated into the existing Municipal Master Plans as well as the revised Integrated Development Plan, be noted and supported.

7.6 **REPORTS BY THE CHAIRPERSON: TOURISM & CREATIVE INDUSTRIES - (REFER TO ATTACHMENTS AS PER PORTFOLIO COMMITTEE AGENDA DATED 8 November 2017)**

Councillor F Baxter presented the TCI Directorate's items to the Committee.

17/11/TC1 MOSAIC TRAINING PHASE 3: PUBLIC ART PROJECT

Resolved: (22 November 2017)

i) That the report on the Mosaic Training be noted.

ii) That it be noted that the official unveiling of the project is planned for 24 November 2017.

17/11/TC2 REPORT BACK ON THE RESOLUTIONS ON THE HUMANSDORP MUSEUM ASSOCIATION'S PROPOSALS TO EXTEND THE JEFFREYS BAY SHELL MUSEUM, AS WELL AS TO RELOCATE THE HUMANSDORP MUSEUM TO THE CURRENT TOWN PLANNING OFFICES

Resolved: (22 November 2017)

i) That the estimated cost for the extension of Shell Museum and relocation of Humansdorp museum be noted.

ii) That the Humansdorp Museum Association be given approval to extend the Shell Museum as soon as the New Generation Mindset relocates to the Kouga Cultural Centre.

iii) That the request to transfer funds from the LED and Tourism Directorates budget to repair the leaking balcony of the LED and Tourism Offices be noted.

iv) That the request to relocate the Humansdorp Museum to the current Town Planning Offices be submitted to the Land Advisory Committee for approval, be noted.

v) That the Directorate: IPD be requested to confirm the zoning of the Shell Museum Complex as well as that of the current Town Planning Offices to ensure that all legally required procedures are complied with.

17/11/TC3 PROVINCIAL TOURISM FORUM MEETING HELD AT OUDEBOSCH FARM STALL IN TSITSIKAMMA ON 15 SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the report on the Provincial Tourism Forum Meeting held at Oudebosch Farm Stall in Tsitsikamma on 15 September 2017 be noted.

17/11/TC4 MUSEUMS PARTNERSHIPS: 1ST TERM REPORT

Resolved: (22 November 2017)

i) That the progress report on the museums, be noted.

17/11/TC5 GETAWAY SHOW HELD IN JOHANNESBURG, ON 23 TO 25 SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the report on the Getaway Show held at Johannesburg from 23 to 25 September 2017 be noted.

17/11/TC6 KOUGA LOCAL TOURISM ORGANIZATION 1ST TERM REPORT

Resolved: (22 November 2017)

i) That the 1st term report of the Kouga Local Tourism Organization be noted.

ii) That the Tourism & Creative Industries Strategy and Tourism & Creative Industries Rates Plan be updated and all relevant parties be included in the development strategy thereof.

17/11/TC7 GAMTOOS TOURISM CITRUS EXPO HELD AT GAMTOOS VALLEY PRIMARY AND SPORTS GROUND

Resolved: (22 November 2017)

i) The report on the Citrus Expo held at Gamtoos Valley Primary School and sports ground on 25 to 26 August 2017 be noted.

17/11/TC8 FOLLOW UP ON KRUISFONTEIN ADVENTURES DEVELOPMENT PROJECT

Resolved: (22 November 2017)

i) That the feedback on the Kruisfontein Adventures Development Project be noted.

ii) That it be noted that the Kruisfontein Adventures Development Project has now been wrapped up and no further support will be granted by the municipality.

iii) That the Municipal logo on all documentation be replaced with the new logo.

iv) That a comprehensive list of all stored items be made available and submitted to the next TCI Portfolio Committee meeting.

17/11/TC9 REPORT ON CALAMARI FESTIVAL 2017 HELD AT THE FIELD OPPOSITE THE MUNICIPAL OFFICES IN ST FRANCIS BAY ON 23 SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the report on the Calamari Festival 2017 held at the POS next to the municipal building in St Francis Bay on 23 September 2017 be noted.

ii) That the Tourism Programme for the festive season be made available on the Municipal Website to indicate events and that a booklet/pamphlet with festive season events be published.

17/11/TC10 WINTERFEST 2017, HELD AT JEFFREYS BAY FROM 12 TO 23 JULY 2017

Resolved: (22 November 2017)

i) That the report on the Winterfest 2017 be noted.

17/11/CAME-SP1 **MONTHLY REPORT FOR THE ADMINISTRATION, MONITORING & EVALUATION & SPECIAL PROJECTS DIRECTORATE: HUMAN RESOURCES DEPARTMENT – SEPTEMBER 2017**

Resolved: (22 November 2017)

i) That the Human Resources Monthly report for September 2017 be noted.

The meeting closed at 12:55 for 'In Committee' discussions.

E. VAN LINGEN
EXECUTIVE MAYOR **DATE**

MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

MINUTES OF A MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD IN THE COUNCIL CHAMBERS (JEFFREYS BAY UNIT) ON FRIDAY, 24 NOVEMBER 2017 AT 11:00

PRESENT:	**Committee Members**	Cllr BHJ (Atri) Carstens (Chairperson) Ald BF (Ben) Rheeder Cllr DJ (Diana) Biggs Cllr WPD (Willem) Gertenbach Cllr S (Sibongile) Jujwana Cllr FJ (Faan) Louw Cllr L (Ludwig) Vorster	
	Officials	Mr C du Plessis Ms M Jantjies	(Municipal Manager) (Committee Clerk - Scribe)
	Public Representatives	Ms H Thiart Ms L Mostert	

1. **OPENING AND WELCOME**

The Chairperson welcomed everybody to the meeting.

2. **APPLICATION FOR LEAVE OF ABSENCE / APOLOGIES**

Cllr E Februarie: apology
Cllr M Peters: absent

3. **MATTERS ARISING FROM PREVIOUS MINUTES – 3 NOVEMBER 2017**

The Municipal Manager reported that
- the printer in the Town Planning Department has been replaced;
- 5 disciplinary hearings have been conducted; 3 more upcoming;
- interviews closed for the Town Planning Manager;
- the controls in the Town Planning Department has been stepped up;
- the Management letter is available;
- the Draft Auditor General Report will be given to MPAC first week in December;

4. **MATTERS FOR DISCUSSION**

The Chairperson mentioned that:
- after discussions with Mrs Jam Jam, it was decided that COGTA should come for a visit between 20-30 January 2018, and not 6 December 2017 (communication will be done via email to secure a date);
- all information on the suspension of Ms Tom will be put it in order.

4.1 EXTENDED LEAVE PERIODS

Regarding the suspension of Ms Tom:
Ald Rheeder mentioned that:

- according to the findings in the different reports, it is obvious that the process was unfair;
- the team needs to determine how many days Ms Tom was away from work, and
- if MPAC decides that the money needs to be recovered, the MEC must also receive a copy of all documents and evidence.

Cllr Jujwana mentioned that MPAC needs to ensure that it is covered, having:

- all evidence on black and white, as well as
- all relevant recordings as proof.

4.2 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

4.2.1 Cllr Jujwana mentioned that he will prepare a report on the sewerage truck currently being used in Hankey. The Municipal Manager explained that Kouga Municipality has a rental agreement with a specific supplier.

4.2.2 Cllr Biggs said that she sent an email about the cashiers at Hankey Traffic Department and enquired whether any order has been brought to the Traffic Department in Hankey.
The Municipal Manager to follow up.

4.2.3 Cllr Jujwana expressed his concern about:

- people in Hankey that received training for specific positions, but are not functioning, as well as
- superintendents receiving unnecessary allowances.

The Municipal Manager said that:

- warnings have been issued to individuals;
- the past 3 month's logbooks will be audited to validate the allowances received.

4.3 OTHER MATTERS

Confidentiality of information

Ald Rheeder:

- explained that everything that served before council, is no longer confidential, except for staff matters and financial information;
- suggested that a numbered file be compiled for all MPAC members, handed out at meetings and be handed back to the Chairperson after every meeting.

The Municipal Manager:

- agreed and suggested that the next MPAC meeting takes place in January, as November is hectic;
- suggested that documents are scanned and distributed to committee members timeously.

The Chairperson:

- mentioned that affidavits will be requested if information is not forthcoming;
- suggested that MPAC continue with Ms Tom and Mr Felton's cases in the new year;
- concluded that confidential information will be kept on file, and all other relevant documents will be forwarded to the MPAC Committee. New, updated files will be prepared for handout at the last council meeting in December.

Ald Rheeder alluded to the fact that he is in favor of information being emailed. He finds it more productive to firstly work at home and then come to a meeting to continue working as a team.

5 DATE OF NEXT MEETINGS

18 January (Provisionally)

6. CLOSURE

The Municipal Manager mentioned that despite a few frustrations, MPAC is making good progress. He also said that some of the historical cases are difficult to finalize, but congratulated MPAC for already making good impact.
The Chairperson thanked everybody for attending the meeting and declared the meeting closed.

The meeting closed at 12h20

B.H.J. Carstens

COUNCILLOR B.H.J. CARSTENS
CHAIRPERSON

9 February 2018

DATE

REPORTS BY THE OFFICE OF THE MUNICIPAL MANAGER

KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

OFFICE OF THE MUNICIPAL MANAGER

DATE: 28 FEBRUARY 2018 **ITEM NO: 18/02/MM2**

RESOLUTIONS FOR JANUARY 2018 & FEBRUARY 2018 (COUNCIL)

1. Introduction

The purpose of this item is to provide an overview on the progress of execution of resolutions.

2. Background

At the Council meeting of 8 December 2017, the following resolution was by Council**:**

17/12/AME-SP1 ***COUNCIL RESOLUTIONS FOR NOVEMBER 2017***

i) That future Council Resolution reports, reflecting outstanding resolutions, be submitted for approval.

3. Recommendation

3.1 That the updated Actions Sheets reflecting Council resolutions for January 2018 & February 2018 be accepted.

Prepared by: The Director: Corporate Services

UPDATED REPORT ON OUTSTANDING COUNCIL RESOLUTIONS (8 DECEMBER 2017 & 19 DECEMBER 2017) DISCUSSED AT A TOP MANAGEMENT MEETING HELD ON 14 FEBRUARY 2018

ITEM	RESOLUTION	RESPONSIBLE OFFICIAL	PROGRESS
17/12/CS4 **EXTENSION OF SERVICE LEVEL AGREEMENT/CONTRACT WITH SYNAPSIS FOR THE DELIVERY OF SMARTMUN CEMETERY MANAGER**	That the Extension of the Service Level Agreement/Contract with Synapsis for the Delivery of SMARTMUN Cemetery Manager be withdrawn and be referred to the next Ordinary Council Meeting	Referred to the IT Steering Committee	Dependent on the outcome of the City of Cape Town Visit
17/12/F9 **REVENUE: REGISTRATION OF ACCOUNT HOLDERS FOR INCLUSION IN THE INDIGENT REGISTER**	That proper notification be given to prepaid electricity purchasers advising them through the media and pamphlets as well as at municipal vendors, of the Council's decision.	Finance	Programme already commenced with On going
17/12/F10 **LEASING OF PORTION OF ERF 170 – DOLPHIN BEACH, JEFFREYSBAY FOR BEACH ENTERTAINMENT WITH SWIMMING POOL**	ii) That Council authorizes the Municipal Manager to conclude a lease agreement for a period of three years, in respect of portion of ERF 170, Dolphin Beach, Jeffrey's Bay	Legal Services	Municipal Manager & Legal Services have attended to the lease agreement – no objections received Any other Environmental requirements to follow due processes
17/08/F2 **SUPPLY CHAIN MANAGEMENT/STORES: MONTHLY TENDERS AND S39 DEVIATIONS FOR THE MONTH OF JULY 2017**	iv) That the outstanding payment (loss of discount) to SALGA to the amount of R250 000.00 be referred to the MPAC for investigation	Legal Service Manager	The item must still be referred to MPAC – awaiting input from CFO

17/11/F6 **ICT OPERATIONS: REPORT FOR THE MONTH OF SEPTEMBER 2017**	ICT Corporate Governance Policies; Corporate Governance of ICT Charter; Corporate Governance of ICT Policy; ICT Strategy; ICT Risk Management Framework; ICT Disaster Recovery Policy; Policy and Procedures for the Disposal of Immovable Capital Assets; Preferential Procurement Policy; Supply Chain Management Policy **Supply Chain Management Policy for Infrastructure Procurement and Delivery Management**	28 February 2018	Submitted for adoption at Council meeting in February 2018 **1 August 2017** **17/7/F6**
17/11/AME-SP2 **PAPERLESS PROJECT PRELIMINARY REPORT**	iv) That the proposed paperless solution be referred to the Council Meeting to held on 28 February 2018.	Corporate Services	Electronic & distribution of hardcopies of agenda until end of March 2018 thereafter only electronic agendas Systematically phasing out over a 3 month period – end March 2018
17/11/AME-SP5 **STATE OF THE ARCHIVES OF KOUGA MUNICIPALITY**	iii) That a submission be made by the Directorate: AME&SP to the Office of the Municipal Manager regarding the procurement process which needs to be complied with in terms of the Supply Chain Management Policy and prescribed legislation.	Corporate Services	Electronic Records System integration with OVVIO Adjustment budget be phased in
17/11/CS6 **STANDARD OPERATING PROCEDURE (SOP) FOR PAUPER BURIALS**	That the Standard Operating Procedure (SOP) for Pauper Burials be referred to Council for adoption	28 February 2018	Submitted for adoption
17/11/CS11 **REPORT ON CARAVAN PARKS CONDITION, INCOME AND EXPENDITURE**	iv) That the results of the procurement process, having due regard to the Supply Chain Management provisions, be referred to Council for approval.	Assets & Fleet	Income & expenditure report (Dec 2017)

			Advertised for objections 8 February 2018 regarding the lease agreements – tender process still to be followed
18/02/CORP1 **SCHEDULE OF MEETINGS – JANUARY 2018 TO JUNE 2018**	i) That the scheduled dates for the MPAC be referred back to the MPAC Committee and that new dates for inclusion on the meeting schedule be submitted to the next Council meeting. iii) That the Directorate: Finance be requested to submit a schedule of meetings up until the end of June 2018 for the Budget Steering Committee, for inclusion on the meeting schedule, to the next Council meeting.		Revised Dates have been provided and confirmed Budget Steering Committee to provide dates
18/02/CORP2 **CONDONATION OF CELL PHONE CONTRACTS FOR COUNCILLORS**	iv) That the item on the condonation of cell phone contracts for councillors be withdrawn. v) That the Director: Corporate Services be requested to submit a revised report on the cell phone contracts for Councillors addressing all financial implications in terms of cancellation fees of existing contracts & associated legalities for the implementation of the systematically phasing out process over a period of 3 months. vi) That the revised report as contemplated in (ii) be referred to the MPAC for investigation and be requested to submit a report thereon to the Ordinary Council meeting to be held in March 2018, with recommendations.	29 March 2018	Referred to MPAC for investigate and to submit a report to Ordinary Council meeting – March 2018
18/02/I&E1 **RE-NEW DECLARATION OF A LOCAL STATE OF DISASTER IN THE KOUGA MUNICIPAL**	i) That the Municipal Manager be requested to submit a comprehensive report on the current status and any negotiations regarding the drought disaster area in	I&E	Presentation to be submitted to Council meeting end February 2018

AREA DUE TO PREVAILING DROUGHT CONDITIONS	the Kouga and that the report be submitted to the next Council meeting in February 2018.		
18/02/CCORP1 **ACTING APPOINTMENT: SENIOR MANAGER POSITION: PLANNING, DEVELOPMENT & TOURISM**	iii) That the Municipal Manager be requested to confirm that the appointments made are in line with Equity Plan adopted by Council and that adherence thereto is complied with.	Corporate Services	Report submitted to Council meeting end February 2018

ACTION SHEETS OF COUNCIL RESOLUTIONS

ORDINARY COUNCIL MEETING HELD ON 25 JANUARY 2018

ITEM NO.	**ACTION**	**FOR DISPOSAL BY DEPARTMENT**	**DUE DATE**	**STATUS REPORT BY RELEVANT DIRECTOR**	***REPORT BACK DATE / COMPLETION DATE***
PRESENTATIONS					
None.					
MATTERS ARISING					
None.					
OFFICE OF THE MUNICIPAL MANAGER					
18/01/MM3 **ASSETS: EVICTION, ILLEGAL DWELLERS, ASTON BAY CARAVAN PARK, ERF 166, ASTON BAY: PROPOSED SUBMISSION OF FORMAL WRITTEN PROPOSAL TO THE DEPARTMENT OF ROADS AND PUBLIC WORKS, EASTERN CAPE, FOR THE DONATION OF ERF 166, ASTON BAY**	ii) That Council take note of the Application for Eviction of illegal dwellers, occupying Erf 166, Aston Bay, and that the Municipality is added as the eleventh respondent to the matter. ii) That Council support the submission of a formal written proposal to the Department of Roads and Public Works, proposing that the said department donate Erf 166, Aston Bay to the Municipality for purposes of future housing development, or in the alternative enter into an Exchange of Land Agreement, whereby the Municipality would exchange certain ,available land parcels for an end user department such as the Department of Education for development of school				

	buildings, which land can be exchanged for the said Erf 166, Aston Bay.				

FINANCE					
18/01/F1 **MID-YEAR FINANCIAL REPORT FOR THE PERIOD JULY TO DECEMBER 2017 AND THE ASSESSMENT OF THE MUNICIPALITY'S FINANCIAL POSITION AS AT 31 DECEMBER 2017 (2017/18 FINANCIAL YEAR)**	i) That the Municipal Manager's report on the Mid-year Budget and Performance Assessment of the municipality, in accordance with Section 72(1)(a) of the MFMA, be noted. ii) That the Executive Mayor's report on the implementation of the budget and the financial state of affairs of the municipality, in accordance with Sections 52(d), 54(1)(f) and 72 of the MFMA, be noted. iii) That an Adjustments Budget, based on the realistically anticipated revenues, in line with section 18 of the MFMA, be tabled by the Executive Mayor to the Council. iv) That the 2017/18 Adjustments Budget be tabled by the Executive Mayor to the Council on 28 February 2018. v) That the Mid-year report accordingly be submitted to National Treasury and Provincial Treasury, in line with Section 72(1)(b) of the MFMA. vi) That the Budget Monitoring Committee will be meeting monthly with the attendance of Directors and presentation of both Capital and operational Budgets at this Committee to			Dates to be provided	

	form part of Key Performance Indicators of all Directors. vii) That the Revenue Enhancement Task Team be established as per Council Resolution taken on 31 May 2017 (17/05/F16). viii) That the Executive Mayor and the Portfolio Chairpersons of both Infrastructure & Engineering and Finance form part of the Revenue Enhancement Task Team which will meeting monthly. ix) That participation in the Task Team form part of Key Performance Indicators of the Municipal Manager and Directors. x) That a vehicle be hired and at least one electrician be appointed on a temporary basis to conduct disconnections of electricity of non-paying customers.				

INFRASTRUCTURE AND ENGINEERING					
18/01/I&E1 **LONG-TERM WATER SUPPLY SECURITY-DESALINATION**	iii) That a professional, experienced Service Provider be appointed to further investigate desalination as a sustainable source of water supply as a long term measure. iv) That due processes be followed and that a report be submitted to the next Ordinary Council meeting.				

ACTION SHEETS OF COUNCIL RESOLUTIONS

SPECIAL COUNCIL MEETING HELD ON 1 FEBRUARY 2018

ITEM NO.	ACTION	FOR DISPOSAL BY DEPARTMENT	DUE DATE	STATUS REPORT BY RELEVANT DIRECTOR	*REPORT BACK DATE / COMPLETION DATE*
PRESENTATIONS					
None.					
MATTERS ARISING					
None.					

CORPORATE SERVICES						
18/02/CORP1 **SCHEDULE OF MEETINGS – JANUARY 2018 TO JUNE 2018**	i)	That the Schedule of Meetings for the period of January 2018 to June 2018, as reflected below, be approved.				

MEETING	DATE
COUNCIL	25 January 2018 28 February 2018 29 March 2018 26 April 2018 31 May 2018 28 June 2018
MAYORAL COMMITTEE	20 February 2018 20 March 2018 17 April 2018 22 May 2018 19 June 2018
FINANCE PORTFOLIO	6 March 2018 3 April 2018 8 May 2018 5 June 2018
CORPORATE SERVICES	6 March 2018 3 April 2018 8 May 2018 5 June 2018
INFRASTRUCTURE & ENGINEERING	7 March 2018 4 April 2018 9 May 2018 6 June 2018
PLANNING DEVELOPMENT & TOURISM	7 March 2018 4 April 2018 9 May 2018 6 June 2018
COMMUNITY SERVICES	8 March 2018 5 April 2018 10 May 2018 7 June 2018
MPAC	9 February 2018 15 February 2018 22 February 2018

		1 March 2018 9 March 2018 15 March 2018 12 April 2018 19 April 2018 17 May 2018 24 May 2018 14 June 2018 21 June 2018			
	TOP MANAGEMENT	8 January 2018 15 January 2018 22 January 2018 5 February 2018 19 February 2018 5 March 2018 19 March 2018 9 April 2018 23 April 2018 7 May 2018 21 May 2018 4 June 2018 18 June 2018			
	KOUGA AUDIT COMMITTEE	16 March 2018 27 June 2018			
	ii) That the scheduled dates for the MPAC be referred back to the MPAC Committee and that new dates for inclusion on the meeting schedule be submitted to the next Council meeting. iii) That the Directorate: Finance be requested to submit a schedule of meetings up until the end of June 2018 for the Budget Steering Committee, for inclusion on the meeting schedule, to the next Council meeting.			Dates Revised Dates to be provided	

18/02/CORP2 **CONDONATION OF CELL PHONE CONTRACTS FOR COUNCILLORS**	vii) That the item on the condonation of cell phone contracts for councillors be withdrawn. viii) That the Director: Corporate Services be requested to submit a revised report on the cell phone contracts for Councillors, That the revised report as contemplated in (ii) be referred to the MPAC for investigation and a report be subsequently submitted to the Ordinary Council meeting to be held in March 2018.		March 2018	Referred to MPAC for further investigation	

INFRASTRUCRURE & ENGINEERING					
18/02/I&E1 **RE-NEW DECLARATION OF A LOCAL STATE OF DISASTER IN THE KOUGA MUNICIPAL AREA DUE TO PREVAILING DROUGHT CONDITIONS**	ii) That Council, in terms of Section 55(1) of the Disaster Management Act No57 of 2002, renew the declaration of a local state of disaster. iii) That Administration arranges for the gazetting of said declaration in the provincial gazette. iv) That the Sarah Baartman District Municipality be informed accordingly. v) That a schedule of Council resources, personnel and funds be allocated for the implementation of water conservation and demand management initiatives, to reduce water usage. vi) That application be made to provincial and national government for additional funds to assist Kouga Municipality with the implementation of emergency measures.				

	vii) That the Municipal Manager be requested to submit a comprehensive report on the current status and any negotiations regarding the drought disaster area in the Kouga and that the report be submitted to the next Council meeting in February 2018.			Presentation to be submitted to Council meeting end February 2018	

CONFIDENTIAL ITEMS					
18/02/CCORP1 **ACTING APPOINTMENT: SENIOR MANAGER POSITION: PLANNING, DEVELOPMENT & TOURISM**	i) That Mr Kobus Marais, the current Manager: Town & Regional Planning, be appointed to act as Director: Planning, Development & Tourism with effect from the 1st of February 2018 until 30 April 2018. ii) That should a new incumbent be appointed before 30 April 2018, the acting ceases as at the date of appointment of a new Director. iv) That it be noted that budget provision has been made for the position of Director: Planning, Development and Tourism and thus sufficient funds are available for the acting period. v) That the Municipal Manager be requested to submit a report of the status of Employment Equity Plan at the Municipality			Report submitted to Council end February 2018	

REPORTS BY THE PORTFOLIO CHAIRPERSON: FINANCE

KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

FINANCE

DATE: 28 FEBRUARY 2018 **ITEM NO: 18/02/F1**

2017/18 ADJUSTMENTS BUDGET

1. Introduction

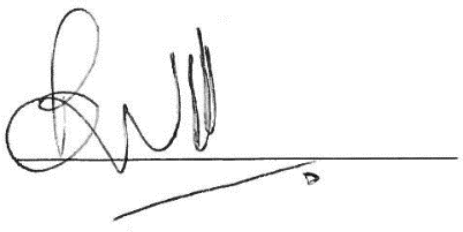
The purpose of the report is to table the 2017/18 Adjustments Budget at the Ordinary Council Meeting in accordance with Section 28 of the Municipal Finance Management Act and section 23 of the Municipal Budget and Reporting Regulations. ***Please refer to the separately circulated Adjustments Budget for the 2017/18 financial year.****

2. Recommendation

2.1.1 The Executive Mayor recommends that the Council, by resolution taken by the majority of its full number, and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, approves the 2017/18 Adjustments Budget as set-out in the following tables:

- Table B1 Adjustments Budget Summary;
- Table B2 Adjustments Budget Financial Performance (revenue and expenditure by standard classification);
- Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote);
- Table B4 Adjustments Financial Performance (revenue and expenditure by type);
- Table B5 Adjustments Budget Capital Expenditure by vote and standard classification and funding source;
- Table B6 Adjustments Budget Financial Position;
- Table B7 Adjustments Budget Cash Flows;
- Table B8 Cash backed reserves/accumulated surplus reconciliation;
- Table B9 Asset Management; and
- Table B10 Basic service delivery measurement.

Noted by the Portfolio Councillor:



KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

FINANCE

DATE: 28 FEBRUARY 2018 **ITEM: 18/03/F3**

MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2017 TO JANUARY 2018 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 JANUARY 2018 (2017/18 FINANCIAL YEAR)

1. Purpose

This report is submitted in compliance with Section 71(1) of the Municipal Finance Management Act (MFMA) and the Municipal Budget and Reporting Regulations (MBRR).

2. Legislative Requirements

The Municipality is required to assess on an on-going basis whether it collects sufficient revenue to meet its commitments, such as paying Employees, Councillors, Eskom, Nelson Mandela Bay Municipality, service providers etc.
In accordance with Section 71(1) of the MFMA, the Accounting officer must by no later than 10 working days after the end of each month, submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget.
In accordance with regulation 28 of the MBRR, the monthly budget statements of a municipality must be in the format specified in Schedule C.

3. Executive Summary

This report provides a balanced and consolidated financial performance overview to assist the Executive Mayor in her oversight role.

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July to January 2018, so as to facilitate an informed assessment of the relative liquidity and financial position of the Municipality.

The financial performance highlights are as follows:

- Operating revenue amounted to R 423,426 million, whilst operating expenditure amounted to R 377,255 million, resulting in an operating surplus of R 46,171 million.
- Capital expenditure constituted 24.88% of the approved 2017/18 Adjusted Capital Budget.
- Overdue consumer debts increased by R 14,070 million (12.21%) since June 2017.
- An amount of R 84,940 million is owing to creditors, of which R 27,170 million (31.99%) represents current creditors.

- The municipality's investment portfolio has increased by R 59,750,079 (71.13%) since June 2017, from R 83,998,799 to R 143,748,877.

The following key financial ratios are monitored on an on-going basis:

Ratio	Actuals as at June 2015	Actuals as at June 2016	Actuals as at 30 June 2017	Actuals as at 31 Jan 2017	Actuals as at 31 Jan 2018	2017/18 Approved Budget
Current Ratio	0.72:1	0.85:1	1.13:1	1.29:1	1.25:1	0.95:1
Liquidity Ratio	0.22:1	0.40:1	0.62:1	0.82:1	0.88:1	0.39:1
Cost Coverage (Excluding unspent conditional grants)	0.82 months	1.60 months	1.74 months	2.60 months	2.53 months	1.14 months
Debt servicing costs to Operating Revenue Ratio	0.05:1	0.04:1	0.02:1	0.01:1	0.01:1	0.02:1

4. Detailed Report

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the month, ending 31 January 2018:

Annexure "A1" – Operating Revenue and Expenditure Performance
Annexure "A2" - Capital Budget Performance
Annexure "A3"- Projected Cash Flow Statement
Annexure "A4" – Municipal Monthly Budget Tables
Annexure "A5"- Analysis of Municipality's Statement of Financial Performance

i. Overview of Outstanding Consumer Debtors
ii. Overview of Creditors position
iii. Investment portfolio
iv. Grants receipts and Expenditure
v. Councillors & Employee benefits
vi. Key performance Indicators

5. Recommendation

5.1 The Municipal Manager's report on the monthly budget statements, in accordance with Section 71(1) of the Municipal Finance Management Act, be noted.

5.2 The monthly budget statements be submitted accordingly to Provincial Treasury as stipulated in Section 71(1) of the MFMA.

Noted by the Portfolio Councillor:

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY TO JANUARY 2018

Below is an analysis of the operating revenue and expenditure performance compared to the approved 2017/18 Budget.

Item Description	Approved Budget 2017/18	Actuals as at 31 January 2018	% of Budget
OPERATING REVENUE			
Property rates	160 564 979	115 662 201	72.03%
Total Service Charges	370 093 675	212 968 389	57.54%
Service charges - electricity revenue	230 405 163	130 890 404	56.81%
Service charges - water revenue	58 871 483	35 573 044	60.42%
Service charges - sanitation revenue	40 622 429	22 234 337	54.73%
Service charges - refuse revenue	27 412 368	16 072 476	58.63%
Service charges - other	12 782 232	8 198 127	64.14%
Rental of Facilities and Equipment	1 309 449	646 152	49.35%
Interest Earned - External Investments	7 194 922	3 847 704	53.48%
Interest Earned - Outstanding Debtors	8 939 206	3 818 430	42.72%
Fines, penalties and forfeits	3 760 285	2 114 989	56.25%
Licences and Permits	11 772 882	7 084 773	60.18%
Grants & Subsidies Received - Operating	114 218 922	72 227 586	63.24%
Other Revenue	6 484 211	5 055 908	77.97%
Total Direct Operating Revenue	**684 338 531**	**423 426 132**	**61.87%**
OPERATING EXPENDITURE			
Employee Related Costs	256 021 847	145 404 822	56.79%
Remuneration of Councillors	11 725 189	5 037 648	42.96%
Bad Debts	31 680 232	613 086	1.94%
Depreciation & Asset Impairment	83 730 150	41 444 104	49.50%
Repairs & Maintenance - Municipal Assets	17 801 074	5 058 483	28.42%
Finance Charges - External Borrowings	3 768 124	2 316 927	61.49%
Total Bulk Purchases	225 623 251	134 539 408	59.63%
Bulk purchases - electricity	187 239 233	116 949 114	62.46%
Bulk purchases - water	38 384 018	17 590 294	45.83%
Contracted Services	41 750 674	11 916 015	28.54%
Transfers and Grants	1 580 000	-	0.00%
Other expenditure	71 161 717	30 924 713	43.46%
Total Direct Operating Expenditure	**744 842 258**	**377 255 207**	**50.65%**
Surplus/(Deficit)	**-60 503 727**	**46 170 925**	

The statement of financial performance indicates a surplus of R 46,170,925.

Below is a discussion of the significant revenue and expenditure variations:

Revenue Variations

Property Rates

As at 31 January 2018, the Municipality has recognised 72.03% of its property rates revenue, compared to the budget.

Approximately 30% of total property rates revenue was raised in July 2017. This represents property rates payable on an annual basis, instead of a monthly basis.

Service charges – Other

Other service charges relate to Environmental Management Fees, with approximately 12% of the total environmental management revenue raised in July 2017.

Rental of Facilities and Equipment

Rental of facilities and equipment relate to rental of municipal buildings, community halls and other municipal facilities.

Interest Earned – External Investments

Interest earnings are influenced by the extent of the municipality's investment portfolio.

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 31 January 2018 amounted to R 129,268 million.

Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

Transfers and Grants

Transfers and grants relate to allocations to Kouga Local Tourism, Arts Council and Sports Council in terms of memorandum of understanding.

General expenses – other

Other expenditure relates to various general expenses, relating to the running costs of the municipality, such as printing and stationery, telephone accounts, etc.

Repairs and Maintenance

Below is an analysis of actual repairs and maintenance expenditure by Directorate, compared to the approved 2017/18 Budget.

Directorate	Approved Budget 2017/18	Actuals as at 31 January 2018	% of Budget
Corporate Services	15,000	-	-
Finance	70,938	1,241	1.75%
Community Services	1,285,197	136,033	10.58%
Infrastructure and Engineering	16,379,939	4,921,209	30.04%
Planning, Development and Tourism	50,000	-	-
Total	**17,801,074**	**5,058,483**	**28.42%**

It is to be noted that actual repairs and maintenance expenditure constituted 28.42% of the approved 2017/18 Budget.

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

Below is an analysis of the capital expenditure compared to the approved 2017/18 Adjusted Capital Budget.

Directorate	Approved Budget 2017/18	Approved Adjustments	Adjusted Budget 2017/18	Actuals as at 31 January 2018	% of Budget
	R			R	
Corporate Services	658,000	-	658,000	305,505	46.43%
Finance	3,303,500	305,200	3,608,700	1,160,008	32.14%
Community Services	12,481,455	7,400,000	19,881,455	7,181,601	36.12%
Infrastructure and Engineering	41,796,280	789,632	42,585,912	8,317,099	19.53%
Planning, Development and Tourism	1,440,485	-	1,440,485	-	-
Total	**59,679,720**	**8,494,832**	**68,174,552**	**16,964,213**	**24.88%**
Source of Funding	**Approved Budget 2017/18**	**Approved Adjustments**	**Adjusted Budget 2017/18**	**Actuals as at 31 January 2018**	**% of Budget**
	R			R	
Internally Generated Funding	24,219,420	8,494,832	32,714,252	9,357,650	28.60%
Government Grants	35,460,300	-	35,460,300	7,606,563	21.45%
Total	**59,679,720**	**8,494,832**	**68,174,552**	**16,964,213**	**24.88%**

It is to be noted that capital expenditure as at 31 January 2018 amounted to 24.88%, compared to the adjusted capital budget of R 68,174,552.

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2017/18 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 January 2018

The purpose of the cash flow statement is to compare the cash inflows (receipts) with the cash outflows (payments), so as to ascertain the adequacy of the cash inflows to cover the cash outflows.

Table C7 Monthly Budget Statement – Cash Flow – M07 January 2018

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates			150 931		9 213	98 885	93 441	5 444	6%	150 931
Service charges			348 047		25 434	179 865	215 475	(35 610)	-17%	348 047
Other revenue			23 328		13 166	82 957	14 442	68 515	474%	23 328
Government - operating			114 219		588	82 910	78 063	4 847	6%	114 219
Government - capital			34 660			23 211	24 440	(1 229)	-5%	34 660
Interest			16 134		1 536	9 383	9 989	(606)	-6%	16 134
Dividends			–				–	–		–
Payments										
Suppliers and employees			(624 084)		(47 688)	(394 533)	(387 270)	7 264	-2%	(624 084)
Finance charges			(3 768)		(340)	(2 258)	(2 346)	(88)	4%	(3 768)
Transfers and Grants			(1 580)					–		(1 580)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**–**	**57 887**	**–**	**1 909**	**80 419**	**46 233**	**(34 186)**	**-74%**	**57 887**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								–		
Decrease (Increase) in non-current debtors								–		
Decrease (increase) other non-current receivables								–		
Decrease (increase) in non-current investments								–		
Payments										
Capital assets			(59 680)		(3 098)	(16 964)	(44 720)	(27 756)	62%	(59 680)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**(59 680)**	**–**	**(3 098)**	**(16 964)**	**(44 720)**	**(27 756)**	**62%**	**(59 680)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing								–		
Increase (decrease) in consumer deposits								–		
Payments										
Repayment of borrowing			(6 443)		(512)	(3 705)	(3 758)	(54)	1%	(6 443)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**(6 443)**	**–**	**(512)**	**(3 705)**	**(3 758)**	**(54)**	**1%**	**(6 443)**
NET INCREASE/ (DECREASE) IN CASH HELD		**–**	**(8 235)**	**–**	**(1 700)**	**59 750**	**(2 245)**			**(8 235)**
Cash/cash equivalents at beginning:			68 249			83 999	68 249			83 999
Cash/cash equivalents at month/year end:		–	60 014	–		143 749	66 003			75 764

Annexure "A4"

MUNICIPAL MONTHLY BUDGET TABLES

1. MONTHLY BUDGET TABLES

The seven main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section of the report. These tables set out the Municipality's 2017/18 budget performance for the period July to January 2018 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M07 January 2018

Description	2016/17	Budget Year 2017/18							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	148 075	160 565	–	8 987	115 662	109 447	6 215	6%	–
Service charges	337 384	370 094	–	31 404	212 968	252 250	(39 281)	-16%	–
Investment revenue	7 776	7 195	–	665	3 848	4 454	(607)	-14%	–
Transfers and subsidies	106 979	114 219	–	251	72 228	78 063	(5 835)	-7%	–
Other own revenue	39 649	32 267	–	5 110	18 720	19 976	(1 256)	-6%	–
Total Revenue (excluding capital transfers and contributions)	**639 862**	**684 339**	**–**	**46 417**	**423 426**	**464 190**	**(40 764)**	**-9%**	**–**
Employee costs	228 043	256 022	–	20 994	145 405	157 552	(12 147)	-8%	–
Remuneration of Councillors	11 101	11 725	–	1 166	5 038	6 840	(1 802)	-26%	–
Depreciation & asset impairment	71 047	83 730	–	5 908	41 444	62 798	(21 354)	-34%	–
Finance charges	15 491	3 768	–	643	2 317	2 826	(509)	-18%	–
Materials and bulk purchases	254 706	243 424	–	18 339	139 598	19 912	119 686	601%	–
Transfers and subsidies	1 080	1 580	–	–	–	1 185	(1 185)	-100%	–
Other expenditure	91 217	144 593	–	5 742	43 454	68 212	(24 758)	-36%	–
Total Expenditure	**672 685**	**744 842**	**–**	**52 792**	**377 255**	**319 324**	**57 931**	**18%**	**–**
Surplus/(Deficit)	**(32 823)**	**(60 503)**	**–**	**(6 375)**	**46 171**	**144 865**	**(98 695)**	**-68%**	**–**
Transfers and subsidies - capital (monetary alloc	37 326	34 660	–	–	8 205	24 440	(16 236)	-66%	–
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**4 503**	**(25 843)**	**–**	**(6 375)**	**54 375**	**169 306**	**(114 930)**	**-68%**	**–**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**4 503**	**(25 843)**	**–**	**(6 375)**	**54 375**	**169 306**	**(114 930)**	**-68%**	**–**
Capital expenditure & funds sources									
Capital expenditure	**–**	**59 680**	**–**	**3 098**	**16 964**	**27 400**	**(10 436)**	**-38%**	**–**
Capital transfers recognised	–	35 460	–	2 722	7 607	24 440	(16 834)	-69%	–
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**–**	**24 219**	**–**	**376**	**9 358**	**13 245**	**(3 887)**	**-29%**	**–**
Total sources of capital funds	**–**	**59 680**	**–**	**3 098**	**16 964**	**37 685**	**(20 721)**	**-55%**	**–**
Financial position									
Total current assets	174 240	145 598	–		205 559				145 598
Total non current assets	2 296 003	2 647 186	–		2 590 481				2 647 186
Total current liabilities	179 777	153 131	–		164 233				153 131
Total non current liabilities	187 477	148 939	–		165 124				148 939
Community wealth/Equity	**2 102 989**	**2 490 714**	**–**		**2 466 683**				**2 490 714**
Cash flows									
Net cash from (used) operating	–	57 887	–	1 909	80 419	46 233	(34 186)	-74%	57 887
Net cash from (used) investing	–	(59 680)	–	(3 098)	(16 964)	(44 720)	(27 756)	62%	(59 680)
Net cash from (used) financing	–	(6 443)	–	(512)	(3 705)	(3 758)	(54)	1%	(6 443)
Cash/cash equivalents at the month/year end	**–**	**60 014**	**–**	**–**	**143 749**	**66 003**	**(77 746)**	**-118%**	**75 764**

Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	27 703	4 768	4 147	2 916	2 446	13 817	10 349	90 825	156 972
Creditors Age Analysis									
Total Creditors	27 170	771	597	49	3 010	–	2 283	51 060	84 940

Explanatory notes to Table C 1 – Monthly Budget Summary

The aim of the Budget Summary is to provide a concise overview of the actual budget performance from all of the major financial perspective (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the actual amounts spent compared to the monthly budget projections within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

Table C2 Monthly Budget Statement – Financial Performance (standard classification) – M07 January 2018

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Revenue - Functional										
Governance and administration		–	**281 833**	–	**12 358**	**195 106**	**163 984**	31 123	19%	–
Executive and council		–	34	–	2	9	20	(11)	-55%	–
Finance and administration		–	281 799	–	12 356	195 097	163 964	31 133	19%	–
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**14 965**	–	**867**	**6 748**	**8 729**	(1 981)	-23%	–
Community and social services		–	2 428	–	45	2 054	1 416	638	45%	–
Sport and recreation		–	9 833	–	806	3 537	5 736	(2 199)	-38%	–
Public safety		–	4	–	0	4	2	1	63%	–
Housing		–	–	–	–	–	–	–		–
Health		–	2 699	–	15	1 153	1 574	(421)	-27%	–
Economic and environmental services		–	**29 175**	–	**2 678**	**16 665**	**17 019**	(354)	-2%	–
Planning and development		–	6 521	–	235	3 090	3 804	(713)	-19%	–
Road transport		–	8 408	–	1 226	4 437	4 904	(468)	-10%	–
Environmental protection		–	14 247	–	1 218	9 138	8 311	827	10%	–
Trading services		–	**393 027**	–	**30 514**	**213 111**	**229 266**	(16 154)	-7%	–
Energy sources		–	239 206	–	18 893	134 605	139 537	(4 932)	-4%	–
Water management		–	60 871	–	6 110	35 573	35 508	65	0%	–
Waste water management		–	65 521	–	3 178	26 860	38 220	(11 360)	-30%	–
Waste management		–	27 429	–	2 334	16 073	16 000	73	0%	–
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	–	**719 000**	–	**46 417**	**431 631**	**418 997**	**12 633**	**3%**	–
Expenditure - Functional										
Governance and administration		–	**169 788**	–	**10 584**	**77 238**	**99 043**	(21 805)	-22%	–
Executive and council		–	43 765	–	4 090	30 636	25 529	5 106	20%	–
Finance and administration		–	126 024	–	6 494	46 602	73 514	(26 912)	-37%	–
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**81 788**	–	**6 935**	**44 534**	**47 710**	(3 176)	-7%	–
Community and social services		–	9 701	–	505	4 215	5 659	(1 443)	-26%	–
Sport and recreation		–	42 081	–	4 285	25 210	24 547	663	3%	–
Public safety		–	20 985	–	1 569	10 662	12 241	(1 580)	-13%	–
Housing		–	4 369	–	203	1 822	2 548	(727)	-29%	–
Health		–	4 653	–	373	2 625	2 714	(89)	-3%	–
Economic and environmental services		–	**111 075**	–	**9 400**	**51 285**	**64 793**	(13 509)	-21%	–
Planning and development		–	30 274	–	1 484	14 492	17 660	(3 168)	-18%	–
Road transport		–	71 834	–	7 575	35 251	41 903	(6 652)	-16%	–
Environmental protection		–	8 966	–	341	1 542	5 230	(3 689)	-71%	–
Trading services		–	**378 843**	–	**25 867**	**203 278**	**220 992**	(17 714)	-8%	–
Energy sources		–	227 987	–	16 320	128 491	132 992	(4 501)	-3%	–
Water management		–	77 021	–	5 374	35 985	44 929	(8 944)	-20%	–
Waste water management		–	40 698	–	1 804	20 286	23 741	(3 455)	-15%	–
Waste management		–	33 136	–	2 368	18 516	19 330	(813)	-4%	–
Other		–	**3 349**	–	**6**	**921**	**1 953**	**(1 033)**	**-53%**	–
Total Expenditure - Functional	3	–	**744 842**	–	**52 792**	**377 255**	**434 491**	**(57 236)**	**-13%**	–
Surplus/ (Deficit) for the year		–	**(25 843)**	–	**(6 375)**	**54 375**	**(15 494)**	**69 869**	**-451%**	–

Explanatory notes to Table C2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

The standard classification refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is

to ensure that all municipalities report their operations in one common format, to facilitate comparison across all municipalities.

Table C3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote – M07 January 2018

Vote Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Revenue by Vote									
Vote 1 - Executive & Council	4	–	–	–	–	–	–		–
Vote 2 - Financial Services	261 637	277 541	–	11 989	193 203	161 899	31 304	19.3%	–
Vote 3 - Administration, Monitoring & Evaluation	16	752	–	2	9	439	(430)	-98.0%	–
Vote 4 - Led, Tourism & Creative Industries	–	1 440	–	–	–	840	(840)	-100.0%	–
Vote 5 - Infrastructure, Planning & Development	373 523	371 680	–	28 666	200 187	216 813	(16 626)	-7.7%	–
Vote 6 - Social Services	42 009	67 586	–	5 761	38 232	39 425	(1 193)	-3.0%	–
Total Revenue by Vote	**677 188**	**719 000**	**–**	**46 417**	**431 631**	**419 416**	**12 214**	**2.9%**	**–**
Expenditure by Vote									
Vote 1 - Executive & Council	30 867	35 224	–	2 739	19 367	20 547	(1 180)	-5.7%	–
Vote 2 - Financial Services	54 743	65 852	–	2 864	25 333	38 414	(13 081)	-34.1%	–
Vote 3 - Administration, Monitoring & Evaluation	34 858	41 583	–	2 962	21 265	24 257	(2 992)	-12.3%	–
Vote 4 - Led, Tourism & Creative Industries	9 279	11 017	–	168	3 256	6 427	(3 171)	-49.3%	–
Vote 5 - Infrastructure, Planning & Development	416 677	443 519	–	32 218	231 672	258 719	(27 047)	-10.5%	–
Vote 6 - Social Services	126 261	147 648	–	11 841	76 363	86 128	(9 765)	-11.3%	–
Total Expenditure by Vote	**672 685**	**744 842**	**–**	**52 792**	**377 255**	**434 491**	**(57 236)**	**-13.2%**	**–**
Surplus/ (Deficit) for the year	**4 503**	**(25 843)**	**–**	**(6 375)**	**54 375**	**(15 075)**	**69 450**	**-460.7%**	**–**

Explanatory notes to Table C3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the monthly budget reporting table is represented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Operating revenue and expenditure is thus presented by "vote". A "vote" is defined as one of the main segment into which a budget of a municipality is divided into, for the appropriation of funds.

Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure) – M07 January 2018

Description	Ref	2016/17	Budget Year 2017/18							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source										
Property rates		148 075	160 565		8 987	115 662	109 447	6 215	6%	
Service charges - electricity revenue		241 234	230 405		18 873	130 890	151 542	(20 651)	-14%	
Service charges - water revenue		39 608	58 871		6 110	35 573	46 400	(10 827)	-23%	
Service charges - sanitation revenue		41 828	40 622		3 178	22 234	30 861	(8 627)	-28%	
Service charges - refuse revenue		53 036	27 412		2 333	16 072	15 991	82	1%	
Service charges - other		(38 322)	12 782		910	8 198	7 456	742	10%	
Rental of facilities and equipment		1 506	1 309		95	646	811	(165)	-20%	
Interest earned - external investments		7 776	7 195		665	3 848	4 454	(607)	-14%	
Interest earned - outstanding debtors		8 144	8 939		714	3 818	5 534	(1 716)	-31%	
Dividends received			–		–	–	–	–		
Fines, penalties and forfeits		10 552	3 761		387	2 115	2 328	(213)	-9%	
Licences and permits		6 877	11 773		1 428	7 085	7 289	(204)	-3%	
Agency services			–		–	–	–	–		
Transfers and subsidies		106 979	114 219		251	72 228	78 063	(5 835)	-7%	
Other revenue		12 570	6 484		2 487	5 056	4 014	1 042	26%	
Gains on disposal of PPE			–		–	–	–	–		
Total Revenue (excluding capital transfers and contributions)		**639 862**	**684 339**	**–**	**46 417**	**423 426**	**464 190**	**(40 764)**	**-9%**	**–**
Expenditure By Type										
Employee related costs		228 043	256 022		20 994	145 405	157 552	(12 147)	-8%	
Remuneration of councillors		11 101	11 725		1 166	5 038	6 840	(1 802)	-26%	
Debt impairment		24 779	31 680		–	613	2 346	(1 733)	-74%	
Depreciation & asset impairment		71 047	83 730		5 908	41 444	62 798	(21 354)	-34%	
Finance charges		15 491	3 768		643	2 317	2 826	(509)	-18%	
Bulk purchases		220 618	225 623		18 065	134 539	9 528	125 011	1312%	
Other materials		34 087	17 801		274	5 058	10 384	(5 325)	-51%	
Contracted services		13 293	41 751		1 630	11 916	24 355	(12 439)	-51%	
Transfers and subsidies		1 080	1 580		–	–	1 185	(1 185)	-100%	
Other expenditure		51 086	71 162		4 112	30 925	41 511	(10 586)	-26%	
Loss on disposal of PPE		2 058	–		–	–	–	–		
Total Expenditure		**672 685**	**744 842**	**–**	**52 792**	**377 255**	**319 324**	**57 931**	**18%**	**–**
Surplus/(Deficit)		**(32 823)**	**(60 503)**	**–**	**(6 375)**	**46 171**	**144 865**	**(98 695)**	**(0)**	**–**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		37 326	34 660		–	8 205	24 440	(16 236)	**(0)**	
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)			–					–		
Transfers and subsidies - capital (in-kind - all)								–		
Surplus/(Deficit) after capital transfers & contributions		**4 503**	**(25 843)**	**–**	**(6 375)**	**54 375**	**169 306**			**–**
Taxation								–		
Surplus/(Deficit) after taxation		**4 503**	**(25 843)**	**–**	**(6 375)**	**54 375**	**169 306**			**–**
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		**4 503**	**(25 843)**	**–**	**(6 375)**	**54 375**	**169 306**			**–**
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		**4 503**	**(25 843)**	**–**	**(6 375)**	**54 375**	**169 306**			**–**

Explanatory notes to Table C4 – Budgeted Financial Performance (revenue and expenditure)

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison

between the monthly results, the monthly budget-to-date projections and the original budget, so as to assess performance.

Table C5 Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) – M07 January 2018

Vote Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Single Year expenditure appropriation									
Vote 1 - Executive & Council	–	181	–	–	139	181	(42)	-23%	–
Vote 2 - Financial Services	–	3 304	–	–	1 160	1 853	(693)	-37%	–
Vote 3 - Administration, Monitoring & Evaluation	–	477	–	–	166	389	(223)	-57%	–
Vote 4 - Led, Tourism & Creative Industries	–	2 551	–	–	–	1 074	(1 074)	-100%	–
Vote 5 - Infrastructure, Planning & Development	–	40 408	–	3 068	8 317	17 334	(9 017)	-52%	–
Vote 6 - Social Services	–	12 759	–	29	7 182	6 569	613	9%	–
Total Capital single-year expenditure	–	59 680	–	3 098	16 964	27 400	**(10 436)**	**-38%**	–
Total Capital Expenditure	**–**	**59 680**	**–**	**3 098**	**16 964**	**27 400**	**(10 436)**	**-38%**	**–**
Capital Expenditure - Functional Classification									
Governance and administration	**–**	**4 813**	**–**	**9**	**1 562**	**2 646**	(1 084)	-41%	**–**
Executive and council		157			139	157	(18)	-11%	
Finance and administration		4 656		9	1 423	2 489	(1 066)	-43%	
Internal audit		–			–		–		
Community and public safety	**–**	**6 993**	**–**	**21**	**239**	**4 418**	(4 179)	-95%	**–**
Community and social services		599			61	249	(188)	-76%	
Sport and recreation		4 869		21	178	2 644	(2 466)	-93%	
Public safety		950			–	950	(950)	-100%	
Housing		–			–	–	–		
Health		575			–	575	(575)	-100%	
Economic and environmental services	**–**	**6 502**	**–**	**–**	**184**	**2 727**	(2 543)	-93%	**–**
Planning and development		2 742			111	665	(555)	-83%	
Road transport		2 820			73	1 342	(1 269)	-95%	
Environmental protection		940			–	720	(720)	-100%	
Trading services	**–**	**41 372**	**–**	**3 068**	**14 979**	**17 697**	(2 718)	-15%	**–**
Energy sources		7 255		207	293	2 959	(2 666)	-90%	
Water management		5 292			659	2 260	(1 601)	-71%	
Waste water management		25 680		2 515	6 908	11 164	(4 256)	-38%	
Waste management		3 145		346	7 119	1 314	5 806	442%	
Other		–			–	–	–		
Total Capital Expenditure - Functional Classification	**–**	**59 680**	**–**	**3 098**	**16 964**	**27 488**	**(10 523)**	**-38%**	**–**
Funded by:									
National Government		35 460		2 722	7 607	24 440	(16 834)	-69%	
Provincial Government							–		
District Municipality							–		
Other transfers and grants							–		
Transfers recognised - capital	**–**	**35 460**	**–**	**2 722**	**7 607**	**24 440**	**(16 834)**	**-69%**	**–**
Public contributions & donations							–		
Borrowing							–		
Internally generated funds		24 219		376	9 358	13 245	(3 887)	-29%	
Total Capital Funding	**–**	**59 680**	**–**	**3 098**	**16 964**	**37 685**	**(20 721)**	**-55%**	**–**

Explanatory notes to Table C5 – Budgeted Capital Expenditure by vote, standard classification and funding

Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table C6 Monthly Budget Statement – Financial Position – M07 January 2018

Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		5 687	18 004		23 641	18 004
Call investment deposits		78 567	42 010		120 108	42 010
Consumer debtors		42 559	55 213		53 644	55 213
Other debtors		42 472	25 677		3 219	25 677
Current portion of long-term receivables		3	3			3
Inventory		4 952	4 691		4 947	4 691
Total current assets		**174 240**	**145 598**	**–**	**205 559**	**145 598**
Non current assets						
Long-term receivables		65	150			150
Investments						–
Investment property		285 199	84 431		85 382	84 431
Investments in Associate						–
Property, plant and equipment		2 010 676	2 562 532		2 504 941	2 562 532
Agricultural						–
Biological assets						–
Intangible assets		62	73		159	73
Other non-current assets						–
Total non current assets		**2 296 003**	**2 647 186**	**–**	**2 590 481**	**2 647 186**
TOTAL ASSETS		**2 470 243**	**2 792 784**	**–**	**2 796 040**	**2 792 784**
LIABILITIES						
Current liabilities						
Bank overdraft						
Borrowing		8 600	6 443		6 439	6 443
Consumer deposits		10 273	8 856		10 273	8 856
Trade and other payables		138 260	106 811		107 697	106 811
Provisions		22 644	31 021		39 824	31 021
Total current liabilities		**179 777**	**153 131**	**–**	**164 233**	**153 131**
Non current liabilities						
Borrowing		32 567	30 269		30 295	30 269
Provisions		154 910	118 670		134 829	118 670
Total non current liabilities		**187 477**	**148 939**	**–**	**165 124**	**148 939**
TOTAL LIABILITIES		**367 254**	**302 070**	**–**	**329 357**	**302 070**
NET ASSETS	2	**2 102 989**	**2 490 714**	**–**	**2 466 683**	**2 490 714**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 102 989	2 490 714		2 466 683	2 490 714
Reserves		–				
TOTAL COMMUNITY WEALTH/EQUITY	2	**2 102 989**	**2 490 714**	**–**	**2 466 683**	**2 490 714**

Explanatory notes to Table C6 – Budgeted Financial Position

i. The table represents Assets Less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

ii. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end.

Similarly, the collection rate assumption informs the budget provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as compliance assessment is directly informed by forecasting the statement of financial position.

Table C7 Monthly Budget Statement – Cash Flow – M07 January 2018

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates			150 931		9 213	98 885	93 441	5 444	6%	150 931
Service charges			348 047		25 434	179 865	215 475	(35 610)	-17%	348 047
Other revenue			23 328		13 166	82 957	14 442	68 515	474%	23 328
Government - operating			114 219		588	82 910	78 063	4 847	6%	114 219
Government - capital			34 660			23 211	24 440	(1 229)	-5%	34 660
Interest			16 134		1 536	9 383	9 989	(606)	-6%	16 134
Dividends			–				–	–		–
Payments										
Suppliers and employees			(624 084)		(47 688)	(394 533)	(387 270)	7 264	-2%	(624 084)
Finance charges			(3 768)		(340)	(2 258)	(2 346)	(88)	4%	(3 768)
Transfers and Grants			(1 580)					–		(1 580)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	**57 887**	–	**1 909**	**80 419**	**46 233**	**(34 186)**	**-74%**	**57 887**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								–		
Decrease (Increase) in non-current debtors								–		
Decrease (increase) other non-current receivables								–		
Decrease (increase) in non-current investments								–		
Payments										
Capital assets			(59 680)		(3 098)	(16 964)	(44 720)	(27 756)	62%	(59 680)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	**(59 680)**	–	**(3 098)**	**(16 964)**	**(44 720)**	**(27 756)**	**62%**	**(59 680)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing								–		
Increase (decrease) in consumer deposits								–		
Payments										
Repayment of borrowing			(6 443)		(512)	(3 705)	(3 758)	(54)	1%	(6 443)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	**(6 443)**	–	**(512)**	**(3 705)**	**(3 758)**	**(54)**	**1%**	**(6 443)**
NET INCREASE/ (DECREASE) IN CASH HELD		–	**(8 235)**	–	**(1 700)**	**59 750**	**(2 245)**			**(8 235)**
Cash/cash equivalents at beginning:			68 249			83 999	68 249			83 999
Cash/cash equivalents at month/year end:		–	60 014	–		143 749	66 003			75 764

Explanatory notes to Table C7 – Budgeted Cash Flow Statement

i. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

ii. It reflects the expected cash inflows versus outflows that are likely to result from the implementation of the budget.

Annexure "A5"

ANALYSIS OF THE MUNICIPALITY'S STATEMENT OF FINANCIAL POSITION

In this section the Municipality's Debtors, Creditors and Investments will be analysed. These components have a significant impact on the Municipality's financial position.

1. Overview of outstanding Consumer Debtors (Inclusive of VAT)

Below is an analysis of the outstanding consumer debtors as at 30 June 2017, compared to the position as at 31 January 2018.

Debtors' Age Analysis (Inclusive of VAT) as at 30 June 2017

Description	Budget Year 2016/17								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	5 438	1 163	849	714	751	555	3 886	18 371	31 728
Trade and Other Receivables from Exchange Transactions - Electricity	15 151	1 167	617	437	329	255	2 103	6 284	26 344
Receivables from Non-exchange Transactions - Property Rates	7 491	729	570	474	377	320	6 460	16 408	32 829
Receivables from Exchange Transactions - Waste Water Management	3 614	607	409	325	457	264	1 790	8 445	15 911
Receivables from Exchange Transactions - Waste Management	2 694	498	410	365	384	311	1 676	10 431	16 769
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	58	66	70	80	93	83	1 189	15 104	16 743
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(11 383)	225	237	194	156	153	2 127	6 228	(2 062)
Total By Income Source	**23 063**	**4 455**	**3 163**	**2 588**	**2 547**	**1 940**	**19 232**	**81 272**	**138 261**
									–
Debtors Age Analysis By Customer Group									
Organs of State	500	352	150	42	34	33	743	969	2 823
Commercial	5 547	375	261	185	133	97	1 019	2 518	10 134
Households	17 017	3 729	2 752	2 361	2 380	1 810	17 470	77 785	125 304
Other									–
Total By Customer Group	**23 063**	**4 455**	**3 163**	**2 588**	**2 547**	**1 940**	**19 232**	**81 272**	**138 261**

Debtors' Age Analysis (Inclusive of VAT) as at 31 January 2018

Description	Budget Year 2017/18								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	7 870	1 311	1 198	865	693	1 587	3 284	20 554	37 362
Trade and Other Receivables from Exchange Transactions - Electricity	16 602	1 115	606	430	328	1 728	860	6 657	28 326
Receivables from Non-exchange Transactions - Property Rates	8 457	715	640	434	348	7 886	1 154	17 560	37 194
Receivables from Exchange Transactions - Waste Water Management	4 009	663	520	400	358	791	1 579	9 343	17 663
Receivables from Exchange Transactions - Waste Management	3 034	552	466	417	399	370	1 710	11 679	18 625
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	53	66	80	88	94	467	613	17 364	18 825
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(12 321)	346	639	281	226	990	1 148	7 667	(1 024)
Total By Income Source	**27 703**	**4 768**	**4 147**	**2 916**	**2 446**	**13 817**	**10 349**	**90 825**	**156 972**
Debtors Age Analysis By Customer Group									
Organs of State	676	227	42	37	50	1 123	116	1 507	3 778
Commercial	6 182	288	344	199	131	619	420	3 189	11 371
Households	20 845	4 254	3 761	2 679	2 265	12 076	9 812	86 129	141 822
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**27 703**	**4 768**	**4 147**	**2 916**	**2 446**	**13 817**	**10 349**	**90 825**	**156 972**

The aforementioned analysis indicates that from 30 June 2017 to 31 January 2018, the overdue debts have increased from R 115,198 million to R 129,268 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-17**	**31-Jan-18**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	26 290	29 492	3 201
Trade and Other Receivables from Exchange Transactions - Electricity	11 192	11 724	532
Receivables from Non-exchange Transactions - Property Rates	25 337	28 737	3 400
Receivables from Exchange Transactions - Waste Water Management	12 297	13 654	1 357
Receivables from Exchange Transactions - Waste Management	14 074	15 592	1 517
Receivables from Exchange Transactions - Property Rental Debtors	1	1	–
Interest on Arrear Debtor Accounts	16 685	18 772	2 087
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	9 321	11 297	1 976
Total By Income Source	**115 198**	**129 268**	**14 070**
Debtors Age Analysis By Customer Group			
Organs of State	2 323	3 102	780
Commercial	4 588	5 189	601
Households	108 287	120 977	12 690
Other		–	–
Total By Customer Group	**115 198**	**129 268**	**14 070**

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2017/18								
R thousands	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type									
Bulk Electricity	16 991	–	–	–	–	–	–	–	**16 991**
Bulk Water	1 283	7	–	6	12	–	2 191	48 032	**51 530**
PAYE deductions	3 300	–	–	–	–	–	–	–	**3 300**
VAT (output less input)	–	–	–	–	–	–	–	–	**–**
Pensions / Retirement deductions	3 037	–	–	–	–	–	–	–	**3 037**
Loan repayments	–	–	–	–	–	–	–	–	**–**
Trade Creditors	2 559	765	597	43	2 999	–	92	3 028	**10 081**
Auditor General	–	–	–	–	–	–	–	–	**–**
Other	–	–	–	–	–	–	–	–	**–**
Total By Customer Type	**27 170**	**771**	**597**	**49**	**3 010**	**–**	**2 283**	**51 060**	**84 940**

The above amounts represent invoices still to be paid. The major creditors as at 31 January 2018 are as follows:

Department of Transport	R 3,175 million
Eskom	R 16,991 million
NMBM (Bulk water)	R 51,530 million
Pension Fund Deductions	R 3,037 million
PAYE Deductions	R 3,300 million
Department of Labour	R 3,771 million
Other Creditors	R 3,136 million
TOTAL	**R 84,940 million**

It is to be noted that the Eskom amount of R 16,991 million, represents the current account for January 2018, which will be paid by 24 February 2018.

The pension fund deductions represent employee related costs for the month of January 2018, with the amounts in question being paid on 5 February 2018 to the relevant pension funds.

The PAYE deductions represent employee related costs for the month of January 2018, with the amounts in question being paid on 5 February 2018 to SARS.

The municipality received a significant bulk water account in May 2016. According to the Nelson Mandela Bay Municipality, the Kouga municipality was incorrectly billed from December 2012 to April 2016. The Kouga

municipality's bulk water account was accordingly adjusted to reflect the correct billing for the aforementioned period, based on the relevant meter readings.

The Department of Labour amount of R 3,771 million relates to outstanding workmen's compensation returns for the period 1 March 2007 to 28 February 2017. An agreement was reached with the Department of Labour for the settlement of the outstanding account, at approximately R 2 million per month for the period November 2017 to March 2018.

2. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 31 January 2018.

	Balance as at 30 June 2017	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 January 2018
Standard Bank	16 256 857	5 000 000	812 126	-	-	22 068 983
ABSA	16 288 040	8 000 000	852 414	-	228	25 140 226
Nedbank	17 053 655	5 000 000	855 514	-	-	22 909 168
RMB	13 300 134	29 434 952	1 102 066	17 398 068	-	26 439 084
INVESTEC	15 668 170	7 000 000	882 654	-	-	23 550 824
Total	**78 566 856**	**54 434 952**	**4 504 773**	**-17 398 068**	**-228**	**120 108 285**
INVESTMENT BYE TYPE	**Balance as at 30 June 2017**	**Invested**	**Interest**	**Withdrawals**	**Adjustments**	**Balance as at 31 January 2018**
General Account	71 159 248	29 523 952	3 668 336	7 000 000	228	97 351 308
Conditional Grants	4 619 926	24 911 000	729 238	10 398 068	-	19 862 096
Housing Funds	2 787 682	-	107 199	-	-	2 894 881
Total	**78 566 856**	**54 434 952**	**4 504 773**	**-17 398 068**	**-228**	**120 108 285**
Bank	5 431 943	18 208 649				23 640 592
Total	**83 998 799**	**72 643 602**	**4 504 773**	**-17 398 068**	**-228**	**143 748 877**

The increase in the investment portfolio since 30 June 2017 amounts to R 59,750,079. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 23,640,592
Short-term Investment Deposits	R 120,108,285
	R 143,748,877

Application of Cash

Unspent Conditional Grants	22,756,977
Internally Generated Funding	14,861,770

Outstanding Creditors Liability 84,939,871

R 122,558,618

Reserves in excess of Commitments R 21,190,259

The cash backed reserves exceed the commitments at this stage by an amount of R 21,190,259. It should be noted that the excess of reserves over commitments as at 31 January 2018, is mainly due to an amount of R 34,212 million in respect of the Equitable Share allocation being received on 01 December 2017, but not yet fully spent.

These funds are already committed towards spending in the 2017/18 Capital and Operating budgets.

3. Allocation and Grants receipts and expenditure for the 2017/2018 financial year

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M07 January 2018

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
RECEIPTS:									
Operating Transfers and Grants									
National Government:	–	106 951	–	–	80 056	74 248	5 808	7.8%	–
Local Government Equitable Share		102 637			76 695	70 887	5 808	8.2%	
Finance Management		1 700			1 700	1 700			
MIG - Administration Fees		1 614			961	961			
EPWP Incentive		1 000			700	700			
Provincial Government:	–	4 050	–	–	2 050	2 050	–		–
ACIP-Water		2 000					–		
Sport and Recreation		2 050			2 050	2 050	–		
District Municipality:	–	2 500	–	588	1 765	1 765	–		–
Environmental Health Subsidy		2 500		588	1 765	1 765	–		
Other grant providers:	–	718	–	–	–	–	–		–
Skills Development Grant		718					–		
Total Operating Transfers and Grants	–	114 219	–	588	83 871	78 063	5 808	7.4%	–
Capital Transfers and Grants									
National Government:	–	34 660	–	–	22 250	24 440	(2 190)	-9.0%	–
Municipal Infrastructure Grant (MIG)		30 660			18 250	20 440	(2 190)	-10.7%	
Intergrated National Electrification Programme		4 000			4 000	4 000	–		
Total Capital Transfers and Grants	–	34 660	–	–	22 250	24 440	(2 190)	-9.0%	–
TOTAL RECEIPTS OF TRANSFERS & GRANTS	–	148 879	–	588	106 121	102 503	3 618	3.5%	–

Below is an analysis of the spending associated with the grants as at 31 January 2018:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M07 January 2018

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	–	**106 951**	–	**369**	**79 407**	**70 941**	**8 466**	**11.9%**	–
Local Government Equitable Share		102 637			76 695	68 425	8 270	12.1%	
Finance Management		1 700		45	1 043	992	51	5.2%	
MIG - Administration Fees		1 614		134	941	941	–		
EPWP Incentive		1 000		189	728	583	144	24.8%	
Provincial Government:	–	**4 050**	–	–	–	–	–		–
ACIP-Water		2 000					–		
Sport and Recreation		2 050					–		
District Municipality:	–	**2 500**	–	–	**1 765**	**1 458**	307	21.0%	–
Environmental Health Subsidy		2 500			1 765	1 458	307	21.0%	
Other grant providers:	–	**718**	–	–	–	–	–		–
Skills Development Grant		718					–		
Total operating expenditure of Transfers and Grants:	–	**114 219**	–	**369**	**81 172**	**72 399**	**8 773**	**12.1%**	–
Capital expenditure of Transfers and Grants									
National Government:	–	34 660	–	3 103	7 945	20 219	(12 274)	**-60.7%**	–
Municipal Infrastructure Grant (MIG)		30 660		2 867	7 639	17 885	(10 246)	-57.3%	
Intergrated National Electrification Programme		4 000		236	306	2 333	(2 028)	-86.9%	
Total capital expenditure of Transfers and Grants	–	**34 660**	–	**3 103**	**7 945**	**20 219**	**(12 274)**	**-60.7%**	–
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	–	**148 879**	–	**3 472**	**89 117**	**92 618**	**(3 501)**	**-3.8%**	–

Note: The equitable share allocation is utilised to fund indigent household's subsidies granted to qualifying households, with the remainder being used to support the Municipality's operations.

Grants received from National Government

DORA Operating Grants

Financial Management Grant (FMG)

The purpose of this grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

DORA Allocation:	R 1,700,000
Amount of Grant Received:	R 1,700,000
Expenditure to date:	R 1,043,124
Unspent as at 31 January 2018:	R 656,876

The spending of the grant amounted to 61.36% as at 31 January 2018, compared to the amount of the grant received.

Expanded Public Works Programme (EPWP)
The purpose of this grant is to provide Expanded Public Works Programme (EPWP) incentive funding to expand job creation efforts in specific focus areas, where labour intensive methods can be maximised.

DORA Allocation:	R 1,000,000
Amount of Grant Received:	R 700,000
Expenditure to date:	R 727,757
Overspent as at 31 January 2018:	R -27,757

The spending of the grant amounted to 103.97% as at 31 January 2018, compared to the amount of the grant received.

DORA Capital Grants

Municipal Infrastructure Grant (MIG)
The purpose of this grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs.

DORA Allocation:	R 32,274,000
Amount of Grant Received:	R 19,211,000
Expenditure to date:	R 8,580,606
Unspent as at 31 January 2018:	R 10,630,394

The spending of the grant amounted to 44.67% as at 31 January 2018, compared to the amount of the grant received.

Integrated National Electrification Programme (INEP)
The purpose of this grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure.

DORA Allocation:	R 4,000,000
Amount of Grant Received:	R 4,000,000
Expenditure to date:	R 305,635
Unspent as at 31 January 2018:	R 3,694,365

The spending of the grant amounted to 7.64% as at 31 January 2018, compared to the amount of the grant received.

Human Settlements Grant
The purpose of this grant is to provide funding for the creation of sustainable and integrated human settlements.

Amount of Grant Received:	R 4,926,325
Expenditure to date:	R 2,093,046

Unspent as at 31 January 2018: R 2,894,881

The spending of the grant amounted to 42.48% as at 31 January 2018, compared to the amount of the grant received.

4. Councillor and employee benefits-

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M07 January 2018

Summary of Employee and Councillor remuneration	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		7 712		821	4 376	4 498	(122)	-3%	
Medical Aid Contributions		650				379	(379)	-100%	
Motor Vehicle Allowance		2 602				1 518	(1 518)	-100%	
Cellphone Allowance		762		344	662	445	217	49%	
Sub Total - Councillors	–	**11 725**	–	**1 166**	**5 038**	**6 840**	**(1 802)**	**-26%**	–
Senior Managers of the Municipality									
Basic Salaries and Wages		8 700		420	3 279	5 075	(1 796)	-35%	
Pension and UIF Contributions				40	209	–	209		
Medical Aid Contributions				25	114	–	114		
Performance Bonus		2 143			3	1 250	(1 248)	-100%	
Motor Vehicle Allowance		726		16	144	424	(280)	-66%	
Other benefits and allowances		21		73	333	12	321	2579%	
Sub Total - Senior Managers of Municipality	–	**11 590**	–	**574**	**4 082**	**6 761**	**(2 679)**	**-40%**	–
Other Municipal Staff									
Basic Salaries and Wages		152 193		11 756	80 579	88 779	(8 200)	-9%	
Pension and UIF Contributions		24 723		1 918	13 451	14 422	(971)	-7%	
Medical Aid Contributions		15 143		1 151	7 496	8 833	(1 338)	-15%	
Overtime		10 375		3 253	11 650	6 052	5 598	92%	
Performance Bonus		12 595			–	7 347	(7 347)	-100%	
Motor Vehicle Allowance		7 231		881	5 801	4 218	1 583	38%	
Housing Allowances		2 301		150	1 076	1 342	(266)	-20%	
Other benefits and allowances		19 059		1 246	20 785	11 118	9 667	87%	
Long service awards		812		66	485	473	11	2%	
Sub Total - Other Municipal Staff	–	**244 432**	–	**20 420**	**141 323**	**142 585**	**(1 262)**	**-1%**	–
Total Parent Municipality	–	**267 747**	–	**22 160**	**150 442**	**156 186**	**(5 743)**	**-4%**	–
TOTAL SALARY, ALLOWANCES & BENEFITS	–	**267 747**	–	**22 160**	**150 442**	**156 186**	**(5 743)**	**-4%**	–
TOTAL MANAGERS AND STAFF	–	**256 022**	–	**20 994**	**145 405**	**149 346**	**(3 941)**	**-3%**	–

5. Key performance indicators

The table below reflects the key performance indicators as per the 2017/18 Approved Budget and the associated performance to date.

Borrowing Management		**Actuals as at 30 June 2013**	**Actuals as at 30 June 2014**	**Actuals as at 30 June 2015**	**Actuals as at 30 June 2016**	**Actuals as at 30 June 2017**	**Approved Budget 2017/18**	**Actuals as at 31 January 2018**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.79%	4.83%	4.50%	3.67%	1.61%	1.37%	1.58%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.06	0.05	0.04	0.02	0.02	0.01
Liquidity								
Current Ratio	Current assets / current liabilities	0.54	0.54	0.72	0.85	1.13	0.95	1.25
Liquidity Ratio	Monetary assets / current liabilities	0.10	0.16	0.22	0.40	0.62	0.39	0.88
Revenue Management								
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	96.33%	96.07%	98.91%	97.60%	95.81%	94%	85.63%

Other indicators		Actuals as at 30 June 2013	Actuals as at 30 June 2014	Actuals as at 30 June 2015	Actuals as at 30 June 2016	Actuals as at 30 June 2017	Approved Budget 2017/18	Actuals as at 31 January 2018
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	0.23	0.25	0.82	1.60	1.74	1.14	2.53
Employee Costs	Employee Costs / Total Operating Expenditure	35.41%	35.32%	35.70%	35.62%	35.27%	34.37%	38.54%
Capital Expenditure	Capital Expenditure / Capital Budget	78.84%	21.35%	241.30 %	81.97%	63.84%	95%	24.88%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	3.52%	3.81%	4.46%	4.61%	4.87%	5.65%	1.34%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.79%	0.95%	1.06%	1.17%	1.24%	1.64%	0.20%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	87.04%	87.21%	69.55%	74.74%	84.32%	83.31%	82.94%

The above table is discussed in detail below.

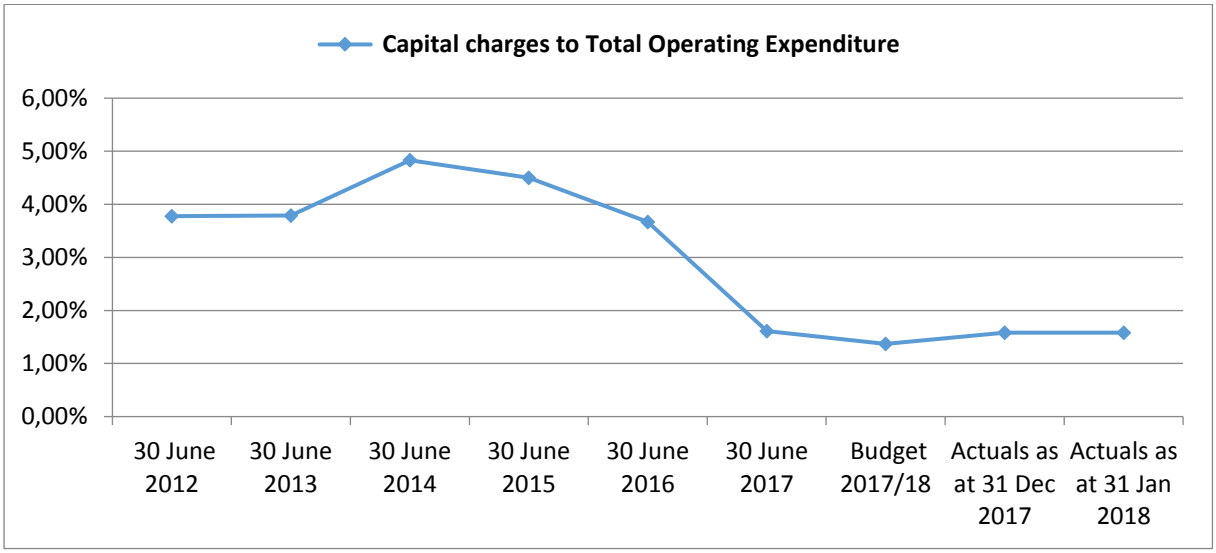
5.1. Borrowing Management

5.1.1. Capital charges to Operating Expenditure

The Ratio indicates the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as percentage of Total Operating Expenditure.

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1.58% of the Total Operating Expenditure was utilised for capital charges as at 31 January 2018, compared to the budgeted ratio of 1.37%.



5.1.2. Borrowed funding of capital expenditure

This ratio indicates the proportion of borrowed funding to actual capital expenditure to date (excluding transfers and grants). The ratio also indicates the extent of capital expenditure being financed from borrowed funding compared to own and other funding sources, excluding transfers and grant funded expenditure.

The ratio is determined as follows:

Capital expenditure funded from Borrowings/Total Capital Expenditure to date (excluding transfers and grants)

The ratio is 0% as no capital expenditure was funded from borrowings, which is in line with the budgeted target as per the 2017/18 Operating Budget as no borrowing is planned for the 2017/18 to 2019/20 financial years.

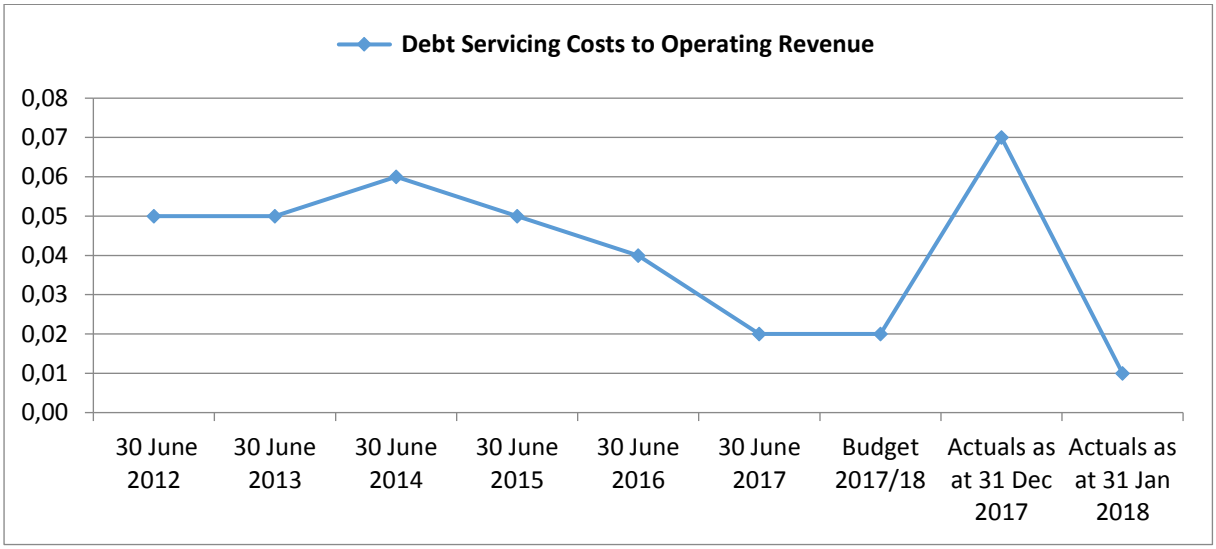
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

This ratio indicates the proportion of debt servicing costs (interest and principal paid on borrowing) to actual operating revenue to date.

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 31 Januaryb 2018, the ratio was 0.01:1, compared to the budgeted ratio of 0.02:1.



5.2. Liquidity

5.2.1. Current ratio

The Ratio assesses the Municipality's ability to meet its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables etc.).

The ratio is determined as follows:

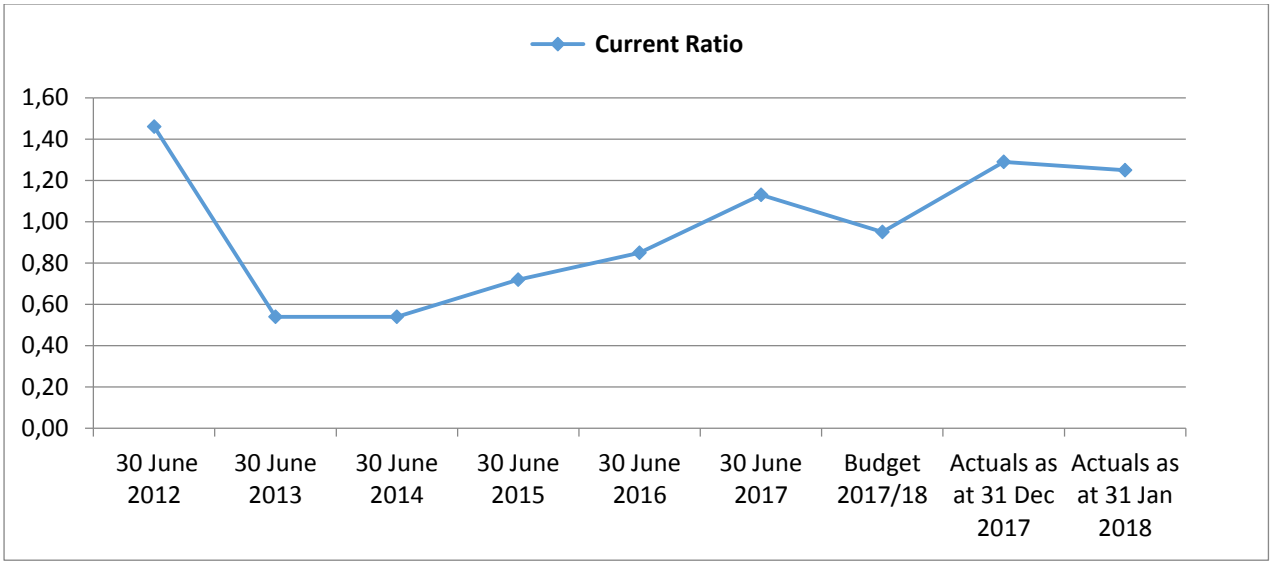
Current assets/Current liabilities

The ratio as at 31 January 2018 was 1.25:1, compared to the budgeted ratio of 0.95:1.

In terms of the MFMA Circular No. 71, the norm is 1.5:1 to 2:1

The higher the current Ratio, the stronger the Municipality's financial capacity to meet its current obligations.

A ratio of below 1:1 would suggest that the Municipality would be unable to meet all of its current obligations as and when they fall due.



5.2.2. Liquidity Ratio

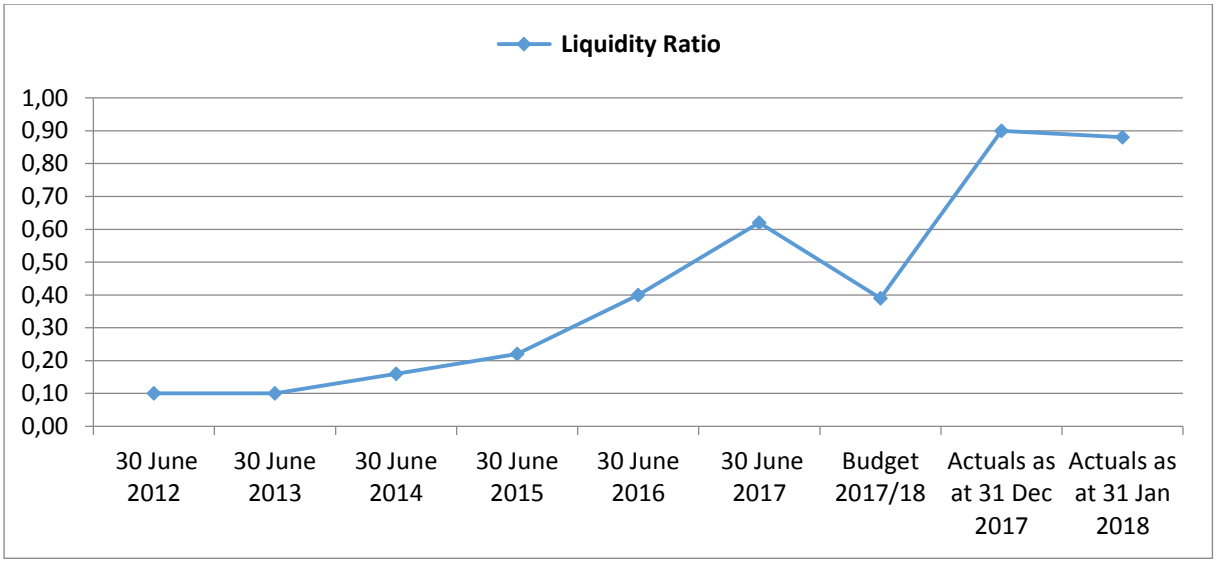
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 31 January 2018 was 0.88:1, compared to the budgeted ratio of 0.39:1.

The liquidity ratio is of the utmost importance to measure the financial liquidity and sustainability of the municipality.



5.3. Revenue Management

5.3.1. Annual Debtors Collection Rate

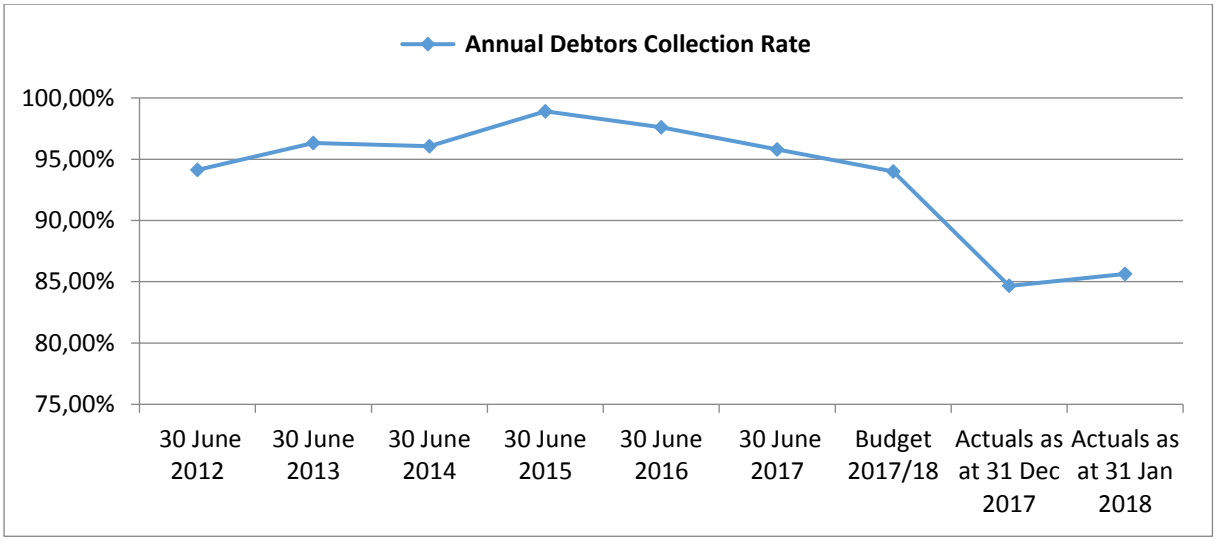
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

The ratio to determine the percentage collection rate is as follows:

Total Payments Received in Current month/Total Value of Accounts Rendered in the Previous Month X 100

Note: the reason for using the previous month's billing is due to the accounts only being payable the following month (i.e. account-holders are given one calendar month to pay their current accounts).

The average collection rate as at 31 January 2018 was 85.63%, compared to the budgeted collection rate of 94%. The collection rate of 84.66% as at 31 December 2017 is influenced by the annual property rates raised in July 2017, but not yet paid. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



5.4. Other indicators

5.4.1. Cost coverage

The Ratio indicates the Municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue, during that particular month.

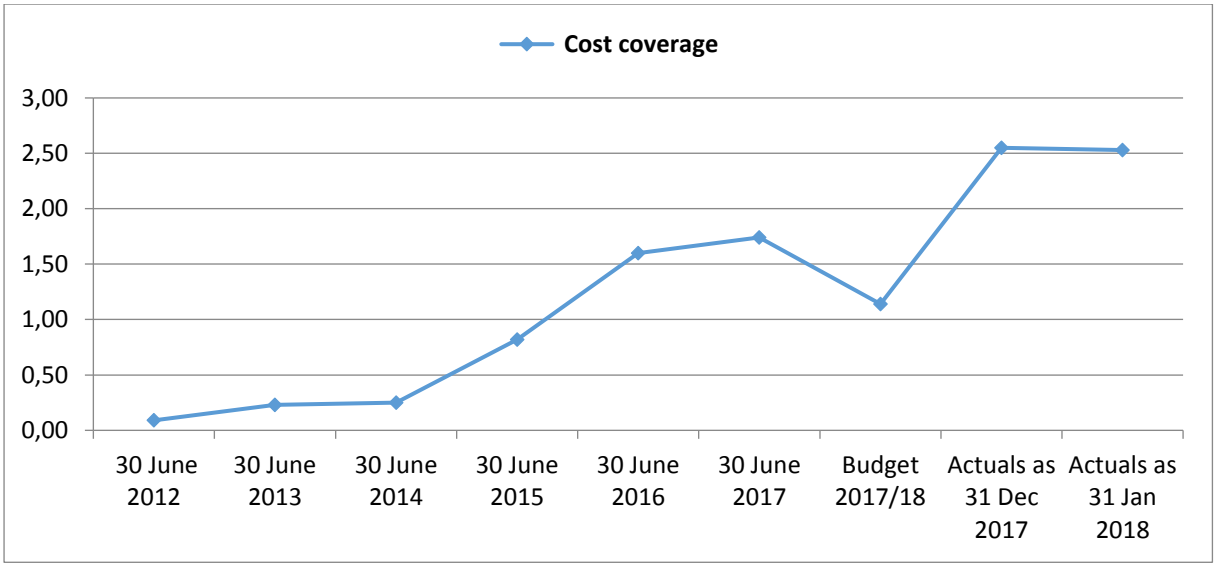
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

Cash and cash equivalents – unspent conditional grants – overdraft + short-term investments/ monthly fixed operational expenditure excluding (depreciation, amortisation, provisions for bad debts, impairment and loss on the disposal of assets)

As at 31 January 2018, the Ratio was 2.53 months compared to the budgeted ratio of 1.14 months.

In terms of MFMA Circular No. 71, the norm is 1 month to 3 months



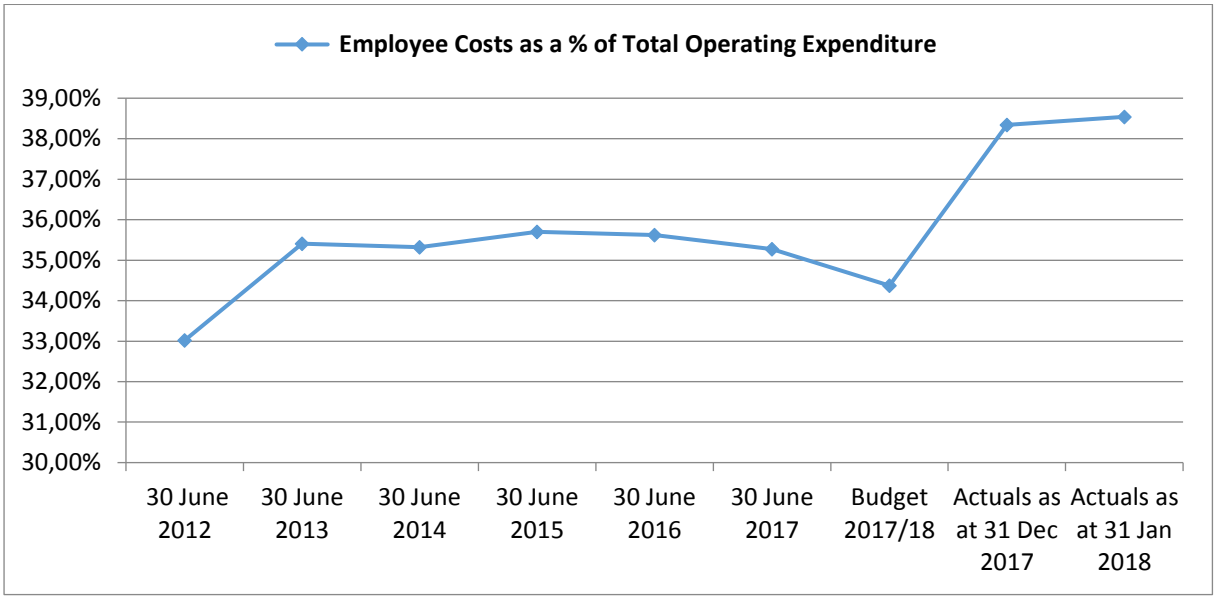
5.4.2. Employee costs as a % of Total Operating Expenditure

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the employment of human resources.

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 31 January 2018, Employee Related Costs constituted 38.54% of the Total Operating Expenditure, compared to the budgeted ratio of 34.37%.



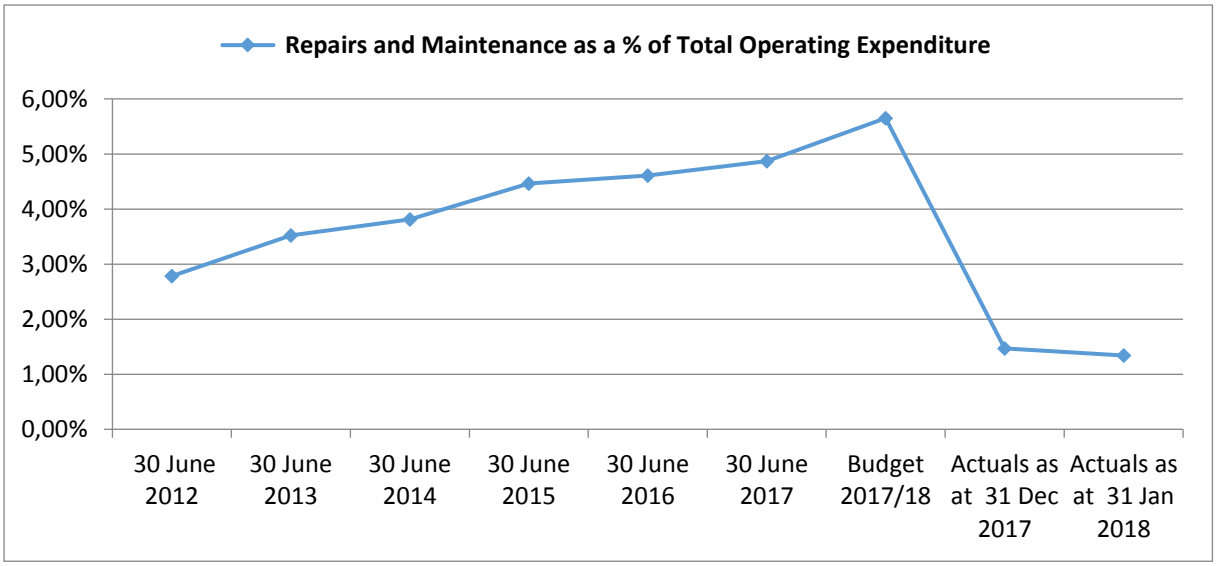
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the repairs and maintenance of its assets.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Total Operating Expenditure to date

As at 31 Jan 2018, the ratio was 1.34%, compared to the budgeted ratio of 5.65%.



5.4.4. Repairs and Maintenance as a % of the book value of Property, Plant and Equipment (PPE)

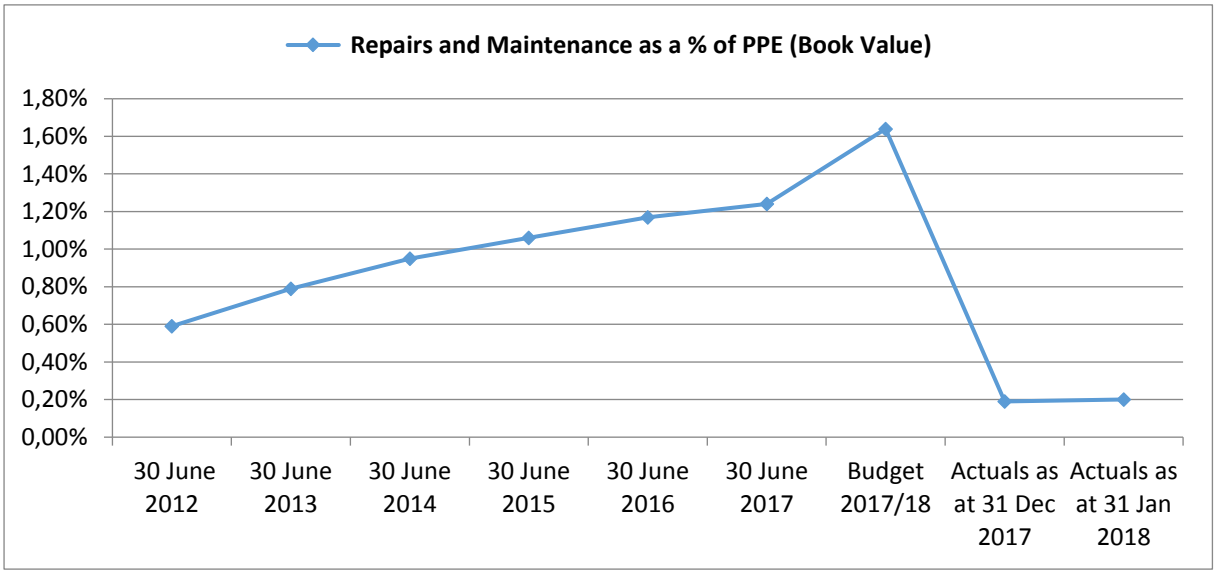
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Book value of PPE to date

As at 31 January 2018, repairs and maintenance expenditure constituted 0.20% of the book value of PPE, compared to the budgeted ratio of 1.64%.

In terms of the MFMA Circular No.71, the norm is 8%.



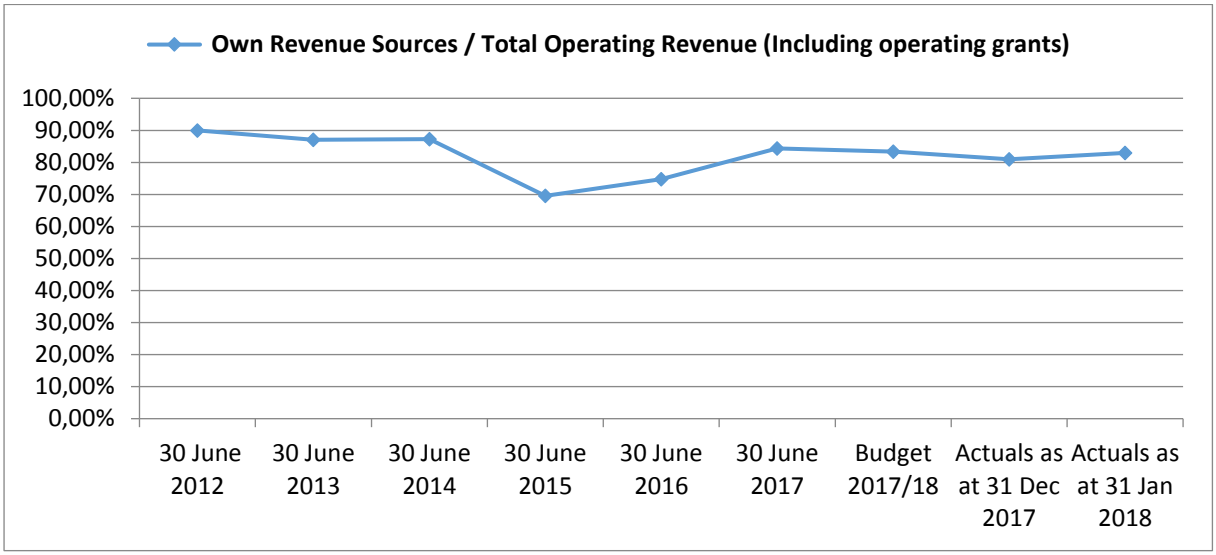
5.4.5. Own Revenue Generation

This ratio measures the extent to which the Municipality has control over its revenue sources, i.e. what percentage of its revenue is generated locally. The higher the ratio, the less reliant a Municipality is on Provincial and National Government to support its operations.

The ratio is determined as follows:

Own Revenue Sources / Total Operating Income (includes operating grants)

As at 31 January 2018, the Municipality's own revenue sources constituted 82.94% of its total Operating Income, compared to the budgeted ratio of 83.31%.



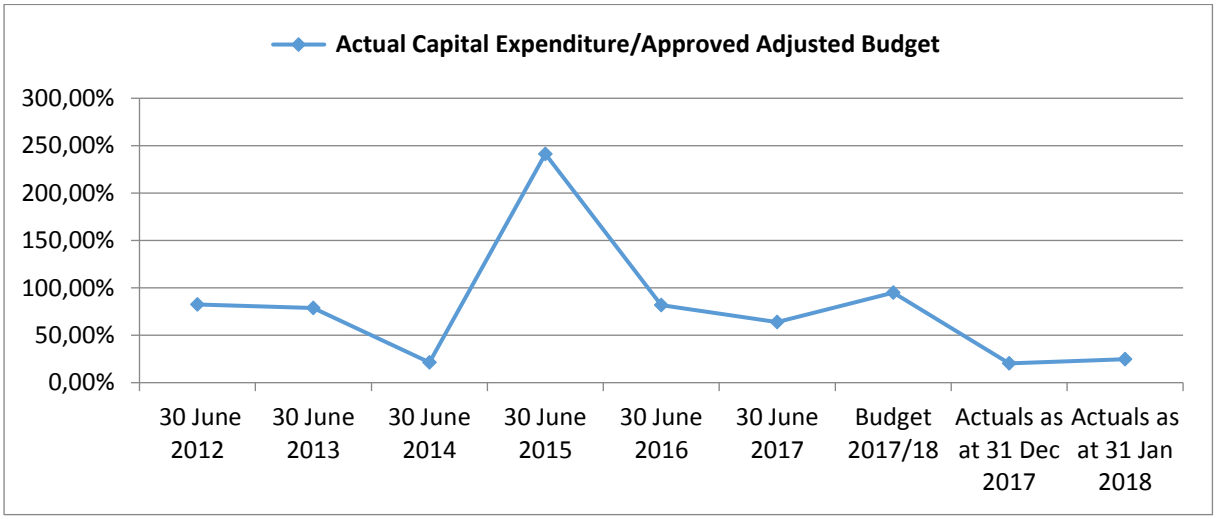
5.4.6. Capital Budget Spending

This ratio assesses the level of actual capital spending, compared to the budgeted capital expenditure.

The ratio is determined as follows:

Actual Capital spending / Approved Capital Budget

The actual spending as at the end of January 2018 amounted to 24.88%, compared to the budgeted ratio of 95%.



REPORTS BY THE PORTFOLIO CHAIRPERSON: CORPORATE SERVICES

KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

CORPORATE SERVICES

DATE: 28 FEBRUARY 2018 **ITEM NO: 18/02/CORP3**

APPROVAL OF COUNCIL POLICIES – REVISED IN NOVEMBER & DECEMBER 2017

1. Purpose

The purpose of the item is to submit the policies that were Workshopped on 30 November 2017 & 1 December 2017, to Council for adoption. All the amendments have been made to the policies as discussed as the workshop.

2. Background

Council is in the process of having all Policies workshopped in order to update/revise policies for adopted and implementation
The following policies were workshopped:-

- Standing Rules of Order
- Policy and Procedures for Disposal of Immovable Assets
- SOP for Pauper Burials
- Ward Committee Policy
- Ward Development Fund Policy
- Supply Chain Management Policy
- Indigent Support Policy
- Draft Customer Care, Credit Control and Debt Collection By-Law
- ICT Policies
  - Corporate Governance of ICT Policy
  - ICT Charter
  - ICT Disaster Recovery Policy
  - ICT Strategy
  - ICT Risk Management Framework

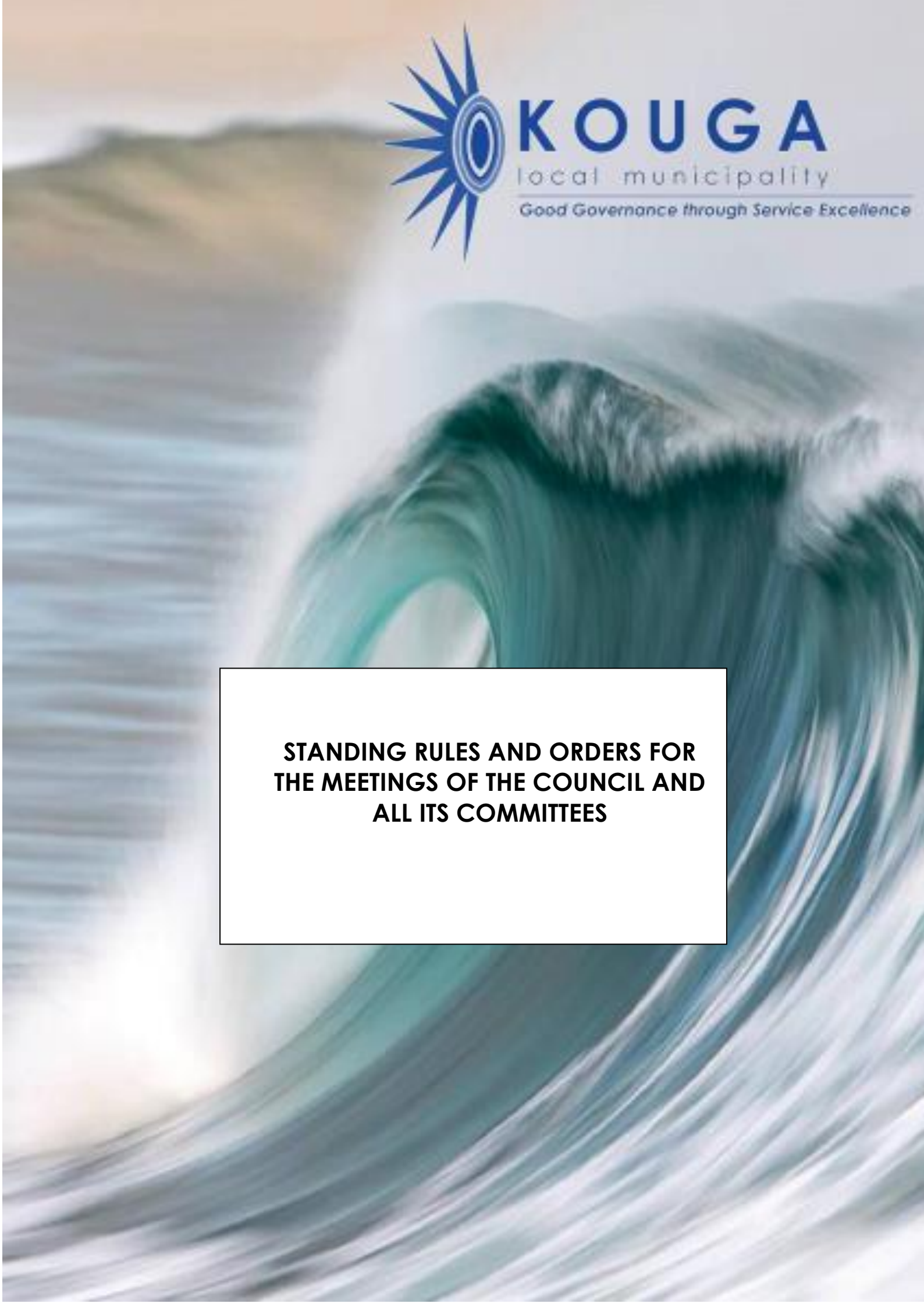
3. Recommendation

3.1 That the following amended policies be approved by Council for adoption:-

- Standing Rules of Order
- Policy and Procedures for Disposal of Immovable Assets
- SOP for Pauper Burials
- Ward Committee Policy
- Ward Development Fund Policy
- Supply Chain Management Policy
- Indigent Support Policy
- Draft Customer Care, Credit Control and Debt Collection By-Law
- ICT Policies

- Corporate Governance of ICT Policy
- ICT Charter
- ICT Disaster Recovery Policy
- ICT Strategy
- ICT Risk Management Framework

Item prepared by: Director: Corporate Services



STANDING RULES AND ORDERS FOR THE MEETINGS OF THE COUNCIL AND ALL ITS COMMITTEES

STANDING RULES AND ORDERS FOR THE MEETINGS OF THE COUNCIL AND ALL ITS COMMITTEES

Document Control

Policy Title:	Standing Rules and Orders for the Meetings of the Council and all its Committees
Reference Number:	17/07/AME&SP2
Previously Approved:	Yes (1 August 2017)
Directorate Responsible:	Corporate Services
Version:	
Status of the Document:	Final
Review Date:	30 November 2017
Contact Details:	

STANDING RULES AND ORDERS FOR THE MEETINGS OF THE COUNCIL AND ALL ITS COMMITTEES

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1. Application of rules

1.1 The rules of order contained herein apply to all meetings of the municipal council and any committee of the municipal council as well as any other committee of councillors established within the municipality, unless the terms of reference for a specific structure explicitly excludes the application of the rules for such structure.

1.2 The rules are aimed at allowing free, open and constructive debate during meetings. The rules are encouraged and promote freedom of expression in such a manner that orderly debate is ensured within the time constraints of time allocated to meetings.

1.3 The rules endeavour to create the opportunity for councillors serving in council structures to air their view on any matter of public importance.

1.4 The rules of order are applicable to:

1.4.1 All councillors;

1.4.2 Traditional Leaders participating in Council and its committees in terms of section 81 of the Municipal Structures Act;

1.4.3 Any municipal official of the municipality; and

1.4.4 Any member of the public while present in the council chamber and precinct.

2. **Definitions**

The following terms and phrases used in these rules shall have the meaning assigned to them hereunder:

"Committee"	shall mean any committee established in the municipality, including committees established in terms of section 79 and 80 of the Structures Act;
"Constitution"	shall mean the Constitution of the Republic of South Africa, 1996;
"Council"	shall mean the municipal council for the Kouga Municipality;
"Councillor"	shall mean a member of the municipal council;
"Day"	shall mean a day that is not a public holiday, Saturday or Sunday, and for the calculation of days the first day will be excluded and the last day included;
"Executive Committee"	shall mean the committee appointed in terms of section 42 (2) of the Structures Act;
"Executive Mayor"	shall mean the Executive Mayor of the municipality as elected in terms of section 55 of the Structures Act;
"In Committee"	shall mean the part of the meeting of the municipal council where the meeting will be closed and members of the public and press, and such municipal officials as determined by the Speaker, excluding the Municipal Manager, will be excluded from the meeting, based on the nature of the business being transacted;
"Mayor"	shall mean the Mayor of the municipality as elected in terms of section 48 of the Structures Act;
"Mayoral	means the committee appointed by the Executive Mayor in Committee terms of section 60 of the Structures Act;

“Member”	shall mean a councillor serving in the municipal council of the municipality;
“Motion”	shall mean a matter submitted by a member in accordance with 28 below;
Municipality”	shall mean the Kouga Municipality;
“Point of order”	shall mean a point raised by a councillor during the council meeting and shall only relate to a matter of procedure and provided for in the rules of order;
“Privilege”	shall mean the right of freedom of speech for councillors in council and committee meetings, subject to the rules of order of any ruling of the Speaker in terms thereof as well as the right not to be held liable for civil or criminal proceedings for anything they said, produced or submitted to the Council or Committee;
“Procedural motion”	shall mean a matter raised by a member at a meeting in terms of section 28;
“Report”	shall mean any item appearing on the agenda for consideration by the council or a committee;
“Sargent–at-arms”	shall mean a person in the full-time employment of the municipality entrusted to assist the Speaker to maintain order during council meetings and assisted by such staff members as the Speaker may direct;
“Senior managers”	shall mean the persons appointed by the council as the municipal manager and all managers directly accountable to the municipal manager as approved on the official organisational structure of the municipality
Speaker”	shall mean the person as elected in terms of section 36 of the Structures Act;
“Structures Act”	shall mean the Local Government: Municipal Structures Act, 1998;

"Sub-committee" means any other committee, other than the executive committee / mayoral committee or committees appointed by the council or the executive committee;

"Systems Act" shall mean the Local Government: Municipal Systems Act, 2000;

"Traditional Leader" shall mean a Traditional Leader identified by the MEC to participate in the proceedings of a municipal council in terms of section 81 of the Structures Act;

"Whip" shall mean a member of the municipal council appointed by each political party represented in the council;

"Whip of the Council" shall mean the person elected as the Whip of the Council.

3. **Meeting of council open to public**

3.1 The Municipal Council shall conduct its business in an open manner and every meeting of the council and all committees, including the executive committee / mayoral committee shall be open to the public; provided that this section shall not apply when it is reasonable to do so having regard to the nature of the business being transacted in terms of section 20 (1) (a) and (b) of the Systems Act.

3.2 The Council will deal In Committee when discussing any of the following matters:

3.2.1 a trade secret or confidential commercial information of any supplier of the municipality or any person rendering a service to the municipality;

3.2.2 personal and private information of any councillor or an employee of the municipality;

3.2.3 the intention of the municipality to purchase or acquire land or buildings;

3.2.4 the price a municipality may offer for the purchase or acquisition of land or buildings;

3.2.5 any report addressing legal proceedings that the municipality is involved in or contemplating instituting or defending;

3.2.6 disciplinary proceedings or proposed disciplinary proceedings again against any employee;

3.2.7 any matter that might not be disclosed in terms of legislation;

3.2.8 consideration of the minutes of previous In Committee discussions.

3.3 A councillor may, when an item in the agenda is put to order, other than a matter referred to in 3.2 above, and provided it is not a matter that is required in law to be dealt with in open council, propose with motivation, that the matter be further dealt with In Committee. The ruling of the Speaker in this regard will be final and no further discussion will be allowed.

4. **Council meetings**

The Council shall hold an ordinary meeting for the transaction of business not less than once in every three months / monthly.

5. **Special council meetings**

5.1 The Speaker may at any time of own accord and shall, upon request in writing of a majority of the councillors of the municipality, call a special meeting of the council, provided that no such special meeting shall take place unless all councillors were given at least 48 hours' notice prior to the date and time set for the meeting.
5.2 In the event where the Speaker fails and/or refuses to call a special meeting when requested in accordance with 5.1 above, the Municipal Manager of the municipality may call the meeting.

6. **Service of notices**

At least 7 days before any ordinary meeting of the council and at least forty-eight hours before any special meeting of the council, a notice to attend the meeting, specifying the business proposed to be transacted thereat and signed by the Speaker or the Municipal Manager as contemplated in 5.2 above, shall be left or delivered to an accessible distribution point within the municipality as determined by the council from time to time / sent be electronic mail to an address provided by the councillor as his/her official address / mail address.

7. **Non-service of notices**

Accidental omission to serve on any councillor a notice of meeting shall not invalidate the proceedings of that meeting.

8. **Urgent matters**

8.1 No business shall be transacted at a meeting of the council or any committee other than that specified in the agenda relating thereto, except any matters which the relevant chairperson considers urgent and the said chairperson has ruled the matter to be urgent.

8.2 The Municipal Manager my raise matters which in his / her discretion is urgent, for decision by the council. A matter will be deemed urgent when the decision required, if delayed, would prejudice the Council and / or its operations.

8.3 The Speaker or chairperson of the meeting will determine an appropriate time when the Municipal Manager may raise urgent matters and the time available for discussion thereof; Provided that the Speaker may rule that the matter is not urgent as defined in 8.2 above.

9. **Conduct at meetings**

The Speaker or the chairperson of the meeting in the event of a meeting other than a council meeting shall:

1. Maintain order during meetings.

2. Ensure compliance with the Code of Conduct for Councillors during meetings.

3. Ensure that meetings are conducted in accordance with the rules.

4. Ensure that members conduct themselves in a dignified and orderly manner during meetings.

5. Ensure that members of the public attending meetings are seated in areas designated for that purpose.

6. Ensure that members of the public attending meetings conduct themselves in an orderly manner and obey any ruling made by the Speaker or chairperson of the meeting.

7. Ensure that any councillor or member of the public refusing to comply with the ruling of the Speaker or chairperson leaves the meeting.

8. Ensure that the Whip of each political party represented in the municipal council as well as the Whip of Council maintains discipline during any meeting.

10. **Interpretation of rules**

10.1 The ruling of the Speaker or the chairperson in the event of a meeting other than a council meeting, with regard to the application and interpretation of the rules as well as other procedural matters not dealt with in the rules shall be final and binding: Provided that the Speaker / chairperson may be required to provide reasons for a ruling.

10.2 Any ruling made by the Speaker must be made having due regard to the provisions of the Constitution, national and provincial legislation, municipal by-laws and policies, the rule of law and the rules of natural justice.

10.3 Any interpretation and ruling made by the Speaker should be registered by the Municipal Manager in such register kept for this purpose by the Municipal Manager and kept for safekeeping similar to the agendas and minutes of all meetings.

11. **Quorum and acts of council**

11.1 A majority of the councillors must be present at a meeting of the council before any matter may be considered and / or voted on.

11.2 In the event of no quorum for a meeting, the meeting must be suspended for no more than 20 minutes, and if at the end of the said period there is still no quorum, the Speaker or chairperson may suspend the meeting for such a period he/she deems fit and thereafter adjourn the meeting to another date, time and/or venue.

12. **Decisions and Voting**

12.1 Subject to 12.3 below, all matters will be decided by a majority of councillors present at the meeting. Administration should ensure that ballot forms are always available.

12.2 Before a formal vote is taken on any matter before the Council, the Speaker shall cause the bells to be rung for a period of 1 minute, after which all doors shall be closed and no member or other person shall be allowed to enter or leave the chamber.

12.3 Any matter referred to in section 160(2) of the Constitution shall be decided on by a majority of the councillors in the municipal council.

12.4 If on any question there is an equality of votes, the Speaker of chairperson of the Committee may exercise a casting vote in addition to that particular councillor's deliberative vote, provided that the casting of

such vote shall fall within the ambit of the powers duly delegated to the relevant committee:

Provided that for those matters listed in section 160(2) of the Constitution, there will be no provision for a casting vote.

12.5 If the Speaker or chairperson of a meeting asks the meeting if it is in agreement with the recommendations and if it is not opposed by any member present, the recommendations are adopted.

12.6 In the event of there being opposition to a recommendation, the proposal to be decided upon will be done by means of voting, either by show of hands or if requested and approved by the Speaker or chairperson, by way of secret ballot.

12.7 The Municipal Manager or an official designated by him shall count the votes and declare to the chairperson the result of the divisions. In the event of a secret ballot, the municipal manager shall hand to each councillor a ballot paper bearing the official mark or logo of the municipal council, and having the alternates to be voted for clearly depicted thereon, substantially in accordance with the following:

Logo
Date:…….

Proposal or motion to be voted for Councillor's vote (X): For or against
1. For …….
2. Against …….

12.8 The municipal manager shall collect all the ballot papers and count same in the presence of a representative from each party represented on the council or committee and present at such meeting.

12.9 The Speaker or chairperson shall thereupon declare the motion carried or lost, and it shall be entered upon the minutes.

12.10 The number of members voting will be recorded, and the general result of the vote. The outcome of the voting will be announced by the Speaker.

12.11 A member may abstain from voting without leaving the chamber.

12.12 A member may request that his/her support / dissent / abstention be recorded in the minutes of the meeting.

13. **When councillors may not attend and participate in the proceedings of the council, mayoral committee / executive committee, portfolio committee or subcommittee**

A councillor shall-

13.1. Disclose to the council, or to any committee of which that councillor is a member, any direct personal or private business interest that the councillor, or the spouse, partner or business associate of that councillor may have in any matter before the council or the committee;

13.2. Withdraw from the proceedings of the council or committee meeting when the matter is being considered by the council or committee, unless the council or the committee decides by resolution, that the councillor's direct or indirect interest in the matter is trivial or irrelevant. A councillor who has so disclosed his/her interest may, with the approval of majority of the members of the council or its committee, address the council or committee on the matter prior to the deliberation and vote on the matter taking place, subject always to the ruling of the Speaker or chairperson on the time to be allowed for such an address.

13.3 A councillor who, or whose spouse, partner or business associate or close family member, acquires or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose full particulars of the benefit of which the councillor is aware at the first meeting of the council or committee of the council at which it is possible for the councillor to make a disclosure.

13.4 This provision does not apply to an interest or benefit which a councillor, or spouse, partner or business associate or close family members, has or acquired in common with other residents and ratepayers of the municipality.

14. **Walkout**

If a councillor or group of councillors leave any meeting in protest, and the remainder of the councillors constitute a quorum the business of the meeting shall be proceeded with.

15. **Count out**

If during any sitting of the council or any committee, the attention of the Speaker or chairperson is called to the number of members present, he/she shall count them, and if found that there is not a quorum present, the matter shall be dealt with in accordance with 11 above.

16 Adjourned meetings

The council or a committee may adjourn a meeting to any date or hour, but no business shall be transacted at any adjourned meeting except such as was set out in the notice for the meeting of which it is an adjournment.

17. Notice of adjourned meeting

When a meeting is adjourned, notice of the adjourned meeting shall be sent out to each member of the council or committee, specifying the time, date and place of such adjourned meeting, except under the circumstances contemplated in 34 below.

18. **Chairperson of meetings**

18.1 At every meeting of the council the Speaker, or if he/she is not present, an Acting Speaker shall be the chairperson. An acting Speaker may be elected by the majority of councillors present at any meeting of the council where the Speaker is not present.

18.2 The Mayor shall chair meetings of the Executive Committee / Executive Mayor shall chair meetings of the Mayoral Committee and if not present, the Deputy Mayor / Deputy Executive Mayor or if the Deputy Mayor / Deputy Executive Mayor is also not available, any other councillor appointed by a majority members of the executive committee / mayoral committee in attendance.

18.3 The chairperson appointed by the Executive Committee / Executive Mayor shall chair meetings of the portfolio committees. Portfolio Chairperson may nominate an acting Chairperson

18.4 The person so nominated by the council, Executive Committee / Mayoral Committee or committee for that meeting shall chair meetings of committees and subcommittees;

Provided that where no such person was nominated the members present may elect their own chairperson.

19. **Agenda**

19.1 Subject to 19.2 and 19.3 below, all meetings must be conducted in accordance with the order in which matters appear on the agenda and only matters which appear on the agenda may be debated.

19.2 The Speaker or chairperson may, after considering a duly motivated request, change the order of matters appearing on the agenda.

19.3 The Speaker or chairperson may, after considering a duly motivated request, direct that a matter be moved between the confidential and open parts of the agenda.

20. **Business at council meetings**

The order of business at every ordinary meeting of the council, the executive committee / mayoral committee or a committee is as follows:

Council Executive Committee / Mayoral Committee

- Opening: Moment of reflection
- Notice of the meeting
- Applications for leave of absence
- Acceptance of the agenda
- Declaration of interest
- ***Announcements***
- Presentations
- Confirmation of minutes from previous minutes
- Outstanding matters
- Submission of reports from Council representatives from District/Local municipality
- Reports of the Executive Committee / Executive Mayor, under the sections: recommendations to the council, decisions under delegated authority and decisions of the Executive Mayor taken with the Mayoral Committee
- Reports from MPAC
- Report from the Audit Committee
- Reports on ward committees / consolidated report on ward committees
- Report on SALGA activities
- Monthly Activities
- Input by the Traditional Leader
- Reports for noting
- Reports for consideration
- Reports - In-Committee;
- Notice of Motion
- Questions
- Urgent reports - allowed only with the consensus of the chairperson; and

Opening: Moment of reflection

- Notice of the meeting
- Applications for leave of absence
- Acceptance of the agenda
- Declaration of interest
- ***Announcements***
- Presentations
- Confirmation of minutes from previous minutes
- Outstanding matters
- Reports from Portfolio Committees
- Reports from Audit Committees
- Reports for noting
- Reports for consideration
- In-Committee reports
- Urgent reports allowed only with the consensus of the chairperson; and

Opening: Moment of
reflection
- Notice of the meeting
- Applications for leave of absence
- Acceptance of the agenda
- Declaration of interest
- ***Announcements***
- Presentations
- Confirmation of minutes from previous minutes
- Outstanding matters
- Reports for noting
- Reports for consideration
- In-Committee reports
- Notice of Motion
- Urgent reports allowed only with the consensus of the chairperson; and

NB: Notice of motion to be reflected on all listed Committees.

21. Leave of absence

21.1 Applications for leave of absence from any council or committee meeting must be submitted to the Speaker or the chairperson in writing and signed by the member applying for leave.

21.2 All applications for leave must be submitted at least 12 hours before the starting time of the meeting.

2.1.3 The Speaker or chairperson shall grant leave at his or her discretion, and the Speaker is at liberty to reject such application for leave of absence.

2.1.4 Leave will be deemed to have been granted if a councillor has been delegated to attend a meeting or engagement on behalf of the council.

22. **Minutes to be kept and confirmation thereof**

22.1 Minutes of the proceedings of every meeting of the council and committee, shall be electronically or otherwise recorded and be kept for that purpose by the Director: Corporate Services. The Municipal Manager shall be responsible for the correctness of the same, and the minutes of every meeting shall be confirmed at the next ordinary meeting.

22.2 Minutes of the proceedings of every meeting of the council or a committee shall be word processed or typed and printed, and shall if confirmed, be signed at the next ensuing ordinary meeting by the chairperson. Minutes shall be bound and kept secure.

22.3 The Municipal Manager must ensure that the minutes reflect the names of the members that attended the meeting, those that are absent and those that have been granted leave of absence.

23. No discussion on minutes under confirmation of minutes

No motion or discussion shall be allowed upon the confirmation of the minutes, except as to its accuracy. Clarifications and corrections will be allowed but no debates.

24. Petitions to be written, typed or printed

Petitions, which must be clearly written, typed or printed, must be signed by not less than three citizens and must be couched in respectful language and presented to the office of the Municipal Manager who shall, if he/she deems it necessary, bring the matter before the executive committee / mayoral committee.

25. Deputations to submit memorandum

Deputations wishing to be received by the executive committee / mayoral committee shall be required, in the first instance to send a duly motivated memorandum in writing requesting same, and the Municipal Manager shall bring the memorandum before the executive committee / mayoral committee, which it may authorise, if it sees fit to receive the deputation, and to report to the council forthwith.

26. Reception of deputations

A deputation wishing to address the executive committee / mayoral committee shall not exceed five in number, but only one member thereof shall be at liberty to address the committee (except in reply to questions from members of the committee) and only for a period not exceeding ten minutes. The committee shall not further consider the matter until the deputation shall have withdrawn itself from the meeting.

27. Moving a report

The Speaker or chairperson shall move the recommendation contained in a report unless he/she shall have previously stated his/her disagreement with it. The chairperson of a committee or other member presenting a report may withdraw or amend any section with the consent of the committee, only if it has been established that a particular item or items in the original report was or were incorrectly recorded or it has been established that it would be in the best interest of the council not to adopt a recommendation or a part or parts thereof.

28. M**otions**

28.1 No matter shall be brought before the council or a committee by any member of the council except upon a notice of motion, which shall be in writing and signed by the member giving the notice as well as the member seconding it:

Provided that a person who has a personal electronic mail address from where he or she can be identified by the Municipal Manager, can submit such motion by electronic mail.

28.2 Any notice of motion shall be submitted to the Speaker or chairperson before 12:00, ten days prior to the meeting of the council or committee.

28.3 A motion shall lapse if the member who submitted the motion is not present at the meeting where the motion is to be debated.

28.4 A member submitting a motion shall introduce such a motion and shall have the right of reply thereto.

28.5 When a member introduces a motion which is intended to rescind or amend a resolution passed by the council in the preceding three months or which has the purport as a motion that was not supported within the three preceding months shall not be entertained.

28.6 When dealing with motions the motion shall be read out together with the number thereof and the name of the mover.

28.7 The Speaker or chairperson shall ascertain which motions are unopposed and these shall be passed without debate and thereafter the opposed motions shall be called in accordance with the order of the agenda.

28.8 All notices of motion shall be dated and numbered as received by the Municipal Manager, and shall be entered on the agenda paper in the order in which it was received, save and except that notices of amendment to motions shall be entered immediately after such notice of motion, irrespective of the time at which the notice shall have been received.

28.9 No member shall have more than two notices of motion on the same agenda at the same time.

28.10 Before any notice of motion is placed on the agenda paper it shall be submitted to the Municipal Manager who must obtain the written

technical input from the various heads of department of the municipality, if it is required, and, who, if he/she be of the opinion that it is *ultra vires* existing legislation, shall cause the giver of the notice to be so informed. The giver of the notice shall however, have the right to appeal to a sub-committee comprised of the Speaker, Executive / Mayor and Whip of the Council, who shall review the matter and decide whether or not such notice of motion be placed on the agenda paper.

28.11 A motion affecting the making or amending of a by-law, shall be submitted to the Speaker for a report before the council passes a resolution in this regard.

28.12 The Speaker may disallow a motion which:

- May lead to discussions of a matter already dealt with on the agenda
- Addresses a matter where the Council has no jurisdiction
- Addresses a matter where a decision of a judicial or quasi-judicial body is pending
- Has not been seconded
- If passed, would be contrary to the law.

28.13 The mover with the consent of the seconder may withdraw a motion or amendment.

28.14 The Speaker or chairperson may call upon any mover of an amendment to a motion to reduce the same to writing, and, after signing it, to hand it to the Municipal Manager to read the amendments for the meeting to either adopt or reject such amendment.

28.15 Except upon the recommendation of the committee to which the council has delegated powers or duties to deal with the particular subject matter, no resolution passed at any meeting of the council shall be revoked or altered at any subsequent meeting unless notice of motion so to revoke or alter such resolution shall have been given to the Municipal Manager at least seven days before such subsequent meeting and the Municipal Manager shall, at least two days before such subsequent meeting, have forwarded a copy of such notice of motion to each councillor.

29. **Precedence of the Speaker**

29.1 During the sitting of the council or a committee, members, except lady members and members in traditional, cultural or religious headdress shall have their heads uncovered.

29.2 When speaking, councillors shall be seated, but at all times, address their speech to the Speaker or chairperson.

29.3 Whenever the Speaker or chairperson speaks, any member then speaking or offering to speak must be silent in order for the Speaker to be audible and speak without interruption.

30. **Relevance**

A member who speaks shall confine his/her speech strictly to the motion or matter under discussion or to an explanation or a question of order.

31. Councillor to speak one only

Except for otherwise provided for in these rules, no speaker shall speak more than once on any recommendation, motion or proposal, provided that the Mayor / Executive Mayor or a member may reply in conclusion of a debate, but shall confine him / her to answering to previous speakers and shall not introduce any new matter into the debate.

32. Debate management

32.1 Time allocated to each political party or interest group will be determined by the Speaker.

32.2 At least 24 hours before the meeting, the whip of each political party or interest group represented in the municipality will provide the Speaker or chairperson with a list indicating which items on the agenda are to be debated.

32.3 At least 12 hours before the meeting, the whip of each political party or interest group represented in the municipality will provide the Speaker or chairperson with a list indicating which members will speak on which item included in the agenda.

32.3 The Speaker will determine the allocation of time per item and inform the whips of the speaking time allowed to each member included in the list, based on the principle in 32.1 above.

32.4 Each political party or interest group represented in the municipality has the right to speak on each item on the agenda.

33. Length of speeches

33.1 No speech shall exceed **three (3)** minutes in length without the consent of the Speaker. This period shall exclude consecutive translation time required.

33.2 The Speaker or the chairperson shall be entitled to, at any time, to set, limit or extend reasonable time limits for the discussion of and/or any decision or any item or group of items on the relevant agenda.

33.3 The time limits shall be at the sole discretion of the Speaker or chairperson guided by the principles of fairness, democracy, efficiency and good governance.

34. Disorderly conduct of councillor and the duty of the chairperson

34.1 If at any meeting of the council or committee a councillor conducts himself or herself in an improper fashion, behaves in an unseemly manner or persistently obstructs business to be carried out or challenges the ruling of the Speaker or chairperson on any point of order or declines to withdraw an expression when required to do so by the chairperson or indulges in tedious repetition or unbecoming language or commits any breach of these rules, the chairperson shall direct such councillor to conduct himself or herself properly and, if speaking, to discontinue his/her speech and resume his/her seat, is he/she was standing.

34.2 In the event of persistent disregard of the directions of the Speaker or chairperson, the Speaker or chairperson shall direct such councillor to retire from the venue where the meeting is being held for the remainder of the meeting, and shall, if necessary, cause him/her to be ejected there from.

34.3 The Speaker or a chairperson may exclude from a meeting, for such period of time during the meeting as he/she may deem fit, any member who has so committed an act of misconduct or behaved in an unseemly manner or persistently obstructed the business of the meeting or disregarded the authority of the chair, provided that a formal process will be initiated after the conclusion of the meeting.

34.4 Where a councillor refuses to retire or in the event of more than one councillor having to be ejected from the meeting, and such councillor/s refuse/s to leave the meeting, the Speaker shall request the Sargent at Arms to facilitate the removal of such councillor/s from the chamber. If this cannot be done orderly, the chairperson of a meeting may adjourn proceedings for a period not exceeding 15 minutes, in order for the relevant councillors to retire or to be ejected

from the venue of the meeting. If, at the resumption of proceedings, the councillor/s have not left / been ejected, the meeting may be adjourned for another 10 minutes to address the situation. The chairperson may rule that after the second adjournment the meeting will re-convene at another venue and any councillor/s ordered to retire or so evicted or ordered to be evicted will be refused entry to the alternative venue. The Sargent at Arms of the council will ensure that such councillor/s does not enter such an alternative venue.

35. Obstruction by persons other than councillors

Any person, other than a councillor, who misconducts himself or herself, behaves in an unseemly manner or interrupts the proceedings of the council or any committee at any meeting shall, if the Speaker or chairperson so directs, be removed from the chamber or the venue where the meeting is being held. If the person refuses to leave, the Sargent-at-arms will be responsible to remove such person from the meeting. The chairperson may exclude such person from further admittance to the council chamber or the meeting venue for such period as it may be deemed fit.

36. Points of order and personal explanation

36.1 Any member, regardless of whether he/she addressed the Council on the matter under debate or not, may:

- raise a point of order
- raise a point of personal explanation at the end of the debate

36.2 Any point of order or personal explanation will not constitute a speech and will therefore not affect the right of any member to speak on a particular item, provided that the member will not be allowed to spend more then 2 (two) minutes on the point of order or personal explanation.

36.3 Any member contemplated in 36.1 shall be entitled to be heard and the councillor speaking at the time shall remain silent until a ruling has been made by the Speaker or chairperson.

36.4 The ruling of the Speaker or chairperson on a point of order or on the admissibility of a personal explanation shall be final and shall not be open to discussion.

36.5 Any member will only be allowed to raise one point of order and one point of personal explanation during the council meeting. Only one point of order on the same matter will be allowed.

36.6 Any member persisting in appoint of order or personal explanation after a ruling has been made by the Speaker will be subject to the provision of point 34 above.

37. Questions

37.1 Any member may submit a question requiring a written reply from any political office bearer, the municipal manager or senior manager of the municipality, concerning any matter related to the effective performance of the functions of the municipality and the exercise of its powers, provided that a written notice of such a questions has been submitted to the Speaker or chairperson and the municipal manager at least 10 (ten) days prior to the council or committee meeting and the political office bearer and the municipal manager shall ensure that the member receive a written reply at the meeting.

37.2 If after the question has been replied to, a member is of the opinion that the reply is not clear or satisfactory, he or she may, with the permission of the Speaker or chairperson, request a follow up question.

37.3 All questions duly given notice of and all responses submitted shall be recorded in the minutes of the meeting.

38. Terms of reference of sub-committees

Upon the appointment of any sub-committee the council a committee shall specifically determine the terms of reference of such sub-committee and shall fix the quorum of such sub-committee. The council's standing rules and orders shall apply to all sub-committees.

39. Council may increase or restrict powers

With the exception of the Executive Committee / Mayoral Committee whose functions are determined in terms of the Structures Act, and the committees whose functions and powers are determined in terms of Section 80 of the Structures Act by the Executive Committee / Executive Mayor, the council may at any time extend, withdraw or modify the duties and powers of a committee or sub-committee appointed in terms of Section 79 of the Structures Act.

40. Minutes of Executive Committee/ Mayoral Committee, committees and subcommittees

Every committee, including the Executive Committee / Mayoral Committee, except when specifically exempted from this provision by a

resolution of the council or the executive committee in view of the sensitivity, confidentiality or otherwise of the subject matter of a particular meeting and provided the final resolution or recommendation is duly recorded in writing, shall record minutes of its proceedings and cause the same to be duly kept by the Director Corporate Services. At every ordinary meeting of a committee the unconfirmed minutes shall be taken as read, with a view to confirmation, provided that a copy of such minutes shall have been sent to each member of the committee twenty-four hours previously. No discussion shall be allowed upon the minutes, except as to their accuracy save at portfolio committees and even then, at the sole discretion of the chairperson.

41. Inspection of minute books by councillors

The minutes of every council or committee shall be open for inspection by every member of the council during office hours; provided the demands of duties of the registry and secretariat staff is taken into account.

42. Non-attendance of members of committees

42.1 Should any member of a committee fail to attend three consecutive meetings of the same committee of which he or she is a member, without leave of absence having been granted as contemplated in 21 above, he/she shall be required to submit a motivation for such absence and if the Speaker are not satisfied with such explanation, it shall be reported to the municipal council that the councillor is deemed to have forfeited his/her seat on such committee, and such forfeiture shall be reported to the council or the executive / mayoral committee to the end that the vacancy may be filled by the executive / mayoral committee.

43. Members of council attending committee meetings of which they are not members

43.1 Members of the municipal council may attend the meeting of any committee that they are not a member of, but will in all instances be granted the status of an observer and will not be allowed to participate or vote at such meetings.

43.2 The provisions of 43.1 will not be applicable to the Municipal Public Accounts Committee (MPAC) and members of the executive will be requested to attend the MPAC meeting and the request for attendance will specify the matters that the member of the executive will be expected to address the MPAC on.

43.3 The rules with regard to agendas as set out above will also be applicable to requests to attend MPAC and address it.

43.4 Any member of the executive requested to attend the MPAC may instruct the municipal manager or a senior manager to accompany him/ her to the MPAC meeting but may not instruct such official to appear and address the MPAC on his / her behalf.

44. Information to be obtained from municipal manager or the head of department Concerned

Subject to the provisions of 37 above, members of the council who desire to obtain from any official of the council information with regard to the administrative work of the council, which is not accessible to the general public, should address their enquiries firstly to the Municipal Manager and then to the relevant senior manager.

45. Information to the press or all sources of media: In-committee discussions

45.1 The Mayor/ Executive Mayor, or in his/her absence the Deputy Mayor / Executive Mayor, the Speaker and the Municipal Manager in their discretion may, on application being made to him/her by any registered newspaper, radio station, television service or internet publisher, supply to such media or its representative, information and reports relating to the work of the municipality.

45.2 In view of the Municipal Manager, the Speaker or the Mayor / Executive Mayor being the authorised channel through which the media may receive information and reports, members of the council are therefore expected to refrain from sending to the media documents or information supplied to them with a view to their consideration by the council or any committee:

Provided that this clause shall not be construed as abrogating a councillors individual constitutional right to make press statements which reflect his/her own personal or political view and not that of the council, further provided however, that no discussion that took place in-committee may be conveyed to the public or the press except by the Mayor / Executive Mayor, Speaker or Municipal Manager.

45.3 Chairpersons of committees must liaise with the Executive Mayor / Mayor, Speaker and Municipal Manager for the publication of any information relating to committee and the Municipal Manager shall arrange, if approved, the publication of the relevant information.

46. **Suspension of standing orders**

No standing order shall be suspended without the vote of a majority of the members of the council or of three-fourths of the members present and a motion duly seconded to suspend the standing orders shall be put without debate.

47. **Legal defence and indemnification of councillors and officers of the council**

The council may determine the circumstances in which it will undertake the defence of or pay the legal costs or the total costs and the amount in respect of any legal proceedings, whether civil or criminal, a councillor or an official may have against any person, body, organisation or institution arising from the councillor's or official's capacity as a councillor or official of the Municipality.

48 Speaker may refer matters for legal advice

The Speaker shall be entitled, within the framework of the approved operational budget of the municipality and subject to the supply chain management policy, to refer any matter pertaining to the council and its proceedings, for legal opinion to the council's legal advisors.

49. **Activities prohibited within the council chamber or a meeting venue and the use of the council chamber by other persons or institutions**

49.1 The decorum of the council chamber as the official seat of governance of the Municipality shall at all times be respected and adhered to by any person or institution using the facilities.

49.2 The following activities are strictly prohibited from being conducted within the confines of the council chamber or a meeting venue of the council or its committees by any person:

- **Having a cellular telephone that is not on silent mode and speaking on a cellular phone during the meeting;**
- **Consuming any food or drink in his/her possession, excluding water provided at the meeting.**

49.3 Caucus meetings of the various political parties may be held in the chamber provided it is booked with the Senior Administrative Officer:

Committees prior to the meeting, and subject to such bookings to be on a rotational basis for all the parties.

49.4 The use of the council chamber by any other person or institution, other than a recognised committee, body of or person in the employ of the Municipality shall be subject to the approval by the Speaker, and at all times subject to the availability thereof in terms of the council's calendar of use, and the purpose for which it is applied for. Applications for use shall be made in writing to the Speaker who shall confer with the Director Corporate Services in making the venue available in writing.

50. Ward committees

The council may by resolution determine the rules of procedure for the election of ward committees, the procedures at meetings, the reporting rules, and the rendering of secretarial services to these committees

51. Sanctions and offences

Any person who wilfully contravenes any provision of these rules shall be guilty of an offence and shall be subject to the following sanctions imposed by the council:

51.1 Having a fine imposed by the council as determined by it from time to time for the categories of offences as approved by it by resolution from time to time;
51.2 Be suspended from the attendance of council or committee meetings as the council may determine for such a period as the council may by resolution determine from time to time for the categories of offences as determined by it.

52. Dress code

52.1 The Council may by resolution prescribe a dress code for councillors and traditional leaders attending meetings.

52.2 Notwithstanding the provisions of any resolution passed in accordance with 52.2, no councillor shall be allowed to wear any clothing or accessory containing party political paraphernalia to any meeting.

REVISED ON: **30 November 2017**

APPROVED ON:

COUNCIL RESOLUTION NO:

KOUGA
local municipality
Good Governance through Service Excellence

POLICY AND PROCEDURES FOR THE DISPOSAL

OF

IMMOVABLE CAPITAL ASSESTS

POLICY AND PROCEDURES FOR THE DISPOSAL OF IMMOVABLE CAPITAL ASSESTS

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27. ANNEXURE "A" – LAND EVALUATION COMMITTEE

Having regard to the provisions of, inter alia, section 14 of the Local Government: Municipal Finance Management Act 56 of 2003, Regulation 40 of the Municipal Supply Chain Management Regulations published by General Notice No. 868 of 2005 and the Municipal Asset Transfer Regulations published by General Notice No. 878 of 2008, the Kouga Municipality shall, as from the date of adoption hereof, implement this policy in respect of the sale and transfer of and the granting of rights to use, control or manage its immovable capital assets.

1. INTERPRETATION AND DEFINITIONS

The headings of the clauses in this Policy are for the purposes of convenience and reference only and shall not be used in the interpretation of, nor modify, nor amplify the terms of this Policy, nor any clause hereof. Unless a contrary intention clearly appears:

1.1 The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:

1.1.1 "**Accounting Officer**" means the Municipal Manager of the Municipality;

1.1.2 "**Act**" means the Local Government: Municipality Finance Management Act 56 of 2003 and the Regulations promulgated thereunder;

1.1.3 "**Basic Municipal Service**" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, will endanger public health or safety or the environment;

1.1.4 "**Capital Asset**" for the purposes of this Policy, means any immovable property such as land, property or buildings owned by the Municipality.

1.1.5 "**Council**" means the full Council of the Municipality;

1.1.6 "**Encumbrance**" in relation to a Capital Asset, means a right to the Capital Asset that is held by a third party that limits the owner's use of the asset;

1.1.7 "**Exempted Capital Asset**" means a Capital Asset which exempted by Section 14(6) of the Act from the other provisions of that section;

1.1.8 "**Fair Market Value**" in relation to a Capital Asset, means the value at which a knowledgeable willing Buyer would buy and a knowledgeable willing Seller would sell the Capital Asset in an arm's length transaction which, for the purposes of this Policy, shall be determined by a Registered Valuer;

1.1.9 "**High Value**" in relation to a Capital Asset, means that the Fair Market Value of the Capital Asset exceeds any of the following amounts:

1.1.9.1 R50 Million;

1.1.9.2 One per cent of the total value of all capital assets of the Municipality as determined from the latest available audited financial statements of the Municipality; or

1.1.9.3 An amount determined by resolution of the Council which is less than 1.1.9.1 or 1.1.9.2;

1.1.10 "**Land Evaluation Committee**" means the Land Evaluation Committee established by the Municipality to evaluate tenders, auctions, expressions of interest or other bids and objections in respect of the sale and transfer of and the granting of rights to use, control or manage immovable Capital Assets of the Municipality;

1.1.11 "**Long Term lease**" means a period of longer than 3 (three) years;

1.1.12 "**MSA**" means the Local Government: Municipal Systems Act 32 of 2000;

1.1.13 "**Municipality**" means the Kouga Municipality, a Category B Municipality established by Part 2 of Schedule 1 of Notice 85 in the Eastern Cape Provincial Gazette No. 654 on 27 September 2000 promulgated in terms of Section 12(1) of the Local Government: Municipal Structures Act 117 of 1998, for the municipal area described in such Notice;

1.1.14 "**Municipal Manager**" means the person appointed by the Municipality in terms of Section 82(1)(a) or (b) of the Local Government: Municipal Structures Act 117 of 1998;

1.1.15 "**Municipal Service**" means a service that the Municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether:

1.1.15.1 such a service is provided or to be provided by the Municipality through and internal mechanism contemplated in Section 76 of the MSA or by engaging an external mechanism contemplated in Section 76 of the said Act; and

1.1.15.2 fees, charges or tariffs are levied in respect of such a service or not.

1.1.16 "**Non-Exempted Capital Asset**" means a Capital Asset which is not exempted by Section 14(6) of the Act from the other provisions of that Section;

1.1.17 "**Organ of State** means:

1.1.17.1 a national department or national public entity;

1.1.17.2 a provincial department or provincial public entity;

1.1.17.3 a municipality or municipal entity; or

1.1.17.4 any other organ of state within the meaning assigned to "Organ of State" in Section 239 of the Constitution.

1.1.18 "**Private Sector Party** means a person who is not an Organ of

State;

1.1.19. **"Proposal"** means a written offer from a seller to a prospective buyer.

1.1.20"**Registered Valuer**" means a person contemplated in the Property Valuers Profession Act No. 47 of 2000;

1.1.21 "**Right to Use, Control or Manage**" in relation to a Capital Asset, means a right to use, control or manage the Capital Asset for a period exceeding one (1) calendar month without ceding legal ownership in the Asset which, for the purposes of this Policy, shall include a Lease and servitude;

1.1.22 **"Solicited bid"** means when a municipality sends out request for proposals. This can be done via process of an advertisement in the media. The request come with a description of what Municipality wants and as well the criteria that will be used to make a selection.

1.1.23 "**Transfer**" in relation to a Capital Asset, means a transfer of ownership in the Capital Asset as a result of a sale or other transaction;

1.1.24. "**Unsolicited bid"** is a bid/proposal received from a developer/public to a acquire immovable property, or rights in immovable property, that is owned by the Municipality, outside the normal bidding process, i.e. without the Municipality having asked for such proposal/bid.

Unsolicited bids

(1) An unsolicited bid is a bid that is submitted by a prospective supplier to the municipality without any procurement requirement first having been identified and advertised. This situation arises when a supplier identifies an opportunity to render services or supply products not ordinarily required by the municipality.

(2) In accordance with section 113 of the Act, there is no obligation upon the municipality to consider unsolicited bids received outside a normal bidding process.

(3) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid but only if -

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) the product or service will be exceptionally beneficial to the municipality or have exceptional cost advantages;

(c) the person who made the bid is the sole provider of the product or service concerned; and

(d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(4) If the accounting officer decides to consider an unsolicited bid that complies with sub-paragraph (3), his decision must be made public in accordance with section 21A of the Municipal Systems Act, together with -

(a) reasons as to why the bid should not be open to other competitors;

(b) an explanation of the potential benefits if the unsolicited bid were accepted; and

(c) an invitation to the public or other potential suppliers to submit their comments on the proposal within 30 days of the publication of the relevant notice.

(5) The accounting officer must submit all written comments received pursuant to subparagraph (4), including any responses from the unsolicited bidder, to the National and Provincial Treasuries for comment.

(6) Subject to subparagraphs (7) and (8) below, the adjudication committee must consider the unsolicited bid and may, depending on its delegations, award the bid or make a recommendation to the accounting officer.

(7) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(8) When considering the matter, the adjudication committee must take into account

(a) any comments submitted by the public; and

(b) any written comments and recommendations of the National and Provincial Treasuries.

(9) If any recommendations of the National and Provincial Treasuries are rejected or not followed, the accounting officer must submit to the Auditor-General and the National and Provincial Treasuries the reasons for rejecting or not following those recommendations.

(10) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

(11) The processes to be followed by the municipality with regard to the acceptance or rejection of an unsolicited bid shall clearly be made known to the bidder who submits the unsolicited bid concerned.

(12) The council shall exercise caution when interviewing a potential supplier or a person who may wish to offer services to the municipality in circumstance which may be tantamount to the submission of or negotiation with regard to an unsolicited bid and shall not do anything or cause anything to be done which may be contrary to this

1.2 Any reference to an enactment is to that enactment as at the date of adoption of this Policy and as amended or re-enacted from time to time.

2. APPLICATION OF THIS POLICY

Subject to clauses 3 and 4, this Policy applies to:

2.1 The sale and Transfer of Capital Assets by the Municipality; and

2.2 The granting by the Municipality of the Rights to Use, Control or Manage Capital Assets.

3. EXEMPTIONS

3.1 This Policy shall not be read as permitting the sale and Transfer of Non-Exempted Capital Assets, needed to provide the minimum level of Basic Municipal Services.

3.2 This Policy does not apply to the sale and Transfer of Non-Exempted Capital Assets in terms of Public-Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005.

3.3 This Policy does not apply to the sale and Transfer of housing on municipal land and the Transfer of that municipal land for the poor to beneficiaries of such housing.

3.4 This Policy does not apply to the granting by the Municipality of Rights to Use, Control or Manage Capital Assets in terms of Public-Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005.

3.5 This Policy does not apply to the granting by the Municipality of Rights to Use, Control or Manage municipal land for housing for the poor to beneficiaries of such housing.

4. CATEGORIES OF APPLICATION

4.1 Schedule 1 of this Policy shall be applied in respect of the sale and Transfer of Non-Exempted Capital Assets having a High Value to an Organ of State or to a Private Sector Party.

4.2 Schedule 2 of this Policy shall be applied in respect of the sale and Transfer of Non-Exempted Capital Assets not having a High Value to an Organ of State or to a Private Sector Party.

4.3 Schedule 3 of this Policy shall be applied in respect of the sale and Transfer of Non-Exempted Capital Assets having a High Value to a Private Sector Party appointed as a service provider through a competitive bidding process in accordance with Chapter 8 of the MSA.

4.4 Schedule 4 of this Policy shall be applied in respect of the sale and Transfer of Non-Exempted Capital Assets not having a High Value to a Private Sector Party appointed as a service provider through a competitive bidding process in accordance with Chapter 8 of the MSA.

4.5 Schedule 5 of this Policy shall be applied in respect of the sale and Transfer of Exempted Capital Assets not needed to provide the minimum level of Basic Municipal Services to Organs of State.

4.6 Schedule 6 of this Policy shall be applied in respect of the sale and Transfer of Exempted Capital Assets needed to provide the minimum level of Basic Municipal Services to Organs of State.

4.7 Schedule 7 of this Policy shall be applied in respect of the granting of a Long Term Right to Use, Control or Manage a Capital Asset having a Fair Market Value in excess of R10 Million.

4.8 Schedule 8 of this Policy shall be applied in respect of the granting of a Right to Use, Control or Manage a Capital Asset where either the Fair Market Value of the Capital Asset does not exceed R10 Million or a Long Term right is not proposed.

4.9 Schedule 9 of this Policy shall be applied in respect of the granting of a Right to Use, Control or Manage a Capital Asset not of a High Value where the right:

4.9.1 is granted for an indefinite or undetermined period;

4.9.2 is granted for a period which exceeds:

4.9.2.1 the useful life of the Capital Asset; or

4.9.2.2 the economic usefulness of the Capital Asset and which would require the Asset, in order to remain economically useful, to be substantially upgraded, altered or replaced during the period for which the right is granted; or

4.9.3 confers on the person to whom the right is granted:

4.9.3.1 an option to buy or acquire ownership in the Capital Asset; or

4.9.3.2 the power to use, control or manage the Capital Asset as if that person is the beneficial (but not legal) owner of the Asset which, for the purposes of this Policy shall be deemed to apply where the Right to Use, Control or Manage the Capital Asset is a Lease for a period of not less than 10 (ten) years and which Lease provides for the Lease to be notarially registered and for the Lessee to mortgage the Lease.

4.10 Schedule 10 of this Policy shall be applied in respect of the granting of a Right to Use, Control or Manage a High Value Capital Asset where the right:

4.10.1 is granted for an indefinite or undetermined period;

4.10.2 is granted for a period which exceeds:

4.10.2.1 the useful life of the Capital Asset; or

4.10.2.2 the economic usefulness of the Capital Asset and which would require the Asset, in order to remain economically useful, to be substantially upgraded, altered or replaced during the period for which the right is granted; or

4.10.3 confers on the person to whom the right is granted:

4.10.3.1 an option to buy or acquire ownership in the Capital Asset; or

4.10.3.2 the power to use, control or manage the Capital Asset as if that person is the beneficial (but not legal) owner of the Asset which, for the purposes of this Policy shall be deemed to apply where the Right to Use, Control or Manage the Capital Asset is a Lease for a period of not less than 10 (ten) years and which Lease provides for the Lease to be notarially registered and for the Lessee to mortgage the Lease.

4.11 Schedule 11 of this Policy shall be applied in respect of the granting of a Long Term Right to Use, Control or Manage a Capital Asset having a value in excess of R10 Million to a

Private Sector Party or Organ of State appointed as a service provider through a competitive bidding process for the performance of a Municipal Service or commercial service.

4.12 Schedule 12 of this Policy shall be applied in respect of the granting of a Right to Use, Control or Manage a Capital Asset of a value not more than R10 Million or for a period other than a Long Term to a Private Sector Party or Organ of State appointed as a service provider through a competitive bidding process for the performance of a Municipal Service or commercial service.

5. CAPITAL ASSET NEEDED TO PROVIDE THE MINIMUM LEVEL OF BASIC MUNICIPAL SERVICES

Save as is provided for in Schedules 6, 11 and 12, the Municipality shall not sell and Transfer or grant a Right to Use, Control or Manage a Capital Asset needed to provide the minimum level of Basic Municipal Services.

6. APPROVALS AND DECISIONS OF COUNCIL

6.1 Where approvals or decisions of the Council are required, such approvals and/or decisions shall be given and/or taken in a meeting open to the public.

6.2 A decision by the Council that a specific Capital Asset is not needed to provide the minimum level of Basic Municipal Services, may not be reversed by the Municipality after such Capital Asset has been sold, Transferred or otherwise disposed of.

6.3 Unless otherwise decided by the Council after considering the Fair Market Value of any Capital Asset and the economic and/or

community value to be received in exchange for the Capital Asset and the demands of public interest or plight of the poor, Capital Assets shall only be sold and Transferred at Fair Market Value.

6.4 Unless otherwise decided by the Council after considering the Fair Market Value of any Capital Asset and the economic and/or community value to be received in exchange for the Capital Asset and the demands of public interest or plight of the poor, any Right to Use, Control or Manage a Capital Assets shall only be granted at Fair Market Value.

7. **PROCESSES**

7.1 The Municipality shall utilise the following processes in the sale and Transfer of or the grant of a Right to Use, Control or Manage any of its Capital Assets:

7.1.1 Tenders;

7.1.2 Auctions;

7.1.3 Calls for expressions of interest where the nature of the particular transaction and the range of likely participants in the process does not warrant a tender or auction process to be followed, save that where multiple participants express an interest in the sale and transfer or the grant of the Right to Use, Control or Manage the Capital Asset an appropriate competitive bidding process shall be followed with such multiple participants;

7.1.4 Such other competitive bidding process as may be appropriate; or

7.1.5 Direct negotiations where specifically provided for in the Schedules hereto or in respect of the granting of a Right to Use, Control or Manage a Capital Asset for a period not exceeding 1 (one) calendar month.

7.2 The particular process to be utilize in each instance shall be determined by the Council who shall consider the following factors in determining the particular process:

7.2.1 the nature of the contract to be concluded;

7.2.2 the Capital Asset to be disposed of

7.2.3 the likely contract consideration or price;

7.2.4 the time frame within which it is desirable for the process to be completed;

7.2.5 the technical nature of the contract;

7.2.6 the range of likely participants in the process;

7.2.7 whether the sale and Transfer or Right to Use, Control or Manage the Capital Asset has been previously advertised and whether any prejudice would be caused to anyone by a failure to re-advertise.

7.3 The Council shall be entitled to impose pre-qualification requirements in relation to any particular process and in particular where the proposed transactions require specific expertise, infrastructure and/or financial capacity or where

the Council envisages a particular development and/or use of the Capital Asset.

7.3.1 Such pre-qualification requirements shall be disclosed at the commencement of the process.

7.3.2 Such pre-qualification requirements shall be determined in such a manner so as not to exclude or inhibit, save to the extent necessary to achieve the pre-qualification requirements, competitive bidding and the participation of qualified tenderers.

7.4 That the MFMA and Municipal Transfer Regulations must be consulted in terms of acquiring the market related valuations.

Market related valuation be obtain from a registered property valuer

8. **TRANSPARENCY**

8.1 Where the Municipality is to advertise a tender, auction or such other type of competitive bidding process as may have been determined by its Council, such advertisements shall be open and transparent and shall be advertised in the local print media for a period of not less than 30 (thirty) days for Capital Assets whose Fair Market Value is more than R10 Million and for a period not less than 14 (fourteen) days for Capital Assets whose Fair Market Value is R10 Million or less and an official of the Municipality's name and contact number shall be included in all such invitations for enquiry purposes.

8.2 All advertisements shall contain details of how the required response should be marked, where they are to be placed or sent and the date, venue and time when all responses shall be opened.

8.3 All advertisements shall specify the necessity of any briefing session if required.

8.4 A copy of the advertisement shall further be posted by prepaid registered post to all owners, save the Municipality, of properties abutting the Capital Asset intended to be sold and transferred or in respect of which a Right to Use, Control or Manage is to be granted.

8.5 Wherever possible, the appropriate draft contracts envisaged to be concluded with any successful participant shall be provided to all interested parties on request pursuant to any advertised transaction.

8.6 All participants in the selected process shall be required to disclose any actual or likely conflict of interest and to certify that the disqualifications referred to in clause 10 are not applicable to them.

8.7 The opening, registering and recording of all responses to any advertisement shall be undertaken by a responsible official of the Municipality to be designated by the Accounting Officer.

8.8 Wherever possible, the opening of all responses to any advertisement shall take place in the presence of affected persons.

8.9 The Municipality shall be entitled to negotiate the final terms of contracts provided that such negotiation:

8.9.1 does not allow any preferred participant a second or unfair opportunity;

8.9.2 is not to the detriment of any other participant; and

8.9.3 does not lead to a lower price than that submitted.

9. **EVALUATION**

9.1 A Land Evaluation Committee shall be established by the Accounting Officer in accordance with annexure "A" hereto, whose function will be to evaluate tenders, auctions, expressions of interest or other bids and objections received in response to any competitive bidding process and to make a recommendation to the Accounting Officer to make the final award or to make another recommendation to the Accounting Officer as to how to proceed with the relevant transaction, which final award shall at all times be subject to the prior decision and considerations of the Council as referred to in Section 14(2) of the Act (where applicable). In the event of the termination of any contract concluded pursuant to the application of this policy being cancelled due to a breach thereof by the party to whom the contract was awarded, the particular tender, auction, expressions of interest or other bids may be referred back to the Land Evaluation Committee to re-evaluate such tender, auction, expressions of interest or other bids so as to make an alternate recommendation to the Accounting Officer.

9.2 The Land Evaluation Committee shall, other than in circumstances reflected in 9.1 above, ensure that only tenders, bids or offers in the instances of expressions of interest or other bids of the highest value are recommended to the Accounting Officer for reward.

9.3 The Land Evaluation Committee shall be entitled to make such procedural rules as may be appropriate to facilitate their functions and powers.

9.4 The Land Evaluation Committee shall be entitled to appoint experts and/or consultants whether in-house or otherwise to assist in the evaluation of bids.

9.5 No Councillor of the Municipality may be a member of the Land Evaluation Committee or attend any such meeting as an observer.

9.6 No person who has a conflict of interest shall participate in the evaluation of any transaction in respect of which such conflict exists.

9.7 Recommendations of the Land Evaluation Committee shall be made available to interested parties on request.

9.8 Any person aggrieved by a recommendation of the Land Evaluation Committee shall be entitled to appeal such recommendation to the Accounting Officer within 14 (fourteen) days of being notified of such recommendation.

10. **DISQUALIFICATION**

The following persons shall be disqualified from participating in any process for the sale and Transfer and the granting of Rights to Use, Control or Manage Capital Assets:

10.1 Persons who have been convicted of fraud or corruption during the period of five years immediately preceding the closing date for advertisements;

10.2 Persons who have wilfully neglected, reneged on or have failed to comply with a government or local government contract during the aforesaid period of five years;

10.3 Persons whose Tax affairs have not been cleared by the South African Revenue Service and who fail to provide a Tax Clearance Certificate in this regard;

10.4 Persons who are in arrears (or who have failed to make suitable arrangements with the Municipality to settle such arrears) in respect of any charges payable in terms of Section 118 of the MSA;

10.5 Persons who have an actual or likely conflict of interest in relation to the proposed transaction.

11. RESCISSION OF DECISIONS

Where recommendations or decisions giving rise to the awarding or conclusion of contracts have been unlawfully or improperly made, the Municipality shall be entitled to rescind such decisions. The power to rescind such decisions shall be incorporated in tender documents and in contracts finally concluded with tenderers. The power to rescind decisions and to terminate contracts shall extend to decisions that were made, taken or in any way influenced by Councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors as set out in Schedule 1 to the MSA, or municipal officials in contravention of items 4 or 5 of the Code of Conduct for Municipal Staff Members as set out in Schedule 2 to that Act.

12. DUTIES OF ACCOUNTING OFFICER

The Accounting Officer shall:

12.1 implement this Policy;

12.2 take all reasonable steps to ensure that proper mechanisms are in place to ensure that the objectives and requirements contained in this Policy are achieved;

12.3 notify the Auditor General as defined in Section 1 of the Municipal Finance Management Act, in the event of any bid other than one recommended in the normal course of implementing this Policy being approved and of the reasons for deviating from such recommendation, save that this provision shall not apply if a different bid was approved in order to rectify an irregularity.

12.4 be responsible for the appointment of the members of the Land Evaluation Committee and its Chairperson;

12.5 appoint an appropriately qualified person to deal with all appeals against recommendations of the Land Evaluation Committee;

12.6 be responsible for the management of all contracts concluded pursuant to the implementation of this Policy;

13. **UNSOLICITED BIDS**

The Municipality shall be entitled, but not obliged, to consider unsolicited bids received outside the processes initiated by the Municipality. To the extent appropriate in each case the principles set out in this Policy will apply, *mutatis mutandis,* to such unsolicited bids.

14. POLICY REPEAL

The Policy and Procedures for the Disposal of Immovable Capital Assets adopted by the Municipality in May 2013 is hereby repealed.

15. TITLE

This Policy shall be referred to as the Kouga Municipality Policy and Procedures for the Disposal of Immovable Capital Assets.

SCHEDULE 1

The following procedure shall be followed in relation to the sale and

TRANSFER of a **NON-EXEMPTED CAPITAL ASSET** having a **HIGH VALUE** to an **ORGAN OF STATE** or to a **PRIVATE SECTOR PARTY**

1. This schedule may not be read as permitting the sale and Transfer of a Capital Asset needed to provide the minimum level of Basic Municipal Services. **Section 14(1) Regulation 4(2)**

2. This schedule is not applicable to the sale and Transfer of a Non-Exempted Capital Asset in terms of Public–Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005. **Regulation 4(3)(a)**

3. This schedule is not applicable to the sale and Transfer of housing on municipal land and the Transfer of such municipal land for the poor to beneficiaries of such housing. **Regulation 4(3)(b)**

4. The value of the Capital Asset shall be determined in accordance with Regulation 5(4), or Regulation 5(5). **Regulation 5(4), Regulation 5(5).**

5. Authorisation shall be sought from the Council to conduct a public participation process in accordance with Regulation 5(3)(a), which request for authorisation shall be accompanied by an information statement as referred to in Regulation 5(3)(b). **Regulation 5(3)(a), Regulation 5(3)(b)**

6. The public participation process shall be conducted in accordance with Regulation 5(1)(a) read with Regulation 6 and the publication invitation and solicitation referred to in Regulation 6(a) and (b) shall be conducted at least 60 days before the referral to Council alluded to in 7. below. **Regulation 5(1)(a), Regulation 6**

7. The proposal to Transfer the Non-Exempted Capital Asset shall be referred to Council to make the determinations and to furnish its approval in principle that the Non-Exempted Capital Asset may be sold and Transferred in accordance with Regulation 5(1)(b) read with Sections 14(2)(a) and (b), in which referral the Council shall be advised of the factors referred to in Regulation 7. **Sections 14(2)(a)&(b), Regulation 5(1)(b), Regulation 7**

8. The Council shall be entitled to furnish its approval referred to in 7. above in principle in accordance with Regulation 11. **Regulation 11**

9. Any sale and Transfer of the Non-Exempted Capital Asset shall be in accordance with the Policy and procedures for the Disposal of Immovable Capital Assets and Immovable Property Disposal Directives adopted by the Municipality. **Regulation 12, Supply Chain Management Regulation 40, Section 14(5)**

10. If the Municipality 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 factors referred to in Regulation 13(2) shall be taken into account. **Regulation 13(2)**

11. The proceeds received from the sale and Transfer of the Non-Exempted Capital Asset shall be dealt with in accordance with Regulation 16. **Regulation 16**

12. Any sale and Transfer in accordance with this Schedule shall be effected by a written Transfer Agreement compliant with Regulation 17 which shall be made available to the Council and public as provided for in Regulation 18. **Regulation 17, Regulation 18**

13. Gains, losses and associated costs not budged for that will be incurred in respect of the sale and Transfer shall be dealt with in accordance with Regulation 47. **Regulation 47**

14. The sale and Transfer of the Non-Exempted Capital Asset shall not affect any existing encumbrances, rights and servitudes attached to the Asset. **Regulation 48**

15. The sale and Transfer shall be given effect to and formalised in accordance with all applicable legislation and shall be fair, equitable, transparent and competitive. **Regulation 49, Section 14(5)**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

SCHEDULE 2

The following procedure shall be followed in relation to the sale and

TRANSFER of a **NON-EXEMPTED CAPITAL ASSET NOT** having a **HIGH VALUE** to an **ORGAN OF STATE** or to a **PRIVATE SECTOR PARTY**

1. This schedule may not be read as permitting the sale and Transfer of a Capital Asset needed to provide the minimum level of Basic Municipal Services. **Section 14(1) Regulation 4(2)**

2. This schedule is not applicable to the sale and Transfer of a Non-Exempted Capital Asset in terms of Public–Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005. **Regulation 4(3)(a)**

3. This schedule is not applicable to the sale and Transfer of housing on municipal land and the Transfer of such municipal land for the poor to beneficiaries of such housing. **Regulation 4(3)(b)**

4. The value of the Capital Asset shall be determined in accordance with Regulation 5(4), or Regulation 5(5). **Regulation 5(4), Regulation 5(5).**

5. The proposal to Transfer the Non-Exempted Capital Asset shall be referred to Council to make the determinations and to furnish its approval in principle that the Non-Exempted Capital Asset may be sold and Transferred in accordance with Regulation 5(1)(b) read with Sections 14(2)(a) and (b), in which referral the Council shall be advised of the factors referred to in Regulation 7. **Sections 14(2)(a)&(b), Regulation 5(1)(b), Regulation 7**

6. The Council shall be entitled to furnish its approval referred to in 5. above in principle in accordance with Regulation 11. **Regulation 11**

7. Any sale and Transfer of the Non-Exempted Capital Asset shall be in accordance with the Policy and procedures for the Disposal of Immovable Capital Assets and Immovable Property Disposal Directives adopted by the Municipality. **Regulation 12, Supply Chain Management Regulation 40, Section 14(5)**

8. If the Municipality 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 factors referred to in Regulation 13(2) shall be taken into account. **Regulation 13(2)**

9. The proceeds received from the sale and Transfer of the Non-Exempted Capital Asset shall be dealt with in accordance with Regulation 16. **Regulation 16**

10. Any sale and Transfer in accordance with this Schedule shall be effected by a written Transfer Agreement compliant with Regulation 17 which shall be made available to the Council and public as provided for in Regulation 18. **Regulation 17, Regulation 18**

11. Gains, losses and associated costs not budged for that will be incurred in respect of the sale and Transfer shall be dealt with in accordance with Regulation 47. **Regulation 47**

12. The sale and Transfer of the Non-Exempted Capital Asset shall not affect any existing encumbrances, rights and servitudes attached to the Asset. **Regulation 48**

13. The sale and Transfer shall be given effect to and formalised in accordance with all applicable legislation and shall be fair, equitable, transparent and competitive. **Regulation 49, Section 14(5)**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

SCHEDULE 3

The following procedure shall be followed in relation to the sale and **TRANSFER** of a **NON-EXEMPTED CAPITAL ASSET** having a **HIGH VALUE** to a **PRIVATESECTOR PARTY** appointed as a service provider through a competitive bidding process in accordance with Chapter 8 of the **MSA**.

1. This schedule may not be read as permitting the sale and Transfer of a Capital Asset needed to provide the minimum level of Basic Municipal Services. **Section 14(1) Regulation 4(2)**

2. This schedule is not applicable to the sale and Transfer of a Non-Exempted Capital Asset in terms of Public–Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005. **Regulation 4(3)(a)**

3. This schedule is not applicable to the sale and Transfer of housing on municipal land and the Transfer of such municipal land for the poor to beneficiaries of such housing. **Regulation 4(3)(b)**

4. The value of the Capital Asset shall be determined in accordance with Regulation 5(4), or Regulation 5(5). **Regulation 5(4), Regulation 5(5).**

5. Authorisation shall be sought from the Council to conduct a public participation process in accordance with Regulation 5(3)(a), which request for authorisation shall be accompanied by an information statement as referred to in Regulation 5(3)(b). **Regulation 5(3)(a), Regulation 5(3)(b)**

6. The public participation process shall be conducted in accordance with Regulation 5(1)(a) read with Regulation 6 and the publication invitation and solicitation referred to in Regulation 6(a) and (b) shall be conducted at least 60 days before the referral to Council alluded to in 7. below. **Regulation 5(1)(a), Regulation 6**

7. The proposal to Transfer the Non-Exempted Capital Asset shall be referred to Council to make the determinations and to furnish its approval in principle that the Non-Exempted Capital Asset may be sold and Transferred in accordance with Regulation 5(1)(b) read with Sections 14(2)(a) and (b), in which referral the Council shall be advised of the factors referred to in Regulation 7. **Sections 14(2)(a)&(b), Regulation 5(1)(b), Regulation 7**

8. The Council shall be entitled to furnish its approval referred to in 7. above in principle in accordance with Regulation 11. **Regulation 11**

9. Compliance with the Disposal Management System referred to in the Policy and Procedures for the Disposal of Immovable Capital Assets and Immovable Property Disposal Directives adopted by the Municipality shall not be necessary and direct negotiations may be conducted with the Service Provider. **Regulation 12(2) and 12(3)**

10. The provisions of Regulations 14 and 15 shall be taken into account. **Regulation 14, Regulation 15**

11. If the Municipality 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 factors referred to in Regulation 13(2) shall be taken into account. **Regulation 13(2)**

12. The proceeds received from the sale and Transfer of the Non-Exempted Capital Asset shall be dealt with in accordance with Regulation 16. **Regulation 16**

13. Any sale and Transfer in accordance with this Schedule shall be effected by a written Transfer Agreement compliant with Regulation 17 which shall be made available to the Council and public as provided for in Regulation 18. **Regulation 17, Regulation 18**

14. Gains, losses and associated costs not budged for that will be incurred in respect of the sale and Transfer shall be dealt with in accordance with Regulation 47. **Regulation 47**

15. The sale and Transfer of the Non-Exempted Capital Asset shall not affect any existing encumbrances, rights and servitudes attached to the Asset. **Regulation 48**

16. The sale and Transfer shall be given effect to and formalised in accordance with all applicable legislation and shall be fair, equitable, transparent and competitive. **Regulation 49, Section 14(5)**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

SCHEDULE 4

The following procedure shall be followed in relation to the sale and **TRANSFER** of a **NON-EXEMPTED CAPITAL ASSET NOT** having a **HIGH VALUE** to a **PRIVATE SECTOR PARTY** appointed as a service provider through a competitive bidding process in accordance with Chapter 8 of the MSA.

1. This schedule may not be read as permitting the sale and Transfer of a Capital Asset needed to provide the minimum level of Basic Municipal Services. **Section 14(1) Regulation 4(2)**

2. This schedule is not applicable to the sale and Transfer of a Non-Exempted Capital Asset in terms of Public–Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005. **Regulation 4(3)(a)**

3. This schedule is not applicable to the sale and Transfer of housing on municipal land and the Transfer of such municipal land for the poor to beneficiaries of such housing. **Regulation 4(3)(b)**

4. The value of the Capital Asset shall be determined in accordance with Regulation 5(4), or Regulation 5(5). **Regulation 5(4), Regulation 5(5).**

5. The proposal to Transfer the Non-Exempted Capital Asset shall be referred to Council to make the determinations and to furnish its approval in principle that the Non-Exempted Capital Asset may be sold and Transferred in accordance with Regulation 5(1)(b) read with Sections 14(2)(a) and (b), in which referral the Council shall be advised of the factors referred to in Regulation 7. **Sections 14(2)(a)&(b), Regulation 5(1)(b), Regulation 7**

6. The Council shall be entitled to furnish its approval referred to in 5. above in principle in accordance with Regulation 11. **Regulation 11**

7. Compliance with the Disposal Management System referred to in the Policy and Procedures for the Disposal of Immovable Capital Assets and Immovable Property Disposal Directives adopted by the Municipality shall not be necessary and direct negotiations may be conducted with the Service Provider. **Regulation 12(2) and 12(3)**

8. The provisions of Regulations 14 and 15 shall be taken into account. **Regulation 14, Regulation 15**

9. If the Municipality 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 factors referred to in Regulation 13(2) shall be taken into account. **Regulation 13(2)**

10. The proceeds received from the sale and Transfer of the Non-Exempted Capital Asset shall be dealt with in accordance with Regulation 16. **Regulation 16**

11. Any sale and Transfer in accordance with this Schedule shall be effected by a written Transfer Agreement compliant with Regulation 17 which shall be made available to the Council and public as provided for in Regulation 18. **Regulation 17, Regulation 18**

12. Gains, losses and associated costs not budged for that will be incurred in respect of the sale and Transfer shall be dealt with in accordance with Regulation 47. **Regulation 47**

13. The sale and Transfer of the Non-Exempted Capital Asset shall not affect any existing encumbrances, rights and servitudes attached to the Asset. **Regulation 48**

14. The sale and Transfer shall be given effect to and formalised in accordance with all applicable legislation and shall be fair, equitable, transparent and competitive. **Regulation 49, Section 14(5)**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

SCHEDULE 5

The following procedure shall be followed in relation to the sale and **TRANSFER** of an **EXEMPTED CAPITAL ASSET NOT** needed to provide the minimum level of **BASIC MUNICIPAL SERVICES** to **ORGANS OF STATE**.

1. It shall be determined in accordance with Regulation 20 whether Sections 14(1) to 14(5) applies to the particular transaction. **Regulation 20**

2. Sections 14(1) to 14(5) shall apply to the particular transaction and this Schedule shall not apply where none of the circumstances mentioned in Regulation 20 apply. **Regulation 21**

3. Where the provisions of Regulation 20(1)(a) apply, Regulation 22 shall be complied with. **Regulation 22**

4. Before a sale and Transfer of an Exempted Capital Asset to an Organ of State in circumstances described in Regulation 20(1), Regulation 23 shall be complied with. **Regulation 23**

5. Regulations 25, 26, and 27 shall be complied with. **Regulation 25, Regulation 26, Regulation 27**

6. The valuation of the Exempted Capital Asset and compensation therefore shall be calculated and agreed in accordance with Regulations 29 and 28. **Regulation 29, Regulation 28**

7. A written Transfer agreement shall be concluded in relation to the Transfer which shall comply with Regulation 30 and prior to entering into such Transfer agreement the Council must consider the effects referred to in Regulation 31 and the due diligence referred to in Regulation 32 shall have been conducted. **Regulation 30, Regulation 31, Regulation 32**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

SCHEDULE 6

The following procedure shall be followed in relation to the sale and

TRANSFER of an **EXEMPTED CAPITAL ASSET** needed to provide the minimum level of **BASIC MUNICIPAL SERVICES** to **ORGANS OF STATE**.

1. It shall be determined in accordance with Regulation 20 whether Sections 14(1) to 14(5) applies to the particular transaction. **Regulation 20**

2. Sections 14(1) to 14(5) shall apply to the particular transaction and this Schedule shall not apply where none of the circumstances mentioned in Regulation 20 apply. **Regulation 21**

3. Where the provisions of Regulation 20(1)(a) apply, Regulation 22 shall be complied with. **Regulation 22**

4. Before a sale and Transfer of an Exempted Capital Asset to an Organ of State in circumstances described in Regulation 20(1), Regulation 23 shall be complied with. **Regulation 23**

5. The sale and Transfer of an Exempted Capital Asset needed to provide the minimum level of Basic Municipal Services may only be effected on the conditions stipulated in Regulation 24(1) and on condition that the Municipality is satisfied that the Organ of State to which the Exempted Capital Asset is to be transferred can adequately maintain and safeguard the Exempted Capital Asset as envisaged in Regulation 24(2), the Transfer agreement, service delivery or other agreement shall comply with Regulation 24(3) save that this paragraph 5. shall not apply in the circumstances referred to in Regulation 20(1)(c) or (d) relating to the assignment of powers and functions and the Transfer of Municipal housing or land to National or Provincial Organs of State for housing for the poor or in terms of a National or Provincial Housing Policy. **Regulation 24(1), Regulation 24(2), Regulation 24(3), Regulation 20(1)(c), Regulation 20(1)(d)**

6. Regulations 25, 26, and 27 shall be complied with. **Regulation 25, Regulation 26, Regulation 27**

7. The valuation of the Exempted Capital Asset and compensation therefore shall be calculated and agreed in accordance with Regulations 29 and 28. **Regulation 29, Regulation 28**

8. A written Transfer agreement shall be concluded in relation to the Transfer which shall comply with Regulation 30 and prior to entering into such Transfer agreement the Council must consider the effects referred to in Regulation 31 and the due diligence referred to in Regulation 32 shall have been conducted. **Regulation 30, Regulation 31, Regulation 32**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by

General Notice 878 of 2008 under the MFMA.

SCHEDULE 7

The following procedure shall be followed in relation to the granting of a **LONG TERM** right to **USE**, **CONTROL** or **MANAGE** a **CAPITAL ASSET** having a **FAIR MARKET VALUE** in excess of **R10 MILLION**.

1. This schedule is not applicable to the granting of a right to Use, Control or Manage a Capital Asset in terms of Public–Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005. **Regulation 33(2)(a)**

2. This schedule is not applicable to the granting of a right to Use, Control or Manage a Capital Asset for housing on municipal land for the poor to beneficiaries of such housing. **Regulation 33(2)(b)**

3. The value of the Capital Asset shall be determined by a registered value should it be envisaged that such Capital Asset could have a Fair Market Value in excess of R10 Million and should a Long Term (longer than three (3) years) be envisaged. **Regulation 34(2)**

4. Authorisation shall be sought from the Council to conduct a public participation process in accordance with Regulation 34(3)(a), which request for authorisation shall be accompanied by an information statement as referred to in Regulation 34(3)(b). **Regulation 34(3)(a)**, **Regulation 34(3)(b)**

5. The public participation process shall be conducted in accordance with Regulation 34(1)(a) read with Regulation 35 and the publication invitation and solicitation referred to in Regulation 35(a) and (b) shall be conducted at least 60 days before the referral to Council alluded to in 6. below. **Regulation 34(1)(a)**, **Regulation 35**

6. The proposal to grant the Right to Use, Control or Manage the Capital Asset shall be referred to Council for approval in principle in accordance with Regulation 34(1)(b) in which referral the Council shall be advised of the factors referred to in Regulation 36. **Regulation 34(1)(b)**, **Regulation 36**

7. The Council shall be entitled to furnish a conditional approval which may be given subject to any conditions including the conditions referred to in Regulation 40. **Regulation 40**

8. Any grant of a right to Use, Control or Manage a Capital Asset shall be in accordance with the Policy and Procedures for the Disposal of Immovable Capital Assets and Immovable Property Disposal Directives adopted by the Municipality. **Regulation 41, Supply Chain Management Regulation 40**

9. Prior to granting a right to Use, Control or Manage a Capital Asset, the Municipality shall satisfy itself that the Private Sector Party or Organ of State to whom the right is to be granted can demonstrate the ability to adequately maintain and safeguard the asset. **Regulation 41(4)**

10. Any grant of a right to Use, Control or Manage a Capital Asset shall be by way of written agreement and shall, inter alia, set out the terms referred to in Regulation 45(2)(a) and shall be signed off in accordance with Regulation 45(2)(b). **Regulation 45**

11. Agreements granting rights to Use, Control or Manage a Capital Asset shall be made available to the Council and shall not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act 2 of 2000. **Regulation 46**

12. Gains, losses and associated costs not budged for that will be incurred in respect of the grant of the right to Use, Control or Manage a Capital Asset shall be dealt with in accordance with Regulation 47. **Regulation 47**

13. The grant of the right to Use, Control or Manage a Capital Asset shall not affect any existing encumbrances, rights and servitudes attached to the Capital Asset. **Regulation 48**

14. The grant of the right to Use, Control or Manage a Capital Asset shall be formalised in accordance with all applicable legislation and shall be fair, equitable, transparent and competitive. **Regulation 49**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

SCHEDULE 8

The following procedure shall be followed in relation to the granting of a Right to **USE**, **CONTROL** or **MANAGE** a **CAPITAL ASSET** where **EITHER** the **FAIR MARKET VALUE** of the **CAPITAL ASSET** does **NOT** exceed R10 Million or a **LONG TERM** right is

NOT proposed.

1. This schedule is not applicable to the granting of a right to Use, Control or Manage a Capital Asset in terms of Public–Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005. **Regulation 33(2)(a)**

2. This schedule is not applicable to the granting of a right to Use, Control or Manage a Capital Asset for housing on municipal land for the poor to beneficiaries of such housing. **Regulation 33(2)(b)**

3. The value of the Capital Asset shall be determined by a registered valuer should it be envisaged that such Capital Asset could have a Fair Market Value in excess of R10 Million and should a Long Term (longer than three (3) years) be envisaged and if such value is found to be in excess of R10 Million and should a Long Term be envisaged, Schedule 7 shall be applied. **Regulation 34(2)**

4. The proposal to grant the Right to Use, Control or Manage the Capital Asset shall be referred to Council for approval in principle in accordance with Regulation 34(1)(b) in which referral the Council shall be advised of the factors referred to in Regulation 36. **Regulation 34(1)(b), Regulation 36**

5. The Council shall be entitled to furnish a conditional approval which may be given subject to any conditions including the conditions referred to in Regulation 40. **Regulation 40**

6. Any grant of a right to Use, Control or Manage a Capital Asset shall be in accordance with the Policy and Procedures for the Disposal of Immovable Capital Assets and Immovable Property Disposal Directives adopted by the Municipality. **Regulation 41, Supply Chain Management Regulation 40**

7. Prior to granting a right to Use, Control or Manage a Capital Asset, the Municipality shall satisfy itself that the Private Sector Party or Organ of State to whom the right is to be granted can

demonstrate the ability to adequately maintain and safeguard the asset. **Regulation 41(4)**

8. Any grant of a right to Use, Control or Manage a Capital Asset shall be by way of written agreement and shall, inter alia, set out the terms referred to in Regulation 45(2)(a) and shall be signed off in accordance with Regulation 45(2)(b). **Regulation 45**

9. Agreements granting rights to Use, Control or Manage a Capital Asset shall be made available to the Council and shall not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act 2 of 2000. **Regulation 46**

10. Gains, losses and associated costs not budged for that will be incurred in respect of the grant of the right to Use, Control or Manage a Capital Asset shall be dealt with in accordance with Regulation 47. **Regulation 47**

11. The grant of the right to Use, Control or Manage a Capital Asset shall not affect any existing encumbrances, rights and servitudes attached to the Capital Asset. **Regulation 48**

12. The grant of the right to Use, Control or Manage a Capital Asset shall be formalised in accordance with all applicable legislation and shall be fair, equitable, transparent and competitive. **Regulation 49**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

SCHEDULE 9

The following procedure shall be followed in relation to the granting of a

Right to **USE, CONTROL OR MANAGE** a **CAPITAL ASSET** not of a **HIGH VALUE**

where the right:

(a) is granted for an indefinite or undetermined period;

(b) is granted for a period which exceeds:

(b)(i) the useful life of the Capital Asset; or

(b)(ii) the economic usefulness of the Capital Asset and which would require the Asset, in order to remain economically useful, to be substantially upgraded, altered or replaced during the period for which the right is granted; or

(c) confers on the person to whom the right is granted:

(c)(i) an option to buy or acquire ownership in the Capital Asset; or

(c)(ii) the power to use, control or manage the Capital Asset as if that person is the beneficial (but not legal) owner of the Asset which, for the purposes of this Policy shall be deemed to apply where the Right to Use, Control or Manage the Capital Asset is a Lease for a period of not less than 10 (ten) years and which Lease provides for the Lease to be notarially registered and for the Lessee to mortgage the Lease.

1. This schedule may not be read as permitting the sale and granting of a Right to Use, Control or Manage a Capital Asset needed to provide the minimum level of Basic Municipal Services. **Section 14(1) Regulation 4(2)**

2. This schedule is not applicable to the granting of a Right to Use, Control or Manage a Capital Asset in terms of Public–Private Partnership Agreements referred to in Section 120 of the Act and

the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005. **Regulation 4(3)(a)**

3. This schedule is not applicable to the granting of a Right to Use, Control or Manage municipal land for housing on such municipal land for the poor to beneficiaries of such housing. **Regulation 4(3)(b)**

4. The value of the Capital Asset shall be determined in accordance with Regulation 5(4), or Regulation 5(5). **Regulation 5(4), Regulation 5(5).**

5. The proposal to grant a Right to Use, Control or Manage the Capital Asset shall be referred to Council to make the determinations and to furnish its approval in principle that a Right to Use, Control or Manage may be granted in accordance with Regulation 5(1)(b) read with Sections 14(2)(a) and (b), in which referral the Council shall be advised of the factors referred to in Regulation 7. **Sections 14(2)(a)&(b), Regulation 5(1)(b), Regulation 7**

6. The Council shall be entitled to furnish its approval referred to in 5. above in principle in accordance with Regulation 11. **Regulation 11**

7. Any grant of a Right to Use, Control or Manage a Capital Asset shall be in accordance with the Policy and procedures for the Disposal of Immovable Capital Assets and Immovable Property Disposal Directives adopted by the Municipality. **Regulation 12, Supply Chain Management Regulation 40, Section 14(5)**

8. If the Municipality on account of the public interest, in particular in relation to the plight of the poor, intends to grant a Right to Use, Control or Manage a Capital Asset for less than its Fair Market Value, the factors referred to in Regulation 13(2) shall be taken into account. **Regulation 13(2)**

9. The proceeds received from the granting of a Right to Use, Control or Manage shall be dealt with in accordance with Regulation 16. **Regulation 16**

10. Any granting of a Right to Use, Control or Manage in accordance with this Schedule shall be effected by a written Agreement compliant with Regulation 17 which shall be made available to the Council and public as provided for in Regulation 18. **Regulation 17, Regulation 18**

11. Gains, losses and associated costs not budged for that will be incurred in respect of the granting of a Right to Use, Control or Manage shall be dealt with in accordance with Regulation 47. **Regulation 47**

12. The granting of a Right to Use, Control or Manage a Capital Asset shall not affect any existing encumbrances, rights and servitudes attached to the Asset. **Regulation 48**

13. The granting of a Right to Use, Control or Manage shall be given effect to and formalised in accordance with all applicable legislation and shall be fair, equitable, transparent and competitive. **Regulation 49, Section 14(5)**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

SCHEDULE 10

The following procedure shall be followed in relation to the granting of a

Right to **USE, CONTROL OR MANAGE** a **HIGH VALUE CAPITAL ASSET**

where the right:

(a) is granted for an indefinite or undetermined period;

(b) is granted for a period which exceeds:

(b)(i) the useful life of the Capital Asset; or

(b)(ii) the economic usefulness of the Capital Asset and which would require the Asset, in order to remain economically useful, to be substantially upgraded, altered or replaced during the period for which the right is granted; or

(c) confers on the person to whom the right is granted:

(c)(i) an option to buy or acquire ownership in the Capital Asset; or

(c)(ii) the power to use, control or manage the Capital Asset as if that person is the beneficial (but not legal) owner of the Asset which, for the purposes of this Policy shall be deemed to apply where the Right to Use, Control or Manage the Capital Asset is a Lease for a period of not less than 10 (ten) years and which Lease provides for the Lease to be notarial registered and for the Lessee to mortgage the Lease.

1. This schedule may not be read as permitting the sale and granting of a Right to Use, Control or Manage a Capital Asset needed to provide the minimum level of Basic Municipal Services. **Section 14(1) Regulation 4(2)**

2. This schedule is not applicable to the granting of a Right to Use, Control or Manage a Capital Asset in terms of Public–Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005. **Regulation 4(3)(a)**

3. This schedule is not applicable to the granting of a Right to Use, Control or Manage municipal land for housing on such municipal land for the poor to beneficiaries of such housing. **Regulation 4(3)(b)**

4. The value of the Capital Asset shall be determined in accordance with Regulation 5(4), or Regulation 5(5). **Regulation 5(4), Regulation 5(5).**

5. Authorisation shall be sought from the Council to conduct a public participation process in accordance with Regulation 5(3)(a), which request for authorisation shall be accompanied by an information statement as referred to in Regulation 5(3)(b). **Regulation 5(3)(a), Regulation 5(3)(b)**

6. The public participation process shall be conducted in accordance with Regulation 5(1)(a) read with Regulation 6 and the publication invitation and solicitation referred to in Regulation 6(a) and (b) shall be conducted at least 60 days before the referral to Council alluded to in 7. below. **Regulation 5(1)(a), Regulation 6**

7. The proposal to grant a Right to Use, Control or Manage the Capital Asset shall be referred to Council to make the determinations and to furnish its approval in principle that a Right to Use, Control or Manage may be granted in accordance with Regulation 5(1)(b) read with Sections 14(2)(a) and (b), in which

referral the Council shall be advised of the factors referred to in Regulation 7. **Sections 14(2)(a)&(b), Regulation 5(1)(b), Regulation 7**

8. The Council shall be entitled to furnish its approval referred to in 5. above in principle in accordance with Regulation 11. **Regulation 11**

9. Any grant of a Right to Use, Control or Manage a Capital Asset shall be in accordance with the Policy and procedures for the Disposal of Immovable Capital Assets and Immovable Property Disposal Directives adopted by the Municipality. **Regulation 12, Supply Chain Management Regulation 40, Section 14(5)**

10. If the Municipality on account of the public interest, in particular in relation to the plight of the poor, intends to grant a Right to Use, Control or Manage a Capital Asset for less than its Fair Market Value, the factors referred to in Regulation 13(2) shall be taken into account. **Regulation 13(2)**

11. The proceeds received from the granting of a Right to Use, Control or Manage shall be dealt with in accordance with Regulation 16. **Regulation 16**

12. Any granting of a Right to Use, Control or Manage in accordance with this Schedule shall be effected by a written Agreement compliant with Regulation 17 which shall be made available to the Council and public as provided for in Regulation 18. **Regulation 17, Regulation 18**

13. Gains, losses and associated costs not budged for that will be incurred in respect of the granting of a Right to Use, Control or Manage shall be dealt with in accordance with Regulation 47. **Regulation 47**

14. The granting of a Right to Use, Control or Manage a Capital Asset shall not affect any existing encumbrances, rights and servitudes attached to the Asset. **Regulation 48**

15. The granting of a Right to Use, Control or Manage shall be given effect to and formalised in accordance with all applicable legislation and shall be fair, equitable, transparent and competitive. **Regulation 49, Section 14(5)**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

SCHEDULE 11

This Schedule shall be applied in respect of the granting of a **LONG TERM** Right to **USE, CONTROL OR MANAGE** a **CAPITAL ASSET** having a value in excess of R10 Million to a **PRIVATE SECTOR PARTY** or **ORGAN OF STATE** appointed as a service provider through a competitive bidding process for the performance of a Municipal Service or commercial service.

1. This schedule is not applicable to the granting of a right to Use, Control or Manage a Capital Asset in terms of Public–Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005. **Regulation 33(2)(a)**

2. This schedule is not applicable to the granting of a right to Use, Control or Manage a Capital Asset for housing on municipal land for the poor to beneficiaries of such housing. **Regulation 33(2)(b)**

3. The value of the Capital Asset shall be determined by a registered valuer should it be envisaged that such Capital Asset could have a Fair Market Value in excess of R10 Million and should a Long Term (longer than three (3) years) be envisaged. **Regulation 34(2)**

4. Authorisation shall be sought from the Council to conduct a public participation process in accordance with Regulation 34(3)(a), which request for authorisation shall be accompanied by an information statement as referred to in Regulation 34(3)(b). **Regulation 34(3)(a)**, **Regulation 34(3)(b)**

5. The public participation process shall be conducted in accordance with Regulation 34(1)(a) read with Regulation 35 and the publication invitation and solicitation referred to in Regulation 35(a) and (b) shall be conducted at least 60 days before the referral to Council alluded to in 6. below. **Regulation 34(1)(a)**, **Regulation 35**

6. The proposal to grant the Right to Use, Control or Manage the Capital Asset shall be referred to Council for approval in principle in accordance with Regulation 34(1)(b) in which referral the Council shall be advised of the factors referred to in Regulation 36. **Regulation 34(1)(b)**, **Regulation 36**

7. If the Capital Asset is required to provide the minimum level of Basic Municipal Services, the Right to Use, Control or Manage shall only be granted upon the conditions reflected in Regulation 44(a) and (b). **Regulation 44(a) and (b)**

8. The Council shall be entitled to furnish a conditional approval which may be given subject to any conditions including the conditions referred to in Regulation 40. **Regulation 40**

9. Any grant of a right to Use, Control or Manage a Capital Asset shall be in accordance with the Policy and Procedures for the Disposal of Immovable Capital Assets and Immovable Property Disposal Directives adopted by the Municipality. **Regulation 41, Supply Chain Management Regulation 40**

10. Prior to granting a right to Use, Control or Manage a Capital Asset, the Municipality shall satisfy itself that the Private Sector Party or Organ of State to whom the right is to be granted can demonstrate the ability to adequately maintain and safeguard the asset. **Regulation 41(4)**

11. Any grant of a right to Use, Control or Manage a Capital Asset shall be by way of written agreement and shall, inter alia, set out the terms referred to in Regulation 45(2)(a) and shall be signed off in accordance with Regulation 45(2)(b). **Regulation 45**

12. Agreements granting rights to Use, Control or Manage a Capital Asset shall be made available to the Council and shall not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act 2 of 2000. **Regulation 46**

13. Gains, losses and associated costs not budged for that will be incurred in respect of the grant of the right to Use, Control or Manage a Capital Asset shall be dealt with in accordance with Regulation 47. **Regulation 47**

14. The grant of the right to Use, Control or Manage a Capital Asset shall not affect any existing encumbrances, rights and servitudes attached to the Capital Asset. **Regulation 48**

15. The grant of the right to Use, Control or Manage a Capital Asset shall be formalised in accordance with all applicable legislation and shall be fair, equitable, transparent and competitive. **Regulation 49**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

SCHEDULE 12

This Schedule shall be applied in respect of the granting of a Right to **USE, CONTROL OR MANAGE** a **CAPITAL ASSET** of a value not more than R10 Million or for a period **other** than a **LONG TERM** to a **PRIVATE SECTOR PARTY** or **ORGAN OF STATE** appointed as a service provider through a competitive bidding process for the performance of a Municipal Service or commercial service.

1. This schedule is not applicable to the granting of a right to Use, Control or Manage a Capital Asset in terms of Public–Private Partnership Agreements referred to in Section 120 of the Act and the Municipal Public-Private Partnership Regulations published by Government Notice No. R309 of 2005. **Regulation 33(2)(a)**

2. This schedule is not applicable to the granting of a right to Use, Control or Manage a Capital Asset for housing on municipal land for the poor to beneficiaries of such housing. **Regulation 33(2)(b)**

3. The value of the Capital Asset shall be determined by a registered valuer should it be envisaged that such Capital Asset could have a Fair Market Value in excess of R10 Million and should a Long Term (longer than three (3) years) be envisaged and if such value is found to be in excess of R10 Million and should a Long Term be envisaged, Schedule 7 shall be applied. **Regulation 34(2)**

4. The proposal to grant the Right to Use, Control or Manage the Capital Asset shall be referred to Council for approval in principle in accordance with Regulation 34(1)(b) in which referral the Council shall be advised of the factors referred to in Regulation 36. **Regulation 34(1)(b), Regulation 36**

5. The Council shall be entitled to furnish a conditional approval which may be given subject to any conditions including the conditions referred to in Regulation 40. **Regulation 40**

6. Any grant of a right to Use, Control or Manage a Capital Asset shall be in accordance with the Policy and Procedures for the Disposal of Immovable Capital Assets and Immovable Property Disposal Directives adopted by the Municipality. **Regulation 41, Supply Chain Management Regulation 40**

7. If the Capital Asset is required to provide the minimum level of Basic Municipal Services, the Right to Use, Control or Manage shall only be granted upon the conditions reflected in Regulation 44(a) and (b). **Regulation 44(a) and (b)**

8. Prior to granting a right to Use, Control or Manage a Capital Asset, the Municipality shall satisfy itself that the Private Sector Party or Organ of State to whom the right is to be granted can demonstrate the ability to adequately maintain and safeguard the asset. **Regulation 41(4)**

9. Any grant of a right to Use, Control or Manage a Capital Asset shall be by way of written agreement and shall, inter alia, set out the terms referred to in Regulation 45(2)(a) and shall be signed off in accordance with Regulation 45(2)(b). **Regulation 45**

10. Agreements granting rights to Use, Control or Manage a Capital Asset shall be made available to the Council and shall not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act 2 of 2000. **Regulation 46**

11. Gains, losses and associated costs not budged for that will be incurred in respect of the grant of the right to Use, Control or Manage a Capital Asset shall be dealt with in accordance with Regulation 47. **Regulation 47**

12. The grant of the right to Use, Control or Manage a Capital Asset shall not affect any existing encumbrances, rights and servitudes attached to the Capital Asset. **Regulation 48**

13. The grant of the right to Use, Control or Manage a Capital Asset shall be formalised in accordance with all applicable legislation and shall be fair, equitable, transparent and competitive. **Regulation 49**

Reference to a Section refers to a Section of the Local Government: Municipal Finance Management Act 56 of 2003 (the MFMA).

Reference to a Supply Chain Management Regulation refers to a Regulation of the Municipal Supply Chain Management Regulations published by General Notice 868 of 2005 under the MFMA.

Reference to a Regulation refers to a Regulation of the Asset Transfer Regulations published by General Notice 878 of 2008 under the MFMA.

"A"

KOUGA MUNICIPALITY

LAND EVALUATION COMMITTEE

TO PROVIDE FOR THE ESTABLISHMENT OF A LAND EVALUATION COMMITTEE, TO DEFINE ITS FUNCTIONS AND TO PROVIDE FOR INCIDENTAL MATTERS IN COMPLIANCE WITH THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003

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1. DEFINITIONS

1.1 ***"Accounting Officer"*** **–** means the Municipal Manager of the Nelson Mandela Bay Metropolitan Municipality;

1.2 "***Acquisition Committee***" **–** means such Committee as is established by the KLM in relation to Acquisition Management in accordance with the MFMA and the Supply Chain Management Policy;

1.3 ***"Basic Municipal Services"*** **–** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger

public health or safety or the environment;

1.4 "***Code of Conduct for Councillors*" –** means item 5 or 6 of the Code of Conduct for Councillors as set out in schedule 1 to the Municipal Systems Act 32 of 2000;

1.5 "***Code of Conduct for Municipal Staff Members*" –** means item 4 or 5 of the Code of Conduct for Municipal Staff Members as set out in Schedule 2 to the Municipal Systems Act 32 of 2000;

1.6 "***Committee*" –** means the Kouga Municipality Land Evaluation Committee;

1.7 "***Community Value*" –** means any value to be received in exchange for any immovable capital asset as determined by the Municipal Council in accordance with Section 14(2)(b) of the MFMA;

1.8 "***Councillor*" –** means any member of a Municipal Council of any Municipality;

1.9 "***Economic Value*" –** means any value to be received in exchange for any immovable capital asset as determined by the Municipal Council in accordance with Section 14(2)(b) of the MFMA;

1.10 "***Fair Market Value*" –** means, in relation to any immovable capital asset, the fair market value thereof as determined by a Registered Valuer;

1.11 "***Gratification*" –** includes **-**

(a) money, whether in cash or otherwise;

(b) any donation, gift, loan , fee, reward, valuable security, property or interest in property of any description, whether movable or immovable or any other similar advantage;

(c) the avoidance of a loss, liability, penalty, forfeiture, punishment or other disadvantage;

(d) any office, status, honour, employment, contract of employment or services, any agreement to give employment or render services in any capacity and residential or holiday accommodation;

(e) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;

(f) any forbearance to demand any money or money's worth or valuable thing;

(g) any other service or favour or advantage of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and includes the exercise or the forbearance from the exercise of any right or any official power or duty;

(h) any right or privilege;

(i) any real or pretended aid, vote, consent, influence or abstention from voting; or

(j) any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage;

1.12 "***Induce*" –** includes to persuade, encourage, coerce, intimidate or threaten;

and

1.13 "***Inducement*" –** has a corresponding meaning;

1.14 "***Land Evaluation Committee*" –** means the Kouga Municipality Land Evaluation Committee;

1.15 "***Member*" –** means a member of the Land Evaluation Committee;

1.16 "***Municipal Council*" –** means the Council of the Kouga Municipality;

1.17 "***Municipal Entity*" –** has the meaning assigned to it in Section 1 of the Municipal Systems Act;

1.18 "***MFMA*" –** means the Local Government: Municipal Finance Management Act 56 of 2003;

1.19 "***Municipal Manager*" –** means the Municipal Manager of the KLM appointed in terms of the Municipal Structures Act;

1.20 "***Municipal Structures Act*" –** means the Local Government: Municipal Structures Act 117 of 1998;

1.21 "***Municipal Systems Act*" –** means the Local Government: Municipal Systems Act 32 of 2000;

1.22 "***KLM*" –** means the Kouga Local Municipality;

1.23 "***Official*" –** means **–**

(a) an employee of the ; KLM

(b) a person seconded to the KLM to work as a member of the staff of the KLM; or

(c) a person contracted by the KLM to work as a member of the staff of the KLM otherwise than as an employee;

1.24 "***Policy*" –** means the policy and procedures for the disposal of immovable capital assets as adopted by the KLM**;**

1.25 "***Supply Chain Management Policy*" –** means the Supply Chain Management Policy adopted by the KLM in terms of the MFMA**;**

2. ESTABLISHMENT

As from a date to be determined by the Accounting Officer there shall be established a Committee to be known as the Kouga Local Municipality Land Evaluation Committee.

3. CONSTITUTION OF THE COMMITTEE

3.1 The Committee shall consist of not less than five (5) members to be appointed by the Accounting Officer, all of whom shall be Officials, save that the Accounting Officer shall be entitled to appoint an external specialist advisor if deemed appropriate to serve on the Committee and shall ensure, where practicable, the Committee includes at least one (1) senior supply chain management practitioner and at least one (1) technical expert both of whom shall be Officials of the Municipality if the Municipality has such officials.

3.2 No Councillor may be a member of the Committee nor attend any meeting of the Committee as an observer.

3.3 The Accounting Officer shall designate any member of the Committee as Chairperson and any other member as vice-Chairperson who shall act as a Chairperson of the Committee when the Chairperson is absent or is unable to perform his or her duties, and when both the Chairperson and vice-Chairperson are absent from a meeting of the Committee, the members present thereat may elect one of their number to preside at such meeting.

3.4 The term of office of each member shall be at the pleasure of the Accounting Officer.

3.5 If required, any vacancy shall be filled by the appointment of a further member by the Accounting Officer.

4. POWERS AND DUTIES OF THE COMMITTEE

4.1 Having regard to the provisions of Section 14 of the MFMA, the Regulations promulgated thereunder and the powers reserved for a decision by the Municipal Council, the Committee's function shall be to evaluate tenders, contracts or other bids and/or objections thereto in relation to the transfer of and the granting of rights to use, control or manage immovable capital assets by the KLM and to make a recommendation to the Accounting Officer to make a final award or to make another recommendation to the Accounting Officer as to how to proceed with the relevant transaction and to evaluate and make recommendations to the Accounting Officer relative to any intended acquisition of immovable capital assets by the KLM in accordance with 4.17.

4.2 The Committee shall be entitled to make such procedural rules as may be appropriate to facilitate their functions and powers provided such rules are not in conflict with the MFMA, the regulations promulgated thereunder, or the Policy.

4.3 The Committee shall not be entitled to determine the nature of any particular type of

process adopted in relation to the method of transfer of or the granting of rights to use, control or manage any particular immovable capital asset but shall be obliged to report to the Accounting Officer and make such recommendations as it deems fit should it be of the opinion that any particular type of process adopted in relation to the transfer of or the granting of rights to use, control or manage under consideration is not fair, equitable, transparent, competitive and consistent with the Supply Chain Management Policy.

4.4 In the instance of the evaluation of an unopposed unsolicited bid, the Committee shall, prior to the evaluation thereof, first establish from the Housing and Land Directorate of the KLM that the transaction has, prior to submission to the Committee, been advertised for interested parties to participate in competing for the transaction or to object thereto. Should no response to the advertisement for expressions of interest or objections have been received, the unsolicited bid shall be recommended for award by the Accounting Officer subject to Section 14(2) of the MFMA and subject to the Committee being of the opinion that the process followed in relation to the transaction has been in compliance with Section 14(5) of the MFMA.

4.5 Any transaction to be evaluated by the Committee where multiple parties have expressed interest or where objections to the particular transaction have been noted shall be evaluated by the Committee in light of such competing expressions of interest and/or objections subject to the Committee being satisfied that the process followed in relation to the envisaged transaction has been fair, equitable, transparent, competitive and consistent with the Supply Chain Management Policy.

4.6 The Committee shall take cognizance of and abide by any pre-qualification criteria imposed in relation to any particular matter under consideration provided such pre-qualification criteria have been open and transparent.

4.7 The Committee shall not consider any contract, tender or bid submitted otherwise than in accordance with approved documentation applicable in each particular instance or in the event of such documentation not having been completed in all required respects.

4.8 The opening, registering and recording of competing contracts, tenders or bids shall take place in public and shall be opened at the same time or as soon as possible after

the period for the submission of such competing contracts, tenders or bids has expired.

4.9 The Committee shall be obliged, if required, to read out the names of persons submitting competing contracts, tenders or bids and, if practical, the total consideration offered by such persons in respect of any particular transaction

4.10 The Committee shall exclude contracts, tenders and/or bids submitted by persons where a conflict of interest has been disclosed on the submitted documentation or is apparent and a record of such excluded contracts, tenders and/or bids shall be submitted to the Accounting Officer together with the Committee's recommendation.

4.11 All contracts, tenders and/or bids and objections shall be considered in accordance with the Policy and, where applicable, the Conditions of Tender and, where applicable, the Sworn Statements submitted by interested parties.

4.12 In evaluating any particular transaction the Committee shall take cognizance of:

4.12.1 The Fair Market Value of the immovable capital asset; and

4.12.2 The Fair Market Value of the immovable capital asset as considered in accordance with Section 14(2) of the MFMA should the Municipal Council have already considered the matter in terms of Section 14(2) at the time of its evaluation; and

4.12.3 Any perceived interest of the public or the plight of the poor in relation to the specific transaction; and

4.12.4 Any economic and/or community value in relation to the transaction or attributed to any person and/or the demands of the public interest or plight of the poor as same may influence the value of the immovable capital asset as determined by the Council of the KLM.

4.12.5 Whether the particular transaction has been referred back to the

Committee for re-evaluation pursuant to the termination of any recommended award.

4.13 The Accounting Officer may at any stage of the process envisaged herein, refer any recommendation of the Committee back to the Committee for reconsideration of the recommendation.

4.14 Any award of a contract, tender or bid by the Accounting Officer pursuant to a recommendation of the Committee shall be subject to the prior compliance with Section 14(2) of the MFMA.

4.15 In the event of any dispute in relation to the recommendation of the Committee, the Accounting Officer shall appoint an independent and impartial person not directly involved in the supply chain management processes of the KLM:

4.15.1 to assist in the resolution of such dispute; or

4.15.2 to deal with any objections, complaints or enquiries regarding the recommendation of the Committee or any matters arising from any particular transaction;

which objections, complaints or enquiries shall be lodged in writing with the Accounting Officer within fourteen (14) days of the recommendation of the Committee or the action objected to.

4.16 All powers and duties of the Committee shall be conducted by its members impartially and without prejudice and shall be untainted by personal self-interest.

4.17 Where it is the intention of the KLM to acquire an immovable capital asset and the Accounting Officer has confirmed, in writing, that the official procurement processes established in terms of the Supply Chain Management Policy have been dispensed with in accordance with Regulation 36 of the MFMA, the function of the Committee shall be to evaluate the intended acquisition in relation to the Fair Market Value of the immovable capital asset and to confirm, in writing, to the Accounting Officer that it is

of the opinion that the intended acquisition and process relative thereto has and will be fair, equitable, transparent and costs effective and shall further make such recommendation to the Accounting Officer as it deems meet in relation to any objections received relative to the intended acquisition.

Where the official procurement processes established in terms of the Supply Chain Management Policy have not been dispensed with in relation to the intended acquisition, the intended acquisition shall be referred to the Acquisition Committee for evaluation.

5. MEETINGS OF THE COMMITTEE

5.1 The meetings of the Committee shall be held at such times and places as the Chairperson may determine or the Accounting Officer may direct.

5.2 If the Chairperson for any reason does not attend any meeting of the Committee, the vice-Chairperson shall preside, whom failing, the members present thereat shall elect one of their number to preside at that meeting.

5.3 The Chairperson, or the other person presiding at a meeting of the Committee, shall determine the procedure at such meeting.

5.4 The decision of the majority of members present at any meeting of the Committee, shall constitute a decision of the Committee.

5.5 Three (3) members of the Committee shall constitute a quorum for any meeting of the Committee.

5.6 In the event of an equality of votes in regard to any matter, the Chairperson of the Committee, or the person elected under subsection (2) as Chairperson for the meeting concerned, shall in addition to his or her deliberative vote have casting vote.

5.7 The proceedings of the Committee shall not be invalid merely by reason of the existence of a vacancy on the Committee.

5.8 Any member of the Committee having a direct or indirect interest in any particular transaction shall immediately disclose such interest to the Chairperson of the Committee and the Accounting Officer in writing and shall withdraw from the sitting of the Committee in relation to the particular transaction and shall have no vote thereat.

5.9 The Accounting Officer shall be entitled to appoint a neutral or independent observer to attend and/or oversee any meeting of the Committee when appropriate to ensure fairness and promoting transparency.

6. RECOMMENDATIONS OF THE COMMITTEE

6.1 All recommendations of the Committee shall be submitted to the Accounting Officer and, where practical, within three (3) months of closure of any advertisement pertaining to the particular transaction.

6.2 Any recommendation of the Committee shall be based on fairness, equitability, transparency, competitiveness and shall be consistent with the Supply Chain Management Policy.

6.3 All recommendations of the Committee or decisions unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by Councillors in contravention of the Code of conduct for Councillors or Municipal Officials in contravention of the Code of conduct for Municipal Staff Members shall be invalidated by the Accounting Officer.

7. GENERAL

7.1 No person shall amend or tamper with any tenders, quotations, contracts or bids after their submission to the Committee.

7.2 No person shall interfere with the functioning of the Committee.

7.3 The Committee shall, at all times, operate within the framework of the Supply Chain Management Policy.

7.4 No member of the Committee shall accept any Gratification, whether directly or indirectly in relation to any transaction evaluated, being evaluated or to be evaluated by the Committee and shall immediately report any offer or proposal of such Gratification or Inducement to the Accounting Officer who shall be entitled to exclude such member from attending any meeting pertaining to the particular transaction or voting thereat.

7.5 No member of the Committee shall Induce another member to act, evaluate or make a recommendation in any particular manner, nor shall any member offer any Gratification to any other member to act, evaluate or make a recommendation in any particular manner.

8. IMPLEMENTATION

8.1 The Accounting Officer shall ensure that the Committee is timeously established and the members thereof timeously appointed so as to ensure the effective functioning of the Committee.

8.2 The Accounting Officer shall take all reasonable steps to ensure that proper mechanisms and separation of duties in the Supply Chain Management System of which the Committee forms a part, are in place to minimize the likelihood of fraud, corruption, favoritism and unfair or irregular practices.

8.3 The Accounting Officer shall designate an appropriately qualified person to deal with all Appeals against any recommendation of the Committee, which Appeal shall be noted within fourteen (14) days of the recommendation of the Committee.

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PAUPER AND SOCIAL BURIAL
DRAFT POLICY

PAUPER AND SOCIAL BURIAL DRAFT POLICY

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PAUPER AND SOCIAL BURIAL DRAFT POLICY

The policy on Paupers and Social Burials will be a guide to Council, Officials, Individuals, Community and Funeral Undertakers on the handling of the above.

1. INTERPRETATION/ DEFINITIONS

In this policy, unless the context otherwise indicates –

" All inclusive"	means inclusive of VAT, coffins, graves, collection (transport) costs, storage costs, burial/ funeral costs;
"Adult"	means a deceased person over the age of 12 years;
"Approved funeral undertaker"	means a funeral undertaker's premises in respect of which a certificate of competence has being issued by an Environmental Health Practitioner of Council in terms of the "Regulations Relating to Funeral Undertakers Premises (R237 of 08 February 1995)".
"Body"	means the remains or any portion thereof any deceased person;
"Certified"	means a signed affidavit by a Ward Councilor of Council specifying that a family member(s) is/are known to him/her and that he/she/they/is/are destitute;
"Cemetery"	means any land or part thereof which the municipality duly set aside by the Council as a cemetery;
"Child"	means a deceased person who is not an adult;
"Crematorium"	means a crematorium as defined in Section I of the Ordinance and includes any place set aside by the Council for the cremation of a body;
"Council "	means Kouga Local Municipality;
"Destitute"	means without any income or financial means;
"Indigent person"	means a destitute person who has died in indigent circumstances, or if no relative or other person, welfare organization or NGO can be found to bear the burial costs of such deceased person. The Kouga Municipality can bury such a person as a pauper;
"Municipal area"	means the area placed under the control or jurisdiction of Council;
"Officer in Charge"	means an Environmental Health Practitioner in the employ of Council;
"Pauper"	A pauper or destitute corpse is defined as a deceased person without a next of kin or an unclaimed body / who's

next of kin can verify inability to afford funeral expenses due to poverty conditions that exist within that family.

"Pauper Burial"	Pauper burial is defined as a process of ensuring that, the burial of a pauper / destitute corpse is executed by the relevant Local Authority / Council in a human dignified manner by making sure that all the basic requirements needed to bury a deceased person are considered.
"Registrar of deaths"	means any person appointed as registrar of deaths in terms of the Births, Marriages and Deaths Registration Act, 1963(Act No.810f 1963);
"Social burial"	means a soft social service by the Council in public private partnership for the destitute
"State Institution"	means a Hospital or Police Mortuary
"Tariff"	means a tariff of charges as determined by the Council as per approved budget;
"Working hours"	from Monday to Friday as determined from time to time by the Council to be normal working hours.

2. **POLICY OBJECTIVES**

i) To make sufficient provision for the bodies of the destitute (paupers) to be buried.

ii) To make provision for the assistance of the poorest of the poor to be buried.

iii) To differentiate between certain criteria of the deceased.

iv) To have guidelines when approached for assistance in terms of these burials.

v) To assist with the social and economic difficulties of communities within Kouga Municipality.

vi) To create a sense of public private partnerships.

vii) To give ownership and responsibility to the people.

viii) To manage the budget more effectively in terms pauper and social burials.

3. DISPOSAL OF BODY

3.1. No person shall, with prior consent of the Council, dispose of or attempt to dispose of a body other than in a cemetery or cremation in a crematorium.

3.2. If that person is an unknown person the Municipality will take possession of the body and keep it through its agent 'Funeral Undertaker' for at least three months, in an approved and registered mortuary.

3.3. If that person was an indigent person, the council will decide on the time and place of burial through its Officer in Charge.

4. PAUPER AND SOCIAL BURIALS

4.1. Pauper burials

4.1.1 The principal on which pauper burials are to be performed will be as follows:

4.1.1.1 The unclaimed body will be at a Hospital within the jurisdiction of the Kouga Municipality or at a Police Mortuary within the Kouga Municipality, s jurisdiction.

4.1.1.2 The unclaimed body will be at a Hospital outside the jurisdiction of the Kouga Municipality, which was referred by the Kouga Municipality to that hospital outside its jurisdiction.

4.1.1.3 The Kouga Municipality will order a funeral undertaker to remove the body and put in a pauper coffin for burial.

4.1.1.4 The Kouga Municipality will arrange for a burial site to be prepared after which the funeral undertaker will bury the remains at Council' s cost.

4.1.1.5 The Kouga Municipality will have pre- arranged tariffs with the funeral undertaker to be in line with the budget.

4.2 Social burials

4.2.1 The principle on which social burials are to be performed is aimed at community upliftment and public partnerships, which would be applied as follows:

4.2.1.1 The onus of proof of being indigent rests with the applicant declaring indigency and confirmed by next of kin or representatives, Ward Councilors and presented to the Officer in Charge.

4.2. I .2 An application to be completed at the Health Department of Council for a social burial.

4.2. I .3 Kouga Municipality by means of an official order to a funeral undertaker will provide 50% of the cost of the coffin used in the case of a pauper.

4.2.1.4 Kouga Municipality will charge 50% of the applicable tariff for a burial site from the family as the budget.

4.2. I .5 The family will dig and excavate the grave at their own cost.

5. STANDARD OPERATING PROCEDURE FOR PAUPER BURIALS

5.1 The Standard Operating Procedure for Pauper and Social burials is as follows:

- The deceased must have died within the boundaries of Kouga Municipality;
- The deceased and / or the family must have been unemployed, not receiving any grants or pensions to cover for the burial expenses;
- If the next of kin is available, he / she must sign a right of claim over the body to the Council responsible to dispose of it as the Council deems fit, e.g. burying or cremating it, whichever will be cost effective;
- The burial will be conducted by the undertaker contracted to the Municipality, where there is no undertaker contracted, the Municipality shall make the necessary arrangements to bury such body in a dignified manner.
- The following supportive documents to substantiate the application, must be submitted:
  - Identification Document of the deceased (if the deceased is a known person) and date of death
  - Death Certificate BR 5
  - SAP BL 20
  - SAP Report with a case number and permission to bury
  - Sworn affidavits from SAPS, stating the financial position; relationship of person giving the affidavit (indicating his / her ID number and place of residence); permission to surrender the deceased body to Kouga Municipality to deal with it in a way as guided by the Policy and its By - Laws
  - Letters from the Department of Social Development and relevant Ward Councillor, confirming the poverty conditions being experienced

- Quotation from the Funeral Undertaker unless instructed by the Officer in Charge to make use of an undertaker appointed by Council

- There will be no provision for payment other than to the contracted undertaker or service provider to execute the burial of the corpse;
- No transport must be provided for the family to attend the burial of the deceased;
- No financial contributions must be made towards food, tents, etc.;
- Burials must be undertaken during weekdays only;
- In the event of functions taking place after the burial of the deceased, irrespective of the financial source provided by any member of the family or community, the assistance will be considered null and void and the burial cost will be recovered;
- No memorial, tombstone and or exhumation will be erected on the gravesite. Should such an application be received in future, the applicant will be held responsible for the payment of the costs incurred during the burial;
- Should an application be received for the purpose indicated in the section as mentioned above due to financial status having improved in the family, the person wanting to conduct the above process shall first reimburse the Municipality of whatever amount that was spend during the pauper burial before permission to erect the tombstone can be given;
- All applications for pauper burials shall be submitted to the Environmental Health Section, for approval and administering necessary arrangements in the burial of a pauper;
- The Municipality shall not be responsible for the removal of the deceased body from home or a street, wherever it is found dead, since that process is the prerogative of the South African Police Services (SAPS)

5.2 Sworn affidavit must indicate the following:

5.2. I The relationship of person giving the affidavit, indicating his/her ID number and place of residence

5.5.2 The permission to surrender the body to the Kouga Municipality to deal with it in a way as guided by this policy and its bylaws

6. That Pauper Burials approved in terms of this policy, will take place within working hours, as determined by Council.

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WARD COMMITTEE

POLICY

WARD COMMITTEE POLICY

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WARD COMMITTEE POLICY

1. DEFINITIONS

In this by-law, unless the context otherwise indicates, the words/phrases below have been assigned the following meaning:

CBO	:	a community-based organization
Chairperson	:	A Ward Councillor of the Municipality appointed to chair the Ward Committee meetings in terms of Section 73 (2)(a) of the Municipal Structures Act
Chief Whip	:	A Municipal Councillor who is appointed to this position by the Council in terms of Section 12 of the Municipal Structures Act
Community	:	residents of a ward, i.e. the ward community
Council	:	the municipality's body of elected Ward Councillors and proportionally representative Councillors (comprising the local government) as established in terms of the Municipal Structures Act
Electoral Committee	:	a committee established by the Speaker and MEO to conduct the election of members of the Ward Committee
Election Officer	:	a person appointed by the Electoral Committee to assist with the election of Ward Committee members

IDP	:	the integrated development plan of the Municipality as adopted by the Council in terms of the Municipal Systems Act
IEC	:	Independent Electoral Commission
Interest group/sector	:	an organized formation that takes an active interest in the affairs of a ward
Member	:	a person elected or co-opted into a Ward Committee
MEO	:	Municipal Election Office
Municipality	:	the Kouga Local Municipality, established in terms of Section 12 of the Municipal Structures Act
Municipal Manager	:	the head of the administration and accounting officer of the Municipality and appointed by the Council in terms of Section 82 of the Municipal Structures Act
Municipal Structures Act	:	The Local Government: Municipal Structures Act, No. 117 of 1998, as amended
Municipal Systems Act	:	The Local Government: Municipal Systems Act, No 32 of 2000
NGO	:	a non-governmental organization
PR Councillor	:	a proportionally representative Municipal Councillor appointed in terms of Section 22 (1)(a) of the Municipal Structures Act, by a

political party to represent that party in the Council

Speaker : The Chairperson of the Council and a Municipal Councillor elected to this position by the Council in terms of Section 36 of the Municipal Structures Act

Unorganized Sector : any sector that is not structurally organized at the level of a ward

Ward Committee (WC): a committee of a municipal ward, established in terms of Part 4 of the Municipal Structures Act

Ward Coordinator : a member appointed by the Ward Councillor to assist him/her in ensuring the smooth running of the Ward Committee and the community's affairs

Ward Councillor : A Municipal Councillor elected in terms of Section 22 (1)(b) of the Municipal Structures Act, to represent a demarcated council ward

2. ESTABLISHMENT OF WARD COMMITTEE SYSTEM

2.1 Ward Committees for all 15 (fifteen) wards of the municipality are hereby established in terms of the Municipal Structures Act.

2.2 The Ward Committees so established must come into effect once committee members have been elected, as set out below.

3. COMPOSITION OF WARD COMMITTEES

3.1 Each Ward Committee must comprise of the Ward Councillor, as Chairperson, and 10 (ten) elected community members.

3.2 The Ward Committee members must be residents of the ward to whose Ward Committee they have been elected.

3.3 Notwithstanding the provisions of clause 3.2, any person who is not a resident of that ward, may become a Ward Committee member provided that the person represents an interest group/sector stationed in the ward, or owns a business property in the ward.

3.4 No person may be a member of more than 1 (one) Ward Committee at the same time.

3.5 The composition of the Ward Committee must reflect the following factors:

3.5.1 Equitable representation of women
3.5.2 geographic representation
3.5.3 population diversity and interests

3.6 The Ward Committee members so elected must assume office upon election.

3.7 PR Councillors appointed to serve in the municipality must be *ex officio* and non-voting members of the Ward Committee of the ward they reside in, or any other Ward Committee assigned to them by the Chief Whip in consultation with the Speaker.

3.8 In the course of the term of office of the Ward Committee, any person deemed to be necessary for the success of the committee, or who could add value to the Ward Committee system as a whole, can be co-opted by the committee in consultation with the Ward Councillor to serve as *ex officio* in an advisory capacity on that Ward Committee without the rights to vote.

3.9. Each ward must have not more than ten (10) members choosing from the following portfolio:

(a) Youth

(b) Women

(c) Religious

(d) Sports and culture

(e) Health and Welfare

(f) Business

(g) Environment

(h) Education

(i) Elderly

(j) Community Safety & Security

(k) Ratepayers / Civic Association

(l) Informal Traders Association

(m) Agricultural

(n) Informal Traders

(o) People living with disabilities

(p) Farmworkers

(q) Employment

(r) Tourism, and

(s) Unions

(t) Geographical areas

3.10. Unless a Ward Councillor, or municipality, wishes to appoint a secretary, the Municipality must appoint a secretary and assistant secretary from its membership to fulfill relevant duties of the Ward Committee.

3.11. A Ward Councillor may delegate in writing the chairing of a meeting in his/her absence to a Proportional Representation Councillor or any member of the Ward Committee.

3.12. Each portfolio leader may nominate five (5) members more broadly from that particular ward to increase the performance and functionality of the portfolio.

4. POLITICAL AFFILIATION IN WARD COMMITTEES

4.1 Ward Committee members must not be elected to represent political parties, or for the unofficial benefit of any political party.

4.2 Canvassing for election of Ward Committee members must not be motivated by political concerns.

5. ROLE AND FUNCTIONS OF THE ELECTORAL COMMITTEE

5.1 Establishment of an Electoral Committee

The Office of the Speaker, must in collaboration with the MEO, form the election body and appoint the Electoral Committee.

The Electoral Committee will conduct and oversee the election of members of the Ward Committee.

5.2 Appointment of presiding officers, election officers and counting officers

The Electoral Committee will appoint a presiding officer, one or more election officers and counting officers for each of the 10 wards to manage and administer the Ward Committee elections in their respective wards.

5.3 General provisions concerning appointment of officers

A person may not be appointed as an officer in a Ward Committee election if that person:

5.3.1 is a Ward Committee members contesting the election;

5.3.2 holds political or executive office in a political party.

5.4 Exercise of control over officers

An officer exercises the powers and performs the duties conferred on or assigned to that officer subject to the directions, control and disciplinary authority of the Electoral Committee.

5.5 Remuneration and conditions of appointment of the officer

The Electoral Committee must determine in writing the terms and conditions of appointment of an officer, including remuneration payable to that officer.

5.6 Duties of presiding, election and counting officers

The presiding, election and counting officers:

5.6.1 must manage, co-ordinate and supervise the voting process at the voting station concerned;

5.6.2 must take all reasonable steps to ensure orderly conduct at the voting station;

5.6.3 May order a member of security services (SAPS) to assist in ensuring orderly conduct of the voting station;

5.6.4 may order any person within the boundary of the voting station who's conduct is not conducive to a free and fair election at that voting station, to leave the premises;

5.6.5 must count and announce the votes received for each nominee from the ward community members present at the voting station;

5.6.6 must secure the number of votes received by each nominee in writing on the relevant nomination form;

5.6.7 must declare the voting process open and closed;

5.6.8 must submit the election results and the report to the election committee for submission to the Office of the Speaker;

5.6.9 If a person refuses to comply with an order of a presiding, election or counting officers presiding, in Ward Committee election or counting; officers in charge may order members of security (SAPS) to forcefully remove the person or declare the voting process closed and submit a report to the election committee.

6. **NOMINATION AND ELECTION PROCESS**

6.1 Nominations

6.1.1 *Sectoral, geographical and individual representation*

The Office of the Speaker must invite all CBO's and NGO's in every ward to nominate individuals as their representatives on the Ward Committee. Only persons 18 years and older, and representing an interest group/sector stationed in the ward, or owning a business or property in the ward may be nominated.

6.1.2 *Notice of nominations to the Ward Committees*

The Electoral Committee must give public notice of the time, venues and mode whereby nominations for Ward Committee members must be accepted. This notice must be published in at least 1 (one) newspaper of general circulation at least 30 (thirty) calendar days before each Ward Committee Election.

6.1.3 *Nominees*

Only persons 18 years and older, and who represent an interest group/sector stationed in the ward, or own a business or property in the ward will have the right to nominate candidates for the Ward Committee of that ward.

6.1.4 *Nomination Forms*

Nomination forms must be available to the Ward Committees at the Office of the Speaker or any other municipal office. After completion of each nomination form, it must be handed to the Electoral Committee, who will designate offices for this purpose and formally acknowledge receipt of each nomination.

6.1.5 *Safekeeping of nominations*

The Electoral Committee must keep a register of the nominations received as well as the completed nomination forms in a safe place until the day of the Ward Committee election, when they will be handed over to the presiding officer at the voting station.

6.2 Elections

6.2.1 *Elections*

The Electoral Committee must, in consultation with the Speaker and the Ward Councillor, give the ward community written notice of the date, time and venue of the election of Ward Committee members in each ward at least 30 (thirty) calendar days before the election. This notice must be published in at least 1 (one) newspaper of general circulation at least 30 (thirty) calendar days before each Ward Committee election.

6.2.2 *Postponement of elections*

If an election should be postponed for any reason, a written public notice of the time and venue of the postponed election must be published in at least 1 (one) newspaper of the general circulation

at least 30 (thirty) calendar days before the new date of the Ward Committee election.

6.2.3 *Election procedures*

The election must be conducted in accordance with the Council approved policy in this regard.

6.2.4 *Voting Rights*

Only persons 18 years and older who are residents or owners of businesses and/or property in each ward have the right to vote.

6.2.5 *Representation*

The election procedure must ensure that at least 3 (three) of the 10 (ten) community members elected onto the Ward Committee are women. Should no women be elected, the first 7 (seven) elected male members will qualify to serve on the Ward Committee and the remaining 3 (three) positions must be reserved for women, to be appointed later by the Electoral Committee after consultation with the Ward Councillor.

6.3 Keeping of records

The Electoral Committee must keep the records of nominations and the ballot papers in a safe place for 1 (one) year after the election.

6.4 Term of Office

6.4.1 The members of Ward Committee are elected for a term determined by the municipal council.

6.4.2. The term of office of the Ward Committee members is elected for a period of less than 2 (two) years and no longer than 3 (three) years

6.4.3. Elected members may stand for election for a second term.

6.5 Chairpersonship

The Ward Councillor must be the Chairperson of the Ward Committee.

6.6 Role and function of a ward co-coordinator

6.6.1 The Ward Councillor must appoint a ward co-coordinator from among the elected Ward Committee members.

6.6.2 The ward co-coordinator will be responsible for the administration of the committee and ensure that the committee is functioning in the proper manner.

6.6.3 The ward co-coordinator will oversee the minute taking of the committee and the record keeping of the minutes.

7. VACATION OF OFFICE BY A WARD COMMITTEE MEMBER

7.1 In the following events, the Ward Committee members must vacate his/her office:

If a member:

7.1.1 Absents him/herself form 3 (three) consecutive meetings without an apology.

7.1.2 Absents him/herself in an *ad hoc* fashion from 6 (six) consecutive meeting with an apology.

7.1.3 Is proven to be actively involved in campaigns for the removal of the Ward Councillor without having raised grievances against the Ward Councillor in the Ward Committee Meeting.

7.1.4 Acts in a manner that undermines the authority of the Ward Councillor, the Council and/or the Ward Committee.

7.1.5 Commits a crime that results in a conviction without the option of a fine.

7.1.6 Consistently exhibits violent, abusive and intimidatory behaviour towards other committee members and/or the community.

7.1.7 Attends a meeting under the influence of alcohol and/or illegal drugs.

7.1.8 Is proven to have accepted a bribe from any party that has an interest in a development project for that particular ward.

7.1.9 Is proven to have used his/her membership of the Ward Committee to extract, or attempt to extract, favours of any kind.

7.1.10 is elected as a councillor in the municipality.

7.1.11 is appointed as a staff member of the municipality.

7.1.12 without good cause, acts against the decision(s) of the Ward Committee.

7.1.13 is involved in party political canvassing or similar activity during Ward Committee meetings.

7.1.14 Resigns

7.1.15 Dies.

7.1.16 is guilty of an infringement of this by-law.

7.1.17 If, after being found guilty of an infringement of this by-law, is ordered by the Speaker to vacate his/her office.

7.1.18 is ordered to vacate the office by an order of the High Court of South Africa.

7.2 The Speaker will appoint a disciplinary committee to deal with matters of discipline.

8. FILLING OF VACANCIES

8.1 Vacancies of a Ward Committee will be filled as follows:

8.1.1 When a vacancy occurs as a result of the departure of a sectoral representative, the affected sector must be requested to nominate their sectoral replacement. The sectoral nominee will then be part of the Ward Committee.

8.1.2 When a vacancy occurs as a result of the departure of an unorganized sector representative, the Ward Councillor must nominate 2 (two) people from the affected group, which nomination will be put before the Ward Committee for a decision. The Ward Committee must, after deliberations, appoint 1 (one) person who will be part of the Ward Committee.

8.1.3 The Ward Committee must fill vacancies only if they do not exceed the majority of elected members. In the event of 50% (fifty percent) plus 1 (one) of elected members ceasing to be Ward Committee members, the Ward Councillor must notify the Speaker to arrange for the election of a new Ward Committee.

8.2 It is the responsibility of the Ward Committee, together with the Ward Councillor, to fill vacancies on the Ward Committee.

9. POWERS, FUNCTIONS, DUTIES AND OBLIGATIONS OF WARD COMMITTEES

9.1 A Ward Committee has the following powers, functions, duties and obligations:

9.1.1 giving inputs towards the preparation, implementation and review of the Integrated Development Plan (IDP);

9.1.2 participating in the establishment, implementation and review of the municipality's management system;

9.1.3 monitoring and reviewing the municipality's performance, including the outcomes and impact of such performance;

9.1.4 participating in the drafting of the municipality's budget;

9.1.5 giving inputs on strategic decisions relating to the provisions of municipal services;

9.1.6 supplying inputs in the form of recommendations to the municipality through the Ward Councillor;

9.1.7 making recommendations on matters affecting their ward through the Ward Councillor;

9.1.8 acting in an advisory capacity to the Ward Councillor;

9.1.9 acting as a consultative body for the municipality and its departments and provincial and national government, and canvassing community opinion on the matter;

9.1.10 exercising any power and authority delegated in writing by the Council to the Ward Committee;

9.1.11 acting as a consultative agent for NGO's and CBO's, without incurring any liability for the municipality, unless the consultation is part of a specific official municipal project;

9.1.12 co-opting members to the Ward Committee in the event of vacancies;

9.1.13 co-opting non-voting members with specialist skills to the Ward Committee.

9.1.14. receive queries and complaints from residents concerning municipal service delivery, communicate it to council and provide feedback to the community on council's resource.

9.1.15. ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community developments forum.

9.1.16. interact with other forums and organizations on matters affecting the ward.

9.1. 17. A Ward Committee, may assist the municipality by ensuring that community members participate in the satisfaction survey.

10. **WARD COMMITTEE MEETINGS**

10.1 The Ward Councillor must convene meetings of the Ward Committee at least once a month, and a list of the meeting dates must be supplied to the Office of the Speaker for inclusion in the official municipal calendar not later than 31 January of the following year following the election of Ward Committees.

10.2 The Ward Councillor must decide on the place, dates and times of Ward Committee meetings in consultation with members of the Ward Committee and the Office of the Speaker.

10.3 Notice of the time and place of every meeting of the Ward Committee must be served on every member at least 7 (seven) days before the meeting.

10.4 The validity of a meeting is not affected if the notice of the meeting is accidentally not served on a member.

10.5 Every member attending a meeting must sign his or her name in the attendance register kept for this purpose.

10.6 Quorum

10.6.1 A quorum of the Ward Committee must be 50% plus 1 (one) members of the Ward Committee.

10.6.2 If a quorum is not formed within 10 minutes after the time appointed for a meeting, the meeting will not be held unless it is decided by the Chairperson that a further ten minutes should be allowed to enable a quorum to be formed.

10.6.3 If a quorum is still not present after the extended time contemplated in subsection 10.6.2, the Chairperson may rule to adjourn the meeting until another time or date.

10.6.4 Notice of an adjourned meeting must be given in accordance with clause 10.3 and 10.4 above.

10.7 Decision making of Ward Committees

10.7.1 A Ward Committee must strive to reach decisions through consensus;

10.7.2 If a matter remains unresolved after thorough discussion, the matter will be decided by a vote;

10.7.3 If the votes are equal, the Chairperson will have the deciding vote.

10.8 Appointment of Acting Chairperson

10.8.1 If the Ward Councillor is unable to attend a Ward Committee meeting, he/she must appoint a Ward Committee member to chair the meeting.

10.8.2 If the Ward Councillor is unable to appoint a substitute Chairperson, the Ward Committee must do so at the start of the meeting.

10.9 Ward Committee Meetings are open to interested parties in an observer capacity.

10.10 Public/Constituency Meetings

10.10.1 Public meetings are mainly held in order; -

(a) to register the concerns and inputs of the community with regard to service delivery, general development of the community, disaster

management and any other municipal concern community may have; and

(b) to report back to the public on issues that affect it.

10.10.2 Ward or public meetings must be chaired by the Ward Councillor. A Ward Councillor may delegate in writing the chairing of the meeting in his /her absence to a proportional representative Councillor or any member of the ward member.

10.10.3 If the committee decides to hold a public meeting, it may publish a notice in a newspaper circulating in the area concerned, stating time, date and place of the meeting or each meeting and inviting the public to attend the meeting in a well-known place, which is easy accessible and large enough to accommodate everyone.

10.10.4 At a public meeting, a representative of the committee must explain the meeting procedure, such as adoption of agenda and time allowed for questions.

10.10.5 Explain issues the committee has to consider, including any options open to the committee.

10.10.6 Give feedback on previous issues, including reasons if there is a lack of progress

10.10.7 Public meetings are not political platforms and Ward Committee members and the public should refrain from making party political statements, campaigning and canvassing.

10.11. Work Programmes

10.11.1 The Ward Committee must submit a programme with specific outputs for one year to the office of the Speaker in July of each year;

10.11.2 Must perform the functions as set out to achieve and indicated in the work programme as own initiatives, on request by Ward Councillor, request by the speaker or in accordance with priorities.

11. **DISSOLUTION OF WARD COMMITTEES**

11.1 The Council may dissolve a Ward Committee based on the recommendation of the Speaker. Instances that might lead to such a recommendation include, but are not limited to, the failure to fulfill its objectives as set out in legislation, non-adherence to this by-law or resignation of more than 50% (fifty percent) of the members of a Ward Committee.

11.2 Procedure for dissolution of a Ward Committee

11.2.1 The Speaker must investigate the circumstances surrounding actions of the Ward Committee and report his/her findings and recommendations to the Council.

11.2.2 After the Council has resolved to dissolve the Ward Committee, notice of the dissolution of the Ward Committee will be given to the Ward Councillor and the Ward Committee, at which time the Ward Committee will cease to exist.

11.2.3 Notice of the reconstitution of the Ward Committee will be given in terms of section 6 of this by-law.

11.2.4 With the exception of the Ward Councillor, members of the Ward Committee that has been dissolved may be, with the concurrence of the Speaker, be eligible for re-election to the Ward Committee, except where it was established that Ward Committee Members failed to fulfill their objectives as set out in legislation and non-adherence to the relevant bylaw.

12. SUB-COMMITTEES OF WARD COMMITTEES

Each Ward Committees must form sub-committee to advise the Ward Committee on special issues, handle sectoral matters or form working groups to research any matter that needs special attention in the ward.

13. ROLE OF COUNCIL OFFICIALS ON WARD COMMITTEES

13.1 No municipal official may stand for election on the Ward Committee.

13.2 Should a municipal official wish to stand for election as a Ward Committee member, she/he must first resign her/his position as municipal official.

13.3 Ward Committee must invite municipal official within their scope of work and other people with specialized knowledge to advise them on matters affecting their wards when deemed necessary.

13.4 When the need arises for municipal officials or their departments to consult with the ward communities, they must arrange these consultation with the Office of the Speaker at least (three) weeks in advance.

14. ADMINISTRATIVE ARRANGEMENTS, FUNDING AND REIMBURSEMENT

14.1 The municipality must make administrative arrangements to enable Ward Committees to perform their functions and exercise their powers effectively. In doing so the municipality must use its resources and allocate funds in its budget to the Office of the Speaker to further the objectives of Ward Committees.

14.2 All administrative back-up to enable effective functioning of the Ward Committees must be located in the Office of the Speaker.

14.3 The municipality must, through the Office of the Speaker, reimburse Ward Committee members for traveling and out-of pocket costs incurred as a result of attendance of Ward Committee meetings. The reimbursement will be done in accordance with the approved policy of the municipality.

14.4 Membership and duties of the Ward Committee members must be regarded as voluntary service for the benefit of the community.

14.5 The ward coordinator appointed by the Ward Councillor should, as part of the voluntary service to the community, be able and willing to assist in the administration of the ward.

15. **BUDGET**

15.1. No remuneration is to be paid to Ward Committee members.

15.2. Municipality may annually budget for:

15.2.1. Out of pocket expenses of members of Ward Committee in respect of their participation in Ward Committee. (See paragraph 15.2.5 hereunder).

15.2.2. A municipal council must determine the criteria for, and calculation of, the out of pocket expenses referred to in paragraph 15.2.1.

15.2.3. The proposed out of pocket expenses that may be paid as a monthly allowance is R1000 per ward member excluding Ward Councillor.

15.2.4. This amount may be adjusted to the extent that a particular municipality covers some of these costs itself upfront by arranging transport and refreshment for Ward Committees taking into account the following:

Transport	**= R 300.00**
Tele / mobile phone	**= R 500.00**
Refreshments/meals	**= R 200.00**
Total	**= R1 000**

15.2.5 The following item was tabled at a Council Meeting held on 28 August 2014, whereby the following resolution was taken

(14/08/AME17) ***PAYMENT OF AN ALLOWANCE TO MEMBERS OF WARD COMMITTEES***

'i) That no out of pocket allowance be paid to any member of a Ward Committee where a member of a Ward Committee:

a) Fails to attend a scheduled meeting of the Ward Committee without the submission of a medical certificate declaring the member unfit for work;

b) Where a Ward Committee fails to hold a Ward Committee meeting for any month, provided that 2 Ward Committee Meetings during any

month shall not substitute any month during which no meetings were held, provided that Ward Committee Meetings are not compulsory over the month of December;

c) Where no Minutes of a Ward Committee Meeting have been submitted to the Speaker, save for the provisions as set out in paragraph (b) above'.

15.2.5. Over and above own revenue sources (service charges, rates, etc.) municipalities must priorities funding for community participation including effective support to Ward Committees from two (2) important sources:

(a) Local Government Equitable Share (LGES) – municipalities receive allocations from the local government equitable share on an annual basis. Therefore, municipalities should use a portion of this allocation for supporting Ward Committees, which is critical in speeding up facilitating better service delivery.

(b) Municipal Systems Improvement Grant (MSIG) – the purpose is to assist in building in – house capacity to perform their functions and stabilize institutional and governance systems as required in the Municipal Systems Act. One of the key measurable outputs for this grant is the number of municipalities with strengthened administrative systems for effective implementation of the ward participatory system.

15.2.6. Capacity building and training programmes for committee members

15.2.7. The payment of the out-pocket expenses must be linked to the Ward Committee functionality taking into account the following functionality indicators:

(i) Number of Ward Committee management meetings held and percentage attendance by members.

(ii) Number of community meetings organized by the Ward Committee and percentage attendance by the ward community.

(iii) Submission and tabling of ward reports and plans to the Council covering: needs and priorities for the ward, feedback on the performance of the Council various lines/service functions and their impact on the ward.

(iv) Number of door –to – door campaigns and/or interactions with sub structures including street committees.

(v) Number of complaints, queries, and requests registered from the community and attended to (*checklist of met needs against registered needs and turn-around-time)*.

(vi) Distributed publications (information brochures, flyers, newsletters, , SMS, and others) over a period of time.

(vii) Management and updating of ward profiles and database of indigent households.

(viii) Participation in plans and programmes of municipalities and other spheres of government impacting on the ward development and monitoring thereof.

16. DISPUTE RESOLUTION MECHANISMS FOR WARD COMMITTEES

The following dispute-solving mechanism must be applied:

16.1 Every effort must be made to deal with disputes internally if they do not involve the Ward Councillor.

16.2 When a dispute arises, the Ward Councillor should appoint a person or persons to try and resolve the dispute through mediation.

16.3 If the attempt at mediation fails, the Ward Councillor must arbitrate.

16.4 If one of the parties is still aggrieved, the matter must be referred to the Speaker.

16.5 If the matter involves the Ward Councillor, it should be referred to the Office of the Speaker, where the Speaker will be the arbitrator.

16.6 The Speaker must appoint a disciplinary committee and an appeal committee to deal with matters of discipline.

17. VACATION OF OFFICE BY THE WARD COUNCILLOR

17.1 When the Ward Councillor is no longer in office, the Ward Committee will continue to function for the rest of its term as determined by the Council.

17.2 A temporary Chairperson must be appointed by the political party of the original councillor. If the Councillor was an independent candidate, the Chief Whip must appoint an interim Chairperson from the PR Councillors assigned to the war.

17.3 The new or interim councillor must re-appoint a coordinator for the ward.

18. ROLE OF PROPORTIONAL REPRESENTATIVE COUNCILLORS IN WARD COMMITTEES

18.1 The Chief Whip must, in consultation with the Speaker, deploy PR Councillor to specific Ward Committees.

18.2 Ward Councillors must allow PR Councillors allocated to their Ward Committees the right to freely participate in the activities of the Ward Committee.

19. DECLARATION OF INTERESTS BY WARD COMMITTEE MEMBERS

19.1 A member must declare his/her interest to the Ward Committee in those matters that are before the Ward Committee.

19.2 The Ward Councillor is responsible for the maintenance of the register of declared interests of members of the Ward Committee.

20. CODE OF CONDUCT FOR WARD COMMITTEE MEMBERS

Ward Committee members are elected to represent the communities in their respective wards, to ensure that wards have mechanisms of accountability to local communities, and to meet the priority needs of the community on ward matters, including the performance of the municipality in terms of established indicators. In order to ensure that Ward Committee members fulfil their obligations to their communities the following Code of Conduct is established:

20.1 Definition

In this schedule "**partner**" means a person who permanently lives with another person in a manner as if married.

20.2 General conduct of members

A member must:

(a) perform the functions of office in good faith, honestly and in a transparent manner; and

(b) at all times act in the best interest of the Ward Committee and in such a way that the credibility and integrity of the Ward Committee are not compromised.

20.3 Attendance of meetings

A member must attend each meeting of the ward except when –

(a) an apology is rendered before or at the meeting;

(b) leave of absence is granted by the Chairperson of the ward committee;

(c) a member is required in terms of this Code to withdraw from the meeting.

20.4 Disclosure of interests

A member must:

(a) disclose to the Ward Committee, or to any sub-committee of which that member is a member, any direct or indirect personal or private business interest that that member, or any spouse, partner or

business associate of that member may have in any matter before the Ward Committee; and

(b) withdraw from the proceedings of the Ward Committee when the matter is considered by the Ward Committee.

20.5 **Personal gain**

(1) a member may not use the position or privileges of a ward member, or confidential information as a member, for private gain or to improperly benefit another person.

(2) Except with the prior consent of the Office of the Speaker, a member may not:

(a) be a party to or beneficiary under a contract for:

(i) the provision of goods and services to the ward; or

(ii) the performance of any work done in the ward.

(b) obtain a financial interest in any business of the Ward Committee.

(3) If more than one quarter of the members object to consent being given to a member in terms of sub item (2), such consent may only be given to the member with the written approval of the Speaker of the Council.

20.6 **Rewards, Gifts and Favours**

A member may not request, solicit or accept any reward, gift or favour in return for:

(a) voting or not voting in a particular manner on any matter before the Ward Committee;

(b) persuading the Ward Committee with regard to the exercise of any power, function or duty; and

(c) disclosing privileged of confidential information.

20.7 **Unauthorized Disclosure of Information**

(1) A member may not without the permission of the Ward Councillor or a Committee of the Council disclose any privileged or confidential information of the ward or Ward Committee to any unauthorized person.

(2) For the purpose of this item, "privileged or confidential information" includes any information:

(a) declared by the Council or Ward Committee to be privileged or confidential;

(b) that would violate a person's right to privacy; or

(c) declared to be privileged, confidential or secret in terms of the law.

(3) This item does not derogate from any person's right of access to information in terms of national legislation.

20.8 **Municipal Property**

A member may not use, take, require or benefit from any property or asses owned, controlled or managed by the municipality to which he has no right.

20.9 **Duty of Chairpersons of Ward Committees**

(1) If the Chairperson of a Ward Committee, on reasonable suspicion, is of the opinion that a provision of this Code has been breached, the Chairperson must:

(a) authorize an investigation of the facts and circumstances of the alleged breach;

(b) give the member a reasonable opportunity to reply in writing regarding the alleged breach; and

(c) report the matter to a meeting of the Ward Committee after the provisions of paragraphs (a) and (b) have been complied with.

(2) A report in terms of sub item (10) (c) is open to the public.

(3) The Chairperson must ensure that each member, when taking office, is given a copy of this Code and that a copy is available in every room or place where the Ward Committee meets.

20.10 **Breaches of Code**

(1) The Speaker may:

(a) investigate and make a finding on any alleged breach of a provision of this Code;

(b) establish a special committee or appoint a person:

(i) to investigate and make a finding on any alleged breach of this Code: and to make appropriate recommendations to the Speaker.

(ii) to make appropriate recommendations to the Speaker.

(2) If the special committee finds that a member has breached a provision of this Code, the special committee may:

(a) issue a formal warning to the member;

(b) reprimand the member;

(c) request the Speaker to suspend the member for a period; or

(d) request the Speaker to remove the member from the Ward Committee.

(3) If the Speaker is of the opinion that the member has breached a provision of this Code, and that such contravention warrants a suspension or removal from office, the Speaker may:

(a) suspend the member for a period and on conditions determined by the Speaker; or
(b) remove the member from office.

(4)(a) Any member who has been warned or reprimanded in terms of paragraph (2) may, within 14 days of having been notified of the decision of the Speaker, appeal to the Speaker in writing, setting out the reasons on which the appeal is based. The Speaker will then convene an appeal committee to finalize the matter.

(4)(b) A copy of the appeal must be provided to the Speaker.

Approved on :

Council Resolution No :

KOUGA
local municipality
Good Governance through Service Excellence

WARD DEVELOPMENT

FUND

POLICY

WARD DEVELOPMENT FUND POLICY

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WARD DEVELOPMENT FUND POLICY

1. DEFINITIONS

In this policy, not unless otherwise the meaning of terms will be referred as follows:

"Accounting Officer" is the Municipal Manager in terms of the Municipal Systems Act.

"Budget year" means the financial year for which an annual budget is to be approved in terms of section 16 (1) of the MFMA.

"**Budget Task Team**" means members of the Ward Committee that will be responsible for the Ward Development Funds.

"Community" in the context of this policy means community residing in a demarcated ward in Kouga area.

"Council" means the Council of the municipality referred to in section 18 of the Municipal Structures Act.

"Financial year" means the financial year applicable to municipalities commencing from 1 July to 30 June of each year.

"Ward Councillor" a municipal councillor elected in terms of Section 22 (1)(b) of the Municipal Structures Act, to represent a demarcated Council Ward.

2. PREAMBLE

This budget allocation is made available in an accountable, open and transparent manner, including how such funds will be utilised as it is done in all budget allocation. Any transaction will form part of the normal audit of the municipality. Moreover, any activity should be operated in a transparent manner within a policy directive as set out by the Council and the administrative directive of the Accounting Officer. As such the Council, must set Supply Chain Management Policies for the purpose and use of such public resources and the Accounting Officer must ensure compliance with this policy when authorising expenditure.

3. PURPOSE

The purpose of this policy is to:

3.1. Determine the location of the Ward Development Fund.
3.2. Establish parameters for an annual allocation to the Ward Development Fund.
3.3. Establish clear application and approval procedures for the utilisation of the Fund.
3.4. Identify the key responsibilities of authorisation and accountability for the utilisation and reporting on the use of the Fund

3.5. Establish an internal certification process to ensure transparency in the expenditure of the Ward Development Fund.

4. OBJECTIVES

The objective of the policy is to:

4.1. Ensure that proper control, monitoring, authorisation, accountability and reporting.

4.2. Ensure that transparent processes exist for expenditure of the Ward Development Fund.

4.3. Ensure uniformity and consistency on the way the fund is utilised. and

4.4. Ensure that the Ward Councillor an Ward Committee can attend to urgent ward programmes, projects and or any other needs that may arise in line with the approval by the Speaker.

5. SCOPE

The policy provides details of application, approval and authorization requirements under which the Ward Development Fund may be utilised and is applicable to all wards of Kouga Local Municipality.

6. LEGAL FRAMEWORK

Section 56 of the Municipal Finance Management Act, No. 56 of 2003 requires sound and sustainable management of the financial affairs of municipalities and specifically requires that the Accounting Officer of a municipality should take reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payments of funds.

This policy comes into operation immediately upon its approval by Council or at a date to be determined by a Council resolution. The policy will thereafter be reviewed after every twelve months or earlier when there is a need to do so.

7 PRINCIPLES UNDERPINNING THE POLICY

This policy is underlined by the following principles:

7.1 Transparency

7.2. Openness

7.3. Accountability

7.4. Responsiveness, and

7.5. Communication

8. LOCATION OF THE FUND

The Ward Development Fund (WDF) - Office of the Speaker.

9. POLICY DIRECTIVES AND PROCEDURES

9.1. GUIDELINES FOR THE UTILISATION OF THE FUND

The Ward Development Fund may be authorised, in the absence of alternative appropriate funding options to:

9.1.1. Provide support to ward based institutions, organizations.
9.1.2. Assist in the development of initiatives or ventures for ward/community based sporting, cultural, or youth, women institutions, and organizations.
9.1.3. Facilitate broadly the promotion of community relationships.
9.1.4. Assist with the promotion of economic or community development initiatives within the ward.
9.1.5. Enhance the potential in the establishment or conducting of initiatives that will provide benefit to ward /community
9.1.6. The allocation must only be used for programmes of capital nature
9.1.7. The fund must only be used for annual programmes and not for multi – year programmes
9.1.8. The selected programmes must benefit the ward through
9.1.8.1. Enhanced community capacitation and awareness
9.1.8.2. Promotion of skills development and job creation
9.1.8.3. Promote community public participation.
9.1.8.4. Benefiting the vulnerable groups including women, youth, aged. Disabled and children
9.1.8.5. Enhanced service delivery in the wards where there is a shortfall of funds within the capital expenditure budget of the municipality.
9.1.8.6. Improving the welfare of the communities within the ward
9.1.9. Ward Councillors may be allowed to motivate whatever is deemed to be of benefit to the community which is covered in these guidelines. **However,** the appropriate Office of the Speaker will be responsible for the approval or non- approval of the request to avoid any non-compliance or abuse of public funds.
9.1.10. Roll-overs to be considered within the framework of National Treasury and recommended by the Speaker to Council for final approval.

9.2. OPERATIONAL PROVISIONS

9.2.1. An annual allocation shall be made to the Ward Development Fund to enable the Ward Councillors to respond to contingent requirements that may arise from time to time in their respective wards.
9.2.1.1. The Ward Development Fund may be used only for the purpose for which it is approved.
9.2.1.2. All requests for expenditure under the Ward Development Fund are to be presented to the Office of the Speaker for his approval or non-approval.

9.2.1.3. Once an approval has been received from the Speakers' Office, the Ward Assistant is to raise a written request for the financial processing of the transactions based on what is required on a case by case basis (e.g. direct payment of a service provider/procurement processes etc.) and forward to Finance Directorate for processing together with all the necessary supporting documents.

9.2.1.4. Upon the conclusion of the financial transaction, the applicant and other stakeholders (e.g. Ward Councillor) will be informed by the Speaker's Office with documentary evidence to this effect.

9.2.1.5. The relevant Budget and Treasury Accountant and the Public Participation Officer must monitor expenditure to ensure that expenditure remain within the approved budget/allocation per ward.

9.2.1.6. The Speaker and the Public Participation Officer must be provided with the spending reports template per ward on a monthly basis, and during the last quarter of the financial year (i.e. April – June), the Speaker instructs Ward Councillors who are recording 0% spending to indicate to his office whether such allocations are still to be incurred. In case of no replies, the Speaker be authorised to make decisions of re-allocating the funding to needy wards or areas. This is intended to curb under-expenditure of fund, and due to the fact that certain wards are quite needy than others, whilst funding is split in the same proportion.

9.2.1.7. Should a request for roll-over be denied by the Speaker, the Ward Councillor may appeal to the Council, where after the decision of the Council is final.

9.2.1.8. Within the first 30 days of each financial year, the Ward Councillor must meet with the Ward Committee and hold a Public Consultation Meeting in order to receive proposals from the public on possible projects and/or proposals on how to spend the fund.

9.2.2. WARD COUNCILLOR'S ROLE

9.2.2.1. Each Ward Councillor shall establish a Budget Task Team comprising of Ward Committee Members, chaired by the Ward Councillor

9.2.3. The purpose of the task team would be to consider all requests submitted for funding.

9.2.4. 70% of requests funded from the Ward Development Fund should be those initiated by Ward Councillor.

9.2.5. The budget task team of the ward shall receive written requests for assistance from the organizations within the ward.

9.2.6. With the assistance of the ward committee, the Ward Councillor will determine whether the request meets the criteria set out in the Ward Development Fund Policy guidelines.

9.2.7. The Ward Councillor will establish whether the applicant is not in receipt of funding for the same purpose from the municipality.

9.2.8. The Ward Councillor will verify the existence of the project/ beneficiary or the need of the funding.

9.2.9. If the applicant meet the criteria as well as the verification, the Ward Councillor should apply to the Office of the Speaker at least seven (7) days before the event or commencement of the project.

9.2.10. In respect of a project, the Ward Councillor must outline the financial, human resources and business plans required on how the project will benefit the community.

9.4. THE ROLE OF THE SPEAKER'S OFFICE

Upon receipt of the application from the Ward Councillor, the Speakers Office shall:

9.4.1. Verify if the application meets all the criteria as set out in the framework of the Ward Development Fund Policy.

9.4.2. Verify if the applicant has not been funded from the Ward Development Fund, or/and other municipal fund for the same purpose.

9.4.3. Confirms from Budget and Treasury if there is suitable budget for the project applied for by the Ward Councillor.

9.4.4. Recommend in writing to the Finance directorate for approval when the application meets all the requirements and where there are funds available in the ward budget.

9.4.5. Respond in writing to the Ward Councillor whether his/her application has been approved.

9.4.6. The Speaker's Office has the prerogative to refuse funding if it falls outside the precincts of this ward based framework of the policy.

9.4.7. The Finance Directorate, with the approval of the Speaker may, depending on the circumstances approve use of the Ward Development Fund to fund causes falling outside of the set criteria but within the mandate of the municipality.

9.5. EXCLUSIONS

The following are excluded from the utilization of the Ward Development Fund.

9.5.1. Parties or celebrations for individuals

9.5.2. Purchasing of refreshments and other office essentials

9.5.3. Burial of deceased persons in the ward

9.5.4. Any other matter that may be detrimental to the communities could be considered upon receipt of a formal application.

10. MONITORING

10.1. The Ward Councillor shall:

10.1.1. Through the verification process as set out above, take all the necessary steps possible to act in a manner that will mitigate against abuse/misuse of the Ward Development Fund.

10.1.2. Be held personally accountable for all funds used from his/her Ward Development Fund, if it is established that there has been breach of the guidelines, legislation and the verification process.

10.1.3. Keep records of all transactions made through the Ward Development Fund and provide proof of expenditure for all projects undertaken to the Ward Assistants and the Public Participation Office.

10.2. The Speakers' Office shall:

10.2.1. Continuously monitor and evaluate the usage and progress of projects funded from the Ward Development Fund.

10.2.2. Provide support and advice to Ward Councillors where necessary

10.2.3. Keep records of all proposals/ requests processed for funding and report to the Speaker and the Public Participation Officer to report to the Council on a quarterly basis

10.2.4. Not to consider any application that is in breach of the criteria as set out in the policy framework

10.2.5. The application form attached to the policy as Annexure "A" is properly completed in order to consider the request for assistance from the Ward Development Fund.

11. DEFINING RESPONSIBILITIES BETWEEN THE TWO OFFICES

11.1. Finance Directorate.

11. 1.1. Confirm the correct job number for the ward.

11.1.2. Confirm budget availability in the respective ward.

11.1.3. Re- confirm compliance with the Council approved policy.

11.1.4. Liaise with the originating office for any enquiries relating to the transaction, including but not limited to non-compliance, budget availability.

11.1.5. Sign-off the document to confirm that the transaction is fully compliant in all respects, etc.

11.2. Speakers' Office.

11.2.1. Scrutinize the documents in order to confirm compliance.

11.2.2. Communicate directly with the originating office in any case of non-compliance.

11.2.3. Sign- off the documents to confirm that it is complete and compliant in all respects, and

11.2.4. Preparing the quarterly reports on spending of the funds for the structures of Council and for the Speaker to report to Council.

APPROVED ON :

RESOLUTION NO :

WARD DEVELOPMENT FUND POLICY APPLICATION FORM

To be completed by the Ward Councillor

Ward Number:	
Ward Councillor:	
Project to be funded.	
Commencing date of the project:	
---------- ***WARD COUNCILLOR 'S SIGNATURE*** ***DATE……..***	

To be completed by the "delegated/authorised" official at the office of the Finance Directorate

1. BUDGET AND TREASURY OFFICE **BUDGET CONFIRMATION** **----------** **ACCOUNTANT** **----------** **DATE**

REVISED
SUPPLY CHAIN MANAGEMENT POLICY

KOUGA MUNICIPALITY

REVISED MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Date of adoption:

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the under-mentioned revised policy as the Supply Chain Management Policy of the municipality.

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1. Definitions

In this policy and any bid documentation or directive issued in terms thereof, the singular includes the plural and vice versa, any one gender includes both genders and, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Municipal Finance Management Act has the same meaning as in this Act and -

"Accounting Officer" means the manager of the municipal administration and accounting officer of the municipality appointed by the council in terms of section 54A of the Local Government: Municipal Systems Act No. 32 of 2000 and includes any employee of the municipality who acts in his stead and, in the event of the municipality being subject to an intervention in terms of section 139 of the Constitution or any other applicable law, includes the "Administrator" appointed as a consequence of such intervention or in terms of the conditions pertaining thereto;

"All applicable taxes" includes value-added tax, pay as you earn, income tax, skills development levies and unemployment insurance fund contributions;

"B-BBEE" means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

"B-BBEE status level of contributor" means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment;

"Bid" means a written offer in a prescribed or stipulated form in response to an invitation to bid issued by the municipality for the procurement of goods, services or works through price quotations, advertised competitive bidding processes, limited bids or proposals or for the disposal of assets and **"tender**" has a corresponding meaning;

"Bid Committees" means the committees established in terms of this policy to prepare bid specifications, bid documentation, evaluate responsive bids and, where so authorized, to adjudicate responsive bids and any reference in section 117 of the Municipal Finance Management Act to municipal tender committees shall be construed as a reference to the aforesaid committees;

"Bid documentation" means all documentation relating to or necessary in order to complete a procurement or disposal including but not limited to such specification, bidding, certification and contractual documentation as may be prescribed by National Treasury or the Construction Industry Development Board, as the case may be, for

municipal supply chain management purposes and the implementation of this policy;

“Bidder” means any person who submits a bid or quotation to the municipality in response to an invitation to bid or quote and includes a **“tenderer’**;

“Bid rigging” means a prohibited collusive bidding practice in terms of which bidders that would normally be expected to compete in a procurement process either singularly or by association with other persons or firms in a horizontal relationship, secretly conspire to raise prices or lower the quality of goods and/or services or agree not to compete against each other in such process;

"Black people" is a generic term which means Africans, Coloureds and Indians;

"Broad-Based Black Economic Empowerment Act" means the Broad-Based Black Economic Empowerment Act No. 53 of 2003;

“Chief Financial Officer” means the official of the municipality designated as such in terms of section 80(2)(a) of the Municipal Finance Management Act;

“CIDB” means the Construction Industry Development Board;

“CIDB regulations” means any regulations issued in terms of the Construction Industry Development Board Act No. 38 of 2000;

“Codes of Good Practice” means the Codes of Good Practice on Black Economic Empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act and contained in General Notice 12 of 9 February 2007;

"Comparative price" means the price after the factors of a non-firm price and all unconditional discounts that can be utilized, have been taken into consideration;

“Competitive bidding process” means a transparent procurement method in which bids from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications, terms and conditions of the proposed contract as well as the criteria by which responsive bids received will be evaluated;

“Competitive bid” means a bid in terms of a competitive bidding process;

"Consortium or joint venture" means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract;

“Construction works” or **“works’** means the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure;

“Contractor” means a person or body of persons who undertakes to execute and complete procured construction works for or on behalf of the municipality;

"Contract" means the agreement that results from the acceptance of a bid by the municipality in accordance with this policy;

“Council” means the council of Kouga Municipality;

“Day” unless expressly otherwise provided in this policy, means a calendar day, provided that when any particular number of days is prescribed for the doing of any act, or for any other purpose, the same shall be reckoned exclusively of the first and inclusively of the last day, unless the last day happens to fall on a Sunday or on any public holiday, in which case the time shall be reckoned exclusively of the first day and exclusively also of every such Sunday or public holiday;

“Delegating authority” means the council, a duly authorized political structure or office bearer thereof, the Accounting Officer or other employee to whom original powers are assigned in terms of legislation and, in relation to a sub-delegation of a power, that delegated body;

“Delegation” means the issuing of a written authorization by a delegating authority to a delegated body to act in his stead and, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty and “delegate” and sub-delegate has a corresponding meaning;

“Delegated body” in relation to the delegation of a power means the person to whom a power has been delegated by the delegating authority in writing;

“Designated Official” means the official of the municipality to whom the accounting officer or the chief financial officer, as the case may be, have, in accordance with sections 79 and 82 of the Municipal Finance Management Act No. 56 of 2003 delegated or sub-delegated powers, functions and duties in connection with the application and implementation of this policy provided that a sub-delegation by the chief financial officer to an official that has not been allocated to him by the accounting officer or to a person contracted by the municipality for the work of its budget and treasury office may only be so authorized with the concurrence of the accounting officer and provided further that the said chief financial officer is satisfied that effective systems and procedures are in place to ensure control and accountability by the person concerned;

"Designated sector" means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content;

“Disposal” means a process of preparing, negotiating and concluding a written contract relating to the alienation or a capital asset whether movable or immovable owned by or under the control of the municipality or rights in respect thereof, by means of a sale, lease, donation or cession and **“dispose of”** has a similar meaning;

“Final award” in relation to bids or quotations submitted for a contract, means the final decision on which a bid or quote was accepted;

"Firm price" means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or
excise duty and any other duty, levy or tax which, in terms of any applicable law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies or the rendering costs of any service, for the execution of a contract;

“Formal written price quotations” means quotations referred to in paragraph 12 (1) (c) of this policy;

“**Functionality”** means the measurement according to predetermined norms, as set out in the bid specification, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder;

“Fronting” means a deliberate circumvention or attempted circumvention of the "Broad-Based Black Economic Empowerment Act and the Codes of Good Practice;

“Head of Department” means a senior manager as defined in the Municipal Finance Management Act and who is responsible for a vote as assigned by the accounting officer;

"Imported content" means that portion of the bid or tender price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its sub-contractors) and which costs are inclusive of the costs abroad, plus freight
and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African port of entry;

“In the service of the state” means to be -

(a) A member of -

(i) any municipal council;

(ii) any provincial legislature; or

(iii) the National Assembly or the National Council of Provinces;

(b) A member of the board of directors of any municipal entity;

(c) An official of any municipality or municipal entity;

(d) An employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Act and the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(e) A member of the accounting authority of any national or provincial public entity;

or

(f) An employee of Parliament or a provincial legislature;

“Line manager” means a manager reporting directly to a senior manager and who is responsible for a cost centre as assigned by the relevant senior manager;

"Local content" means that portion of the bid or tender price which is not included in the imported content, provided that local manufacture does take place;

“Long term contract” means a contract with a duration period exceeding one year;

“List of accredited prospective providers” means the list of accredited prospective

providers which the municipality must keep in terms of paragraph 15 of this policy;

"Mayor" means the councillor elected by the council as Mayor in terms of section 48 of the Local Government: Municipal Structures Act No. 117 of 1998 read with section 58 of the Municipal Finance Management Act;

"**Municipality"** means the Kouga Municipality, a local municipality established in terms of section 12 of the Local Government: Municipal Structures Act No. 117 of 1998 and includes any employee entitled to or duly authorized to perform any function or duty in terms of this policy and/or is responsible for the implementation of this policy or any part thereof;

"Municipal Finance Management Act" means the Local Government: Municipal Finance Management Act No. 56 of 2003 and, unless otherwise stated in this policy, any reference to "the Act" shall mean a reference to this Act;

"Municipal Systems Act" means the Local Government: Municipal Systems Act No. 32 of 2000 and includes the regulations under this Act;

"Non-firm prices" means all prices other than "firm" prices;

"Other applicable legislation" means any other legislation applicable to municipal supply chain management, including but not limited to -

(a) the Preferential Procurement Policy Framework Act No. 5 of 2000;

(b) the Broad-Based Black Economic Empowerment Act No. 53 of 2003;

(c) the Construction Industry Development Board Act No. 38 of 2000;

(d) the Local Government: Municipal Systems Act No. 32 of 2000 (Municipal Systems Act);

(e) the Promotion of Administrative Justice Act No. 3 of 2000;

(f) the Promotion of Access to Information Act No. 2 of 2000;

(g) the Protected Disclosures Act No. 26 of 2000;

(h) the Competition Act No. 89 of 1998;

(i) the Prevention and Combating of Corrupt Activities Act No. 12 of 2004;

(j) the Updated Preferential Procurement Regulation dated 20 January 2017

"Person" includes an enterprise, partnership, trust, association, consortium, joint venture or a juristic person;

"Petty cash" means a relatively small amount of cash kept at hand for making immediate payment for miscellaneous small expenses incurred the municipality.

“Preferential Procurement Regulations” means the Preferential Procurement Regulations, 2011 contained in Government Notice R 502 of 8 June 2011 promulgated in Government Gazette No. 34350 of this date; as well as the updated Preferential Procurement Regulations dated 20 January 2017

“Procurement” means the processes leading to the negotiation and conclusion of contracts whether in writing or verbally for the acquisition of goods, services or construction works or any combination thereof or the disposal of assets whether movable or immovable or any rights in such assets by means of purchase, sale, lease or donation and includes the preparation of all associated bid and contractual documentation and **“procured”** or **“procuring”** has a similar meaning;

“Quotation” means a stated price that a supplier expects to receive for the provision of specified services, goods or works;

“Responsive bid” means a bid that complies in all material aspects with the requirements set out in or contained in an invitation to bid including the applicable specification;

"Small enterprise" means a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the Schedule to the National Small Business Act No. 102 of 1996 which is contained in Annexure B to this policy and classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the said schedule;

"Stipulated minimum threshold" means that portion of local production and content as determined by the Department of Trade and Industry from time to time;

"Sub-contract" means the primary contractor's assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of a contract;

"Rand value" means the total estimated value of a contract in South African currency calculated at the time of bid invitations, and includes all applicable taxes and excise duties;

“SANAS” means the South African National Accreditation System;

"Total revenue" bears the same meaning assigned to this expression in the Codes of Good Practice;

"Trust" means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person;

"Trustee" means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person;

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister of Finance in terms of section 168 of the Municipal Finance Management Act;

"The Regulations" means the Local Government: Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

"Verbal Quotations" means a verbal process of inviting quotations from an identified limited number of potential suppliers for the supply goods, services and/or works;

"Verification Certificate" means a B-BBEE certificate issued in compliance with the B-BBEE Codes of Good Practice and all Sector Codes issued in terms of Section 9(1) of the Broad-Based Black Economic Empowerment Act;

"Written quotations" means quotations referred to in paragraph 12 (1) (c) of this policy.

CHAPTER 1
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

(1) All officials and other role players in the supply chain management system of the municipality must implement this policy in a way that -

(a) gives effect to Section 217 of the Constitution and Part 1 of Chapter 11 and other applicable provisions of the Act;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with the Regulations and any minimum norms and standards that may be prescribed in terms of section 168 of the Act;

(d) is consistent with other applicable legislation;

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and the conduct of business with the public sector.

(2) This policy applies when the municipality -

(a) procures goods or services.

(b) disposes of goods no longer needed;

(c) selects contractors to provide assistance with the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) This policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including, but not limited to -

(a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

(4) Notwithstanding anything to the contrary in this policy, the municipality shall not award a contract to a contractor in respect of the undertaking, carrying out or completion of any construction works or a portion thereof in terms of a competitive bidding or quotation process provided for in this policy unless such contractor is registered with the Construction Industry Development Board established by section 2 of the Construction Industry Development Board Act No. 32 of 2000 and holds a valid registration certificate issued by such Board or is exempted from such registration either in terms of this Act or the "CIDB Regulations".

3. Amendment and adoption of the supply chain management policy

(1) The accounting officer must at least annually review the implementation of this policy and, when necessary, submit proposals for the amendment thereof to the council through the Mayor acting in conjunction with the mayoral committee.

(2) If the accounting officer submits proposed amendments to this policy to the council, he must ensure that same comply with the Regulations and Treasury guideline standards determining standards for municipal supply chain management policies.

(3) The accounting officer must report any deviation from the Regulations and Treasury guideline standards determining standards for municipal supply chain management policies to the National and Eastern Cape Provincial Treasuries.

(4) When amending this policy, the need for uniformity in supply chain practices, procedures and forms between all spheres of organs of state particularly to promote accessibility of supply chain management systems for small businesses, must be taken into account.

4. Delegation of supply chain management powers and duties

(1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable him -

(a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of -

(i) chapters 8 or 10 of the Act; and

(ii) this policy; and

(b) to maximize administrative and operational efficiency in the implementation of this policy; and

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this policy; and

(d) to comply with his responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality.

(4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 27 of this policy.

5. Sub-delegations

(1) The accounting officer may, in terms of section 79 of the Act, sub-delegate any supply chain management powers and duties, including those vested in him in terms of legislation or delegated to him in terms of this policy or by resolution of the council, but any such sub-delegation must be consistent with subparagraph (2) and paragraph 4 of this policy.

(2) The power to make a final award -

(a) above R10 million (VAT included) may not be sub-delegated by the accounting officer;

(b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated by the accounting officer but only to -

(i) the chief financial officer;

(ii) a senior manager; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member;

(c) not exceeding R2 million (VAT included) may be sub-delegated by the accounting officer but only to -

(i) the chief financial officer;

(ii) a senior manager;

(iii) a manager directly accountable to the chief financial officer or a senior manager; or

(iv) a bid adjudication committee.

(3) An official or bid adjudication committee to whom or which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must, within five days of the end of each month, submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made

by such official or committee during that month, including -

(i) the amount of the award;

(ii) the name of the person to whom the award was made; and

(iii) the reason why the award was made to that person.

(4) A written report referred to in subparagraph (3) must be submitted-

(a) to the accounting officer, in the case of an award by -

(i) the chief financial officer;

(ii) a senior manager; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager was a member;

(b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by -

(i) a manager referred to in subparagraph (2)(c)(iii); or

(ii) a bid adjudication committee of which the chief financial officer or a senior manager was not a member.

(5) Subparagraphs (3) and (4) do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. Oversight role of the council

(1) No councillor may be a member of a bid committee or any other committee evaluating or approving quotations or bids nor attend any meeting of such committees as an observer.

(2) The council must maintain oversight over the implementation of this policy to ensure that the accounting officer implements all supply chain management activities in accordance therewith.

(3) For the purposes of such oversight, the accounting officer must -

(a) within 30 days of the end of each financial year, submit a report on the implementation of this policy to the council through its mayor;

(b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report thereon to the council through its mayor.

(4) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of this policy to the mayor.

(5) The aforesaid reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. Supply chain management unit

(1) A supply chain management unit is hereby established to implement this policy.

(2) Subject to subparagraph (3), the supply chain management unit shall operate under the direct supervision of the chief financial officer to whom this duty is hereby delegated by the accounting officer in terms of section 79 of the Act.

8. Training of supply chain management officials

The training of officials involved in implementing this policy should be in accordance with any Treasury guidelines on supply chain management training and applicable prescribed competency level requirements.

CHAPTER 2
SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

This policy provides systems for -

(i) Demand management;

(ii) Acquisition management;

(iii) Logistics management;

(iv) Disposal management;

(v) Risk management; and

(vi) Performance management.

Part 1: Demand management

10. System of demand management

(1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality supports its operational commitments and its strategic goals as outlined in the municipality's Integrated Development Plan.

(2) The demand management system must -

(a) include timely planning and management processes to ensure that all goods, services and works required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates and are of the appropriate quality and quantity

procured at a fair cost;

(b) take into account any benefits of economies of scale that may be derived in the case of procurements of a repetitive nature;

(c) provide for the compilation of the required specifications to ensure that municipal needs are met;

(d) allow for the undertaking of appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

(3) The accounting officer must, prior to issuing an invitation to bid-

(a) properly plan for, and, as far as possible, accurately estimate the costs for the provision of goods, services and/or works for which an invitation to bid is to be issued;

(b) determine the appropriate preference point system to be utilized in the evaluation and adjudication of bids to be received in response to the contemplated invitation to bid; and

(c) determine whether the goods, services and/or works for which an invitation to bid is to be issued has been designated for local production and content in terms of the Preferential Procurement Regulations

(4) The accounting officer must indicate in an invitation to submit a bid and in the applicable bid specification or terms of reference-

(a) that such bid will be evaluated on functionality and, in such event, the following shall be clearly stated:

(i) the evaluation criteria for measuring functionality which criteria must be objective;

(ii) the weight of each criterion which should not be generic but be determined separately for each bid on a case by case basis;

(iii) the applicable values that will be utilized when scoring each criterion which values must be objective;

(iv) the minimum qualifying score for functionality in order to enable the bid concerned to be further evaluated in terms of this policy provided that the aforesaid qualifying score:

(a) should not be generic but be determined separately for each bid on a case by case basis; and

(b) should not be prescribed so low that it may jeopardize the quality of the service or works required nor be so high that it may be restrictive to the extent that it jeopardizes the fairness of the supply chain management system;

(b) the fact that no bid will be regarded as an acceptable bid if the bidder or the goods, services and/or works to be procured, as the case may be,

fails to achieve the minimum qualifying score for functionality as indicated in the invitation to bid and the relevant bid specification or terms of reference; and

(c) that bids that have achieved the minimum qualification score for functionality will be evaluated further in terms of the preference point systems .

(5) Any system designed in terms of this paragraph shall take cognizance of the provisions of this policy.

Part 2: Acquisition management

11. System of acquisition management

(1) The accounting officer must implement an efficient system of acquisition management in order to ensure -

(a) that goods, services and works are procured by the municipality in accordance with authorized processes only;

(b) that expenditure on goods, services and works is incurred in terms of an approved budget in terms of section 15 of the Act;

(c) that the threshold values for the different procurement processes are complied with;

(d) that bid documentation, evaluation and adjudication criteria and the general conditions of a contract, are in accordance with any applicable legislation; and

(e) that any Treasury guidelines on acquisition management are properly taken into account.

(2) When procuring goods or services from an organ of state as contemplated in section 110 (2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

(a) the kind of goods or services; and

(b) the name of the supplier.

12. Range of procurement processes

(1) Goods and services may only be procured by way of -

(a) petty cash purchases up to a transaction value of R2,000 (VAT included) at such locations as may be determined by the accounting officer;

(b) at least one written quotation for procurements of a transaction value up to R2, 000 (VAT included);

(c) formal written quotations for procurements of a transaction value over

R2,000 up to R30,000 (VAT included);

(d) formal written price quotations for procurements of a transaction value over R30,000 up to R200,000 provided that, in addition to any other relevant requirements contained in this policy, procurement invitations shall be advertised for at least seven days on the website and an official notice board of the municipality;

(e) a competitive bidding process for -

(i) procurements above a transaction value of R200 000 (VAT included); and

(ii) the procurement of long term contracts.

(2) The accounting officer may, in writing:

(a) lower but not increase, the different threshold values specified in subparagraph (1) above; or

(b) direct that written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2000;

(c) direct that formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or

(d) direct that a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

(3) Procurement invitations may not deliberately be split into parts or items of a lesser value than the threshold amounts referred to in subparagraph (1) merely to avoid compliance with the requirements of this policy or any applicable legislation. When determining transaction values, a requirement for goods, services or works consisting of different parts or items must, as far as possible, be treated and dealt with as a single transaction.

13. General preconditions for consideration of written quotations or bids

(1) A written quotation or bid may not be considered unless the bidder who submitted the quotation or bid concerned -

(a) has furnished his -

(i) full name or names including trading name;

(ii) identification number or company or other registration number;

(iii) tax reference number and VAT registration number, if any;

(b) has provided the municipality with a valid tax clearance certificate from the South African Revenue Services stating that his tax matters are in order;

(c) has, where applicable, provided the municipality with a clearance certificate from the Construction Industry Development Board to the effect that he holds a valid registration certificate issued by the Board;

(d) has provided the municipality with a "Certificate of Independent Bid Determination" on Form MBD 9 or a similar form;

(e) has provided a certificate issued by the municipality or any other municipality to which he may be indebted to the effect that he and, in the event of the bidder being a company, also any of its directors, is not indebted to the municipality or to any other municipality or municipal entity for rates, taxes and/or municipal service charges which are in arrear for a period of more than three months and that no dispute exists between such bidder and municipality or municipal entity concerned in respect of any such arrear amounts;

(f) has submitted an affidavit certifying -

(i) that he is not in the service of the state or has been in the service of the state in the previous twelve months;

(ii) that, in the event of the bidder not being a natural person, none of its directors, managers, principal shareholders or stakeholders are in the service of the state nor have they been in the service of the state in the previous twelve months;

(iii) that neither his spouse, child or parent nor a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state or has been in the service of the state in the previous twelve months;

(iv) that he is not an advisor or consultant contracted by the municipality to advise it on the procurement under consideration;

(2) This paragraph must be read in conjunction with paragraph 21 of this policy.

14. Lists of accredited prospective providers

(1) The accounting officer must -

(a) keep a list of accredited prospective providers whom is also registered on the Centralized Supplier Database of goods and services that must be used for procurements through written or verbal quotations and formal written price quotations; and

(b) at least once a year through newspapers commonly circulating locally, the municipal website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;

(c) specify the listing criteria for accredited prospective providers; and

(d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) The aforesaid list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

15. Petty cash purchases

(a) (i)The transactional value of an individual petty cash purchase is R2,000 VAT included

ii)That the total petty cash float is R10, 000 VAT included.

(b) Petty cash purchases may only be made in accordance with the Standard Operating Procedures for Petty Cash of the municipality.

(c) The accounting officer may delegate responsibility for the management of petty cash to an official directly or indirectly reporting to the chief financial officer.

(d) No item that is an approved stores item may be purchased by means of a petty cash transaction.

(e) No fixed asset regardless of value may be purchased through petty cash.

(f) The council must, from time to time, determine the maximum amount of the permissible petty cash expenditure per month;

(g) A weekly reconciliation report must be provided to the chief financial officer within five days of the end of each month by the official authorized to make petty cash purchases and such report shall contain particulars of each final award made by such official during that month, including:

(i) the total amount of petty cash purchases for that month; and

(ii) receipts and supporting documents for each purchase.

16. Written or verbal price quotations

The conditions for the procurement of goods or services through written or verbal quotations are as follows:

(a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the Centralised Supplier Database and is listed on the accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not so listed, such providers must meet the listing criteria determined by the accounting officer in terms of paragraph 14(1)(c) of this policy;

(b) To the extent feasible, providers must be requested to submit such quotations in writing;

(c) If it is not possible to obtain at least three quotations, the reasons for such inability must be recorded on the invitation to submit quotations and reported quarterly to the chief financial officer;

(d) The designated officer must record the names of the potential providers requested to provide quotations with their quoted prices; and

(e) If a quotation was submitted verbally, the order may be placed only against written confirmation of the price and conditions of supply from the selected provider within the period stipulated in the invitation to submit quotations.

17. Formal written price quotations

The conditions for the procurement of goods or services through formal written price quotations, are as follows:

(a) Quotations must be obtained in writing from at least three different providers whose names appear on the Centralised Supplier Database and the accredited list of prospective providers of the municipality;

(b) In the event of it not being possible to obtain quotations from at least three different providers whose names appear on the list of accredited prospective providers of the municipality, quotations may be obtained from providers who are not so listed, provided that such providers meet the listing criteria determined by the accounting officer in terms of paragraph 14(1)(c) of this policy and, provided further, that the reasons for obtaining such quotations from the providers concerned must be recorded on the invitation to submit quotations and be approved by the chief financial officer.

18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

(a) When using the list of accredited prospective providers who is listed on the Centralised Supplier Database, the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;

(b) All requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website of and on the official notice board of the municipality;

(c) Offers received must be evaluated on a comparative basis taking into account unconditional discounts;

(d) Offers below R30 000 (all taxes included) must be awarded based on compliance

with specifications, conditions of contract, ability, capacity and capability to deliver the required goods and/or services and lowest price; provided that the accounting officer may direct, in appropriate cases, that the applicable provisions of the Preferential Procurement Regulations be applied in respect of the calculation of preference points for price;

(e) Offers above R30 000 (all applicable taxes included) must be awarded based on compliance with specifications, conditions of contract, ability, capacity and capability to deliver the required goods and/or services and lowest price provided that the accounting officer may direct, in appropriate cases, that the applicable provisions of the Preferential Procurement Regulations be applied in respect of the calculation of preference points for price;

(f) Prior to the award of a contract with a price in excess of R10 000, the designated official must verify the status of recommended bidders (including their directors(s), owners(s) or trustee(s) by checking the Data Base of Restricted Suppliers maintained by National Treasury in order to ensure that no recommended bidder or any of its directors/owners/trustees are listed as companies or persons prohibited from doing business with the public sector;

(g) A call for quotations in terms of the preceding paragraphs must be in writing and contain a specification for the goods and/or services to be procured as well as details of the preference points system to be used in adjudicating quotations;

(h) The designated official must, in writing, notify the chief financial officer within 3 days after the end of each month of all written, verbal and formal written price quotations accepted or approvals given in terms of this paragraph;

(i) The chief financial officer must ensure that adequate systems are in place to meet the requirements for proper record keeping;

(j) The procurement contract must be awarded to the bidder who scored the highest points in accordance with the stipulated preference points system.

19. Competitive bidding process

(1) Subject to paragraph 11 (2) of this policy, goods, services or works above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process.

(2) Subject to subparagraph (3), no requirement for goods or services above an estimated transaction value of R200 000 (VAT included) may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

(3) The accounting officer may split unduly large quantities of work into smaller contracts (units) to promote manageability and provide opportunities for emerging entrepreneurs. This procedure may only be followed when technically, logistically and financially feasible.

(4) A senior manager responsible for a vote must submit the under-mentioned information to the chief financial officer prior to the publication of any public

invitation of bids in respect of procurements estimated to exceed R10m (all taxes included):

(i) proof that budgetary provision exists for the procurement concerned;

(ii) details of any ancillary budgetary implications related to the bid concerned;

(iii) details of any multi-year budgetary implications associated with a project which will be undertaken over a period of more than one year as well as details of the anticipated expenditure per financial year.

(5) A procurement referred to in subparagraph (4) may only be advertised for competitive bids after the chief financial officer has verified in writing that budgetary provisions exists to enable the relevant project to commence.

(6) Procurement requirements referred to in subparagraph (4) may not be deliberately split into parts or items of lesser value merely to avoid the information being submitted.

20. Process for competitive bidding

The procedures for the following stages of a competitive bidding process are as follows:

(a) Compilation of bidding documentation as detailed in paragraph 21;

(b) Public invitation of bids as detailed in paragraph 22;

(c) Site meetings or briefing sessions as detailed in paragraph 22;

(d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;

(e) Evaluation of bids as detailed in paragraph 28;

(f) Award of contracts as detailed in paragraph 29;

(g) Administration of contracts - after the award of a bid, the accounting officer and the bidder must enter into a written agreement.

(h) Proper record keeping;

(i) Original/legal copies of written contracts agreements should be kept in a secure place for reference and audit purposes.

21. Bid documentation for competitive bids

Bid documentation for a competitive bidding process must, in addition to compliance with the requirements listed in paragraph 14, comply with the following requirements:

(a) Take into account -

(i) the general conditions of contract and any special conditions of contract, if specified;

(ii) any Treasury guidelines on bid documentation;

(iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction works;

(iv) relevant B-BBEE verification and certification requirements;

(v) relevant local content or production requirements.

(b) Include the preference points system to be used in adjudicating bids, namely 80/20 or 90/10 as prescribed in the Preferential Procurement Regulations;

(c) Compel bidders to declare, by means of an affidavit, any conflict of interest they may have in the transaction for which the bid is submitted;

(d) If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish -

(i) if the bidder is required by law to prepare annual financial statements for auditing, his audited annual financial statements -

(a) for the past three years; or

(b) since establishment, if established during the past three years;

(ii) a certificate signed by the bidder certifying that he has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contracts;

(iv) a statement indicating whether or not any portion of the goods or services required by the municipality are expected to be sourced from outside the Republic, and, if so, what portion and also whether or not any portion of the payment to be made by the municipality is expected to be transferred out of the Republic; and

(e) Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

22. Public invitation for competitive bids

(1) The procedure for the invitation of competitive bids is as follows:

(a) any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the National Treasury E-tender Portal, website of the municipality and in any other appropriate manner (which may include an advertisement in the Government Tender Bulletin); and

(b) the information contained in such public advertisement, must include -

(i) subject to subparagraph 2, the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included) or which are of a long term nature or 14 days in any other case, reckoned from the date on which the advertisement is first placed in the aforesaid newspapers;

(ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and

(iii) the date, time and venue of any compulsory site meeting or briefing session if applicable;

(iv) a statement to the effect that a bid from a prospective bidder who did not attend a prescribed compulsory site meeting or briefing session referred to in subparagraph (iii) will not be considered.

(2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or in any exceptional case where it is impractical or impossible to follow the official procurement process and such fact shall, for auditing purposes, be recorded in the authority to invite bids.

(3) Bids submitted must be sealed and marked in a manner stipulated in the invitation to bid.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies which must reach the accounting officer before the closing time for the receipt of bids on the bid closing date as stipulated in the invitation to bid.

23. Procedure for handling, opening and recording of bids

The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids -

(i) must be opened only in public;

(ii) must be opened at the same time and as soon as possible after the published closing time or period for the submission of bids; and

(iii) received after the published closing time or period should not be considered and be immediately returned to the bidder, unopened;

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids before the closing time or period be read out and, if practical, also each bidder's total bidding price;

(c) No information, except the information referred to in subparagraph (b), relating to a bid should be disclosed to bidders or other persons until the successful

bidder is notified of the award of the relevant bid; and

(d) The designated official opening received bids must -

(k) record in a register to be provided for this purposes, all bids received before the closing time or period for the submission of same and such register shall contain as least the following information in addition to such information as may be prescribed in terms of section 75 of the Act:

(a) the reference number of the bid concerned;

(b) the description of the relevant goods, services or works project to be procured;

(c) the names of all bidders;

(d) where practical, the total price submitted by all bidders that submitted bids in relation to the relevant bid invitation;

(ii) make the aforesaid register available for public inspection during the normal office hours of the municipality; and

(iii) publish the entries in the aforesaid register including the B-BBEE Status level of Contribution of all bidders, where applicable, available on the website of the municipality within ten (10) working days from the date referred to in subparagraph (i) and ensure that such entries remain on the website for a period of at least thirty (30) days from date of publication.

24. Negotiations with preferred bidders

(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation -

(a) does not allow any preferred bidder a second or unfair opportunity;

(b) is not to the detriment of any other bidder; and

(c) does not lead to a higher price than the bid as submitted; and

(d) will not be contrary to any legal requirement or amount to a prohibited practice.

(2) Minutes of such negotiations must be kept for record and audit purposes.

25. Two-stage bidding process

(1) A two-stage bidding process is permissible for -

(a) large complex projects;

(b) projects where it may be undesirable to prepare complete detailed

technical specifications; or

(c) long term projects with a duration period exceeding three years.

(2) In the first stage, technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

(3) In the second stage, final technical proposals and priced bids should be invited.

26. Committee system for competitive bids

(1) The accounting officer shall establish a procurement committee system for competitive bids consisting of at least the following committees:

(a) a bid specification committee;

(b) a bid evaluation committee; and

(c) a bid adjudication committee;

(2) The accounting officer shall, in writing, appoint the members of each committee in respect of each competitive bid invitation, taking into account the provisions of section 117 of the Act in terms of which no councillor may be a member of any such committee nor attend any of its meetings as an observer.

(3) A neutral or independent observer, appointed by the accounting officer, may attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(4) The committee system must be consistent with -

(a) paragraphs 27, 28 and 29 of this policy; and

(b) any other applicable legislation.

The accounting officer may, in appropriate cases and in his sole discretion, apply the committee system to formal written price quotations.

That the Director: Administration, Monitoring, Evaluation & Special Projects submits the minutes of all Bid Committee Meetings to the Finance Portfolio Committee and the Mayoral Committee Meetings.

(7) That members of the public be allowed to attend Bid Adjudication Committee Meetings.

(8) To give effect to subsection (7) above, the Director: Administration, Monitoring, Evaluation & Special Projects must place notices in the local newspapers, on the municipal website and notice boards, inviting the members of the public to attend."

27. Bid specification committees

(a) A bid specification committee must compile the specifications or, where applicable, the terms of reference for the procurement of goods, services or works by the municipality.

(b) A bid specification committee must be composed of one or more officials of the municipality preferably the line manager responsible for the function concerned and may, when appropriate, include external specialist advisors.

(c) No person, advisor or corporate entity involved with the bid specification committee or director of such a corporate entity may bid for any resulting contracts.

(d) Where a bid specification or terms of reference are compiled with due regard to the findings and recommendations contained in a prior, associated feasibility study, the person, advisor or corporate entity who or which prepared the said feasibility study may be prohibited from bidding for the resulting contracts in circumstances where such person, advisor or corporate entity may or is likely to obtain an unfair advantage or where a conflict of interest may arise.

(e) A specification or terms of reference referred to in this paragraph must be approved by the accounting officer in writing prior to publication of the invitation for bids in terms of paragraph 22.

27.A Bid Specifications or Terms of Reference

27.1 General Requirements

Bid Specifications or terms of reference, as the case may be -

(a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services to the municipality;

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;

(e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;

27.2 Identification of preference point system, designated sector, objective criteria and subcontracting

27.2.1. The Municipality must
(a) determine and stipulate in the tender documents(i) the preference point system applicable to the tender as envisaged in regulation 6 or 7; or
(ii) if it is unclear which preference point system will be applicable, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system;
(b) determine whether pre-qualification criteria are applicable to the tender as envisaged in regulation 4;
(c) determine whether the goods or services for which a tender is to be invited, are in a designated sector for local production and content as envisaged in regulation 8;
(d) determine whether compulsory subcontracting is applicable to the tender as envisaged in regulation 9; and
(e) determine whether objective criteria are applicable to the tender as envisaged in regulation 11.

27.3 Pre-qualification criteria for Preferential Procurement

27.3.(1) If an organ of state decides to apply pre-qualifying criteria to advance certain designated groups, that organ of state must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond
(a) a tenderer having a stipulated minimum B-BBEE status level of contributor;
(b) an EME or QSE;
(c) a tenderer subcontracting a minimum of 30% to
(i) an EME or QSE which is at least 51% owned by black people;
(ii) an EME or QSE which is at least 51% owned by black people who are youth;
(iii) an EME or QSE which is at least 51% owned by black people who are women;
(iv) an EME or QSE which is at least 51% owned by black people with disabilities;
(v) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
(vi) a cooperative which is at least 51% owned by black people;
(vii) an EME or QSE which is at least 51% owned by black people who are military veterans; (viii) an EME or QSE.
(2) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender

27.4 Functionality

Where functionality is utilized as an evaluation criterion, bid specifications or terms of reference, as the case may be, must clearly specify:

(i) if the tender will be evaluated on functionality

(ii) The evaluation criteria for measuring functionality must be objective.

(iii) The tender documents must specify

(a) the evaluation criteria for measuring functionality;
(b) the points for each criteria and, if any, each sub-criterion; and
c) the minimum qualifying score for functionality.

(iv) the minimum qualifying score for functionality for a tender to be

considered further
(a) must be determined separately for each tender; and
(b) may not be so(i) low that it may jeopardize the quality of the required goods or services; or (ii) high that it is unreasonably restrictive.

(v) Points scored for functionality must be rounded off to the nearest two decimal places.

(vi) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.

(vii) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria.

27.5 80/20 Preference Points System

(5.1) Where applicable, bid documentation must include the following preference points evaluation system for the procurement of goods, services or works up to a Rand value of R50 million (all applicable taxes included):

(i) the following formula will be used to calculate the points for price in respect of bids (including price quotations) with a Rand value equal to, or above R 30 000 and up to a Rand value of R50 million (all applicable taxes included):

$$Ps = 80 \left(1 - \frac{Pt - Pmin}{Pmin} \right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid or offer.

(ii) subject to subparagraph (iii), points must be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the following tables:

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18

3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

(iii) a maximum of 20 points may be allocated under subparagraph (ii);

(iv) the points scored by a bidder in respect of B-BBEE contribution contemplated in subparagraph (ii) must be added to the points scored for price as calculated in accordance with subparagraph (i);

(5.2) A tenderer must submit proof of its B-BBEE Status level of contributor

(5.3) A tender failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but –

(a) May only score points out of 80 for price

(b) Scores 0 out of 20 for -B-BBEE.

(5.4) A tenderer may not be awarded points for B-BBEE Status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(5.5) The points scored must be rounded off to the nearest two decimal places.

(5.6) Subject to sub regulation (3.7) , the contract must be awarded to the tenderer scoring the highest points.

(5.7) (a) If the price offered by the tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer.

(5.7) (b) the organ of state may-

(i) negotiate a market related price with the tenderer scoring the highest points or cancel the tender

(ii) if the tender does not agree to a market related prices, negotiate a market- related price with the tenderer scoring the second highest scoring points or cancel the tender;

(iii) if the tender scoring the second highest points does not agree to a market related prices, negotiate a market- related price with the tenderer scoring the third highest scoring points or cancel the tender;

(5.8) (c) If the market- related price is not agreed as envisaged in paragraph 5.7 (b), the organ of state must cancel the tender.

27.6 90/10 Preference Points System

(6.1) Where applicable, bid documentation must include the following preference points evaluation system for the procurement of goods, services or works with a Rand value above R50 million (all applicable taxes included):

(i) the following formula will be used to calculate the points for price in respect of bids with a Rand value above R50 million (all applicable taxes included):

$$Ps = 90\left(1 - \frac{Pt - Pmin}{Pmin)}\right)$$

Where:

Ps = Points scored for comparative price of bid or offer under consideration;

Pt = Comparative price of bid or offer under consideration; and

Pmin = Comparative price of lowest acceptable bid or offer.

(ii) subject to subparagraph (iii), points must be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the following tables:

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

(iii) a maximum of 10 points may be allocated under subparagraph (ii);

(iv) the points scored by a bidder in respect of B-BBEE contribution contemplated in subparagraph (ii) must be added to the points scored for price as calculated in accordance with subparagraph (i);

(6.2) A tenderer must submit proff of its B-BBEE Status level of contributor

(6.3) A tender failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but –
(c) May only score points out of 90 for price

(d) Scores 0 out of 10 for -B-BBEE.

(6.4) A tenderer may not be awarded points for B-BBEE Status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

(6.5) The points scored must be rounded off to the nearest two decimal places.
(6.6) Subject to sub regulation (4.7), the contract must be awarded to the tenderer scoring the highest points.
(6.7) (a) If the price offered by the tenderer scoring the highest points is not market related, the organ of state may not award the contract to that tenderer.
(6.7) (b) the organ of state may-
(i) negotiate a market related price with the tenderer scoring the highest points or cancel the tender
(ii) if the tender does not agree to a market related prices, negotiate a market- related price with the tenderer scoring the second highest scoring points or cancel the tender;
(iii) if the tender scoring the second highest points does not agree to a market related prices, negotiate a market- related price with the tenderer scoring the third highest scoring points or cancel the tender;
(6.7) (c) If the market- related price is not agreed as envisaged in paragraph 6.7 (b), the organ of state must cancel the tender.

27.7 Local Production

(7.1) Where, in the case of bids in designated sectors, local production and content is of critical importance, the relevant bid documentation must clearly state, as a bid condition, that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content, will be considered.

(7.2) The relevant bid documentation must also stipulate:

(a) that the exchange rate to be used for the calculation of local content or local production will be the exchange rate published by the South African Reserve Bank at 12:00 on the date, one week (7 calendar days) prior to the closing date of the invited bid;

(b) that only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x will be used to calculate local content in accordance with the following formula:

$$LC = 1 - \frac{X}{Y} \times 100$$

Where

x imported content

y bid price excluding value added tax (VAT)
and that the prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the South African Reserve Bank at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid;

(c) that Form MBD 6.2 (Declaration Certificate for Local Content) issued by National Treasury, duly completed and signed, must form part of the bid documentation;

(d) that the municipality reserves the right to verify the accuracy of the

rates of exchange quoted by the bidder in paragraph 4.1 of the aforesaid Certificate.

(7.3) The accounting officer may decide to include in any bid documentation a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by National Treasury in consultation with the Department of Trade and Industry and, in such event, the requirements stipulated in subparagraph 5.2 shall be inserted in the relevant bid documentation.

(7.4) Where necessary, bid documentation for bids referred to in subparagraph 5.1 may state that a two- stage bidding process will be followed, where the first stage will involve functionality and minimum threshold for local production and content and the second stage price and B-BBEE status with the possibility of price negotiations only with the short listed bidders with a view to effecting cost savings in circumstances where the tendered prices are obviously inflated or to ensure the award of the bid concerned within budgetary constraints provided that, where such negotiations take place, the principles contained in paragraph 25.1 of this policy shall be applied.

(7.5) Any bid specification issued in terms of this subparagraph must be capable of being measured and audited.

(7.6) A tender that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

27.8 Additional Conditions

Bid documentation must include a reference to the following additional conditions, where applicable:

27. 8.1 Award of contracts to tenderers not scoring highest points

.(1) A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(f) of the Act.

(2) If an organ of state intends to apply objective criteria in terms of section 2(1)(f) of the Act, the organ of state must stipulate the objective criteria in the tender documents.

27.8.2 Sub-contracting as condition of tender

(i**)** If feasible to subcontract for a contract above R30 million, an organ of state must apply subcontracting to advance designated groups.

(ii) If the municipality applies subcontracting as contemplated in subregulation (1), the municipality must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to

(a) an EME or QSE
(b) an EME or QSE which is at least 51% owned by black people;
(c) an EME or QSE which is at least 51% owned by black people who are youth;
(d) an EME or QSE which is at least 51% owned by black people who are women;
(e) an EME or QSE which is at least 51% owned by black people with disabilities;
(f) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
(g) a cooperative which is at least 51% owned by black people;
(h) an EME or QSE which is at least 51% owned by black people who are military veterans; or more than one of the categories referred to in paragraphs (a) to (h).

(iii) The municipality of state must make available the list of all suppliers registered on a database approved by the National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in subregulation (iii) from which the tenderer must select a supplier

27.8.3 Subcontracting after award of tender

.(i) A person awarded a contract may only enter into a subcontracting arrangement with the approval of the organ of state.

(ii) A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

(iii) A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.

27.9 Miscellaneous Special Conditions of Contract

Bid documentation must, inter alia, include the following conditions as Special Conditions of Contract:

27.9.1 General

(a) Only a bidder who has completed and signed the declaration part of a bid may be considered;

(b) When comparative prices must be calculated, any discounts which have been offered unconditionally will be taken into account;

(c) A discount which has been offered conditionally will, despite not being taken into account for evaluation purposes, be implemented when payment to a bidder in respect of an accepted bid is effected;

(d) Points scored in any applicable scoring system will be rounded off to the nearest 2 decimal places.

(e) **(i)** In the event that two or more bids score equal total points, the successful bid will be the one scoring the highest number of preference points for B-BBEE;

(ii) However, when functionality is part of the evaluation process and two or

more bids have scored equal points including equal preference points for B-BBEE, the successful bid will be the one scoring the highest score for functionality.

(iii) Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

27.9.2 Declarations

(f) A bidder must -

(i) declare that the information provided in any bid document is true and correct;

(ii) declare that the signatory to a bid document is duly authorized; and

(viii) undertake to submit documentary proof regarding any bidding issue when required to the satisfaction of the municipality.

27.9.3 Remedies

(1) Upon detecting that a tenderer submitted false information regarding its BBBEE status level of contributor, local production and content, or any other matter required in terms of these Regulations which will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements, the organ of state must
(a) inform the tenderer accordingly;
(b) give the tenderer an opportunity to make representations within 14 days as to why
(i) the tender submitted should not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part;
(ii) if the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should not be penalised up to 10 percent of the value of the contract; and
(iii) the tenderer should not be restricted by the National Treasury from conducting any business for a period not exceeding 10 years with any organ of state; and
(c) if it concludes, after considering the representations referred to in subregulation (1)(b), that
(i) such false information was submitted by the tenderer(aa) disqualify the tenderer or terminate the contract in whole or in part; and (bb) if applicable, claim damages from the tenderer; or
(ii) the successful tenderer subcontracted a portion of the tender to another person without disclosing, penalise the tenderer up to 10 percent of the value of the contract.

(2)(a) The Municipality must
(i) inform the National Treasury, in writing, of any actions taken in terms of subregulation (1);
(ii) provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and
(iii) submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.
(b) The National Treasury may request an organ of state to submit further information

pertaining to subregulation (1) within a specified period.

(3) The National Treasury must
(a) after considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and
(b) maintain and publish on its official website a list of restricted suppliers.

27.10 Cancellation of Tender

(1) The Municipality may, before the award of a tender, cancel a tender invitation if-

(a) due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
(b) funds are no longer available to cover the total envisaged expenditure; (c) no acceptable tender is received; or
(d) there is a material irregularity in the tender process.

(2) The decision to cancel a tender invitation in terms of subregulation (1) must be published in the same manner in which the original tender invitation was advertised.

(3) An organ of state may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

27.11 Procurement from tertiary institutions

(a) Where the municipality is in need of a service provided by only tertiary institutions, such services must be procured through a bidding process with the identified tertiary institutions.

(b) Should the municipality require a service that can be provided by one or more tertiary institutions or public entities and enterprises from the private sector, the appointment of a contractor will be done by means of a bidding process.

(c) For purposes of this paragraph, a bidding process includes a written offer in a prescribed or stipulated form in response to an invitation by the municipality for the provision of services, through price quotations, advertised competitive bidding processes or proposals.

28. Bid evaluation committees

(1) A bid evaluation committee must, as far as possible, be composed of-

(a) officials from departments requiring the goods, services or works; and

(b) at least one supply chain management practitioner of the municipality.

(2) A bid evaluation committee must -

(a) evaluate bids in accordance with the relevant bid specification or terms of reference, as the case may be, inclusive of unconditional discounts, sub-contracting and this policy; and

(b) evaluate each bidder's ability to execute the contract provided that, where bids are invited on the basis of functionality as a criterion, they must be evaluated in the following two stages:

(i) First stage - evaluation of functionality

(a) bids must be evaluated in terms of the evaluation criteria embodied in the bid specification or terms of reference, as the case may be. The amendment of evaluation criteria, weights, applicable values and/or the minimum qualifying score for functionality after the closure of bids is not allowed as this may jeopardize the fairness of the process;

(b) a bid will be considered further if it achieves the prescribed minimum qualifying score for functionality;

(c) bids that fail to achieve the minimum qualifying score for functionality must be disqualified;

(d) score sheets should be prepared and provided to panel members to evaluate the bids;

(e) a score sheet should contain all the criteria and the weight for each criterion as well as the values to be applied for evaluation as indicated in the bid specification or terms of reference concerned;

(f) each panel member should, after thorough evaluation, independently award his own value to each individual criterion;

(g) score sheets should be signed by panel members and if necessary, a written motivation may be requested from panel members where vast discrepancies in the values awarded for each criterion exist -

provided that if the minimum qualifying score for functionality is indicated as a percentage in the bid specification or terms of reference, as the case may be, the percentage scored for functionality may be calculated as follows:

(h) the value awarded for each criterion should be multiplied by the weight for the relevant criterion to obtain the score for the various criteria;

(i) the scores for each criterion should be added to obtain the total score; and

(j) the following formula should be used to convert the total score to percentage for functionality:

$$Ps = \frac{So}{Ms} X\ 100$$

Where:

Ps = percentage scored for functionality by bid under consideration

So = total score of bid under consideration

Ms = maximum possible score

(k) the percentage of each panel member should be added and divided by the number of panel members to establish the average percentage obtained by each bidder for functionality.

(ii) Second stage - Evaluation in terms of the 80/20 or 90/10 preference point systems

Only bids that achieve the minimum qualifying score / percentage for functionality must be evaluated further in accordance with the bid specification or terms of reference for the bid concerned, as the case may be;

(c) evaluate bids based on a stipulated minimum threshold for local production and content as required in the relevant bid specification in the following two stages:

(i) First stage - Evaluation in terms of the stipulated minimum threshold for local production and content

(a) bids must be evaluated in terms of the evaluation criteria stipulated in the bid specification. The amendment of the stipulated minimum threshold for local production and content after the closure of bids is not allowed as this may jeopardize the fairness of the process;

(b) a bid must be disqualified if:

- the bidder fails to achieve the stipulated minimum threshold for local production and content; and
- the Declaration Certificate for Local Content (Form MBD 6.2) is not submitted as part of the bid;

(c) calculate the local content (LC) as a percentage of the bid price in accordance with the SABS approved technical specification number SATS 1286: 201x;

(d) verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of the Declaration Certificate for Local Content (Form MBD 6.2);

(ii) Second stage - Evaluation in terms of the 80/20 or 90/10 preference point systems

(e) only bids that achieve the minimum stipulated threshold for local production and content must be evaluated further in accordance with the relevant preference point system referred to in the bid specification;

(f) where appropriate, prices may be negotiated only with short listed or preferred bidders. Such negotiations must, however, not prejudice any other bidders;

(d) check in respect of the recommended bidder whether or not such bidder's municipal rates and taxes and municipal service charges are not in arrears;

(e) verify the status of recommended bidders (including their directors(s), owners(s) or trustee(s)) by checking the Data Base of Restricted Suppliers maintained by National Treasury in order to ensure that no recommended bidder or any of its directors/owners/trustees are listed as companies or persons prohibited from doing business with the public sector;

(f) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter provided that:

(i) a contract must be awarded to the bidder who scored the highest total number of points in terms of the preference points systems referred to in paragraphs 29(3.3) and 29(4.3) as may be applicable; and

(ii) in exceptional circumstances and as provided in paragraph 29.9 of this policy, a contract may be awarded to a bidder that did not score the highest number of points provided that the reasons for such a recommendation must be recorded for audit purposes and be defendable in a court of law.

29. Bid adjudication committees

(1) A bid adjudication committee must consist of at least four senior managers of the municipality which must include -

(a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and

(b) at least one senior supply chain management practitioner who is an

official of the municipality; and

(c) a technical expert in the relevant field who is an official of the municipality if the municipality has such an expert.

(2) The accounting officer must appoint the chairperson of the committee who shall preferably be the chief financial officer. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting and such election must be recorded in the minutes of the meeting concerned.

(3) Only with the consent of the accounting officer and upon request by the bid adjudication committee, a member of a bid specification, bid evaluation committee and/or an advisor or person assisting these committees may attend a meeting of a bid adjudication committee only for the purpose of providing clarity and an explanation of difficult technical aspects relating to the bid being adjudicated and without having any right to vote on the said bid being adjudicated.

(4) A bid adjudication committee must -

(a) consider the report and recommendations of the bid evaluation committee submitted in terms of paragraph 28; and

(b) either -

(i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or

(ii) make another recommendation to the accounting officer on how to proceed with the relevant procurement.

(5) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must, prior to awarding the bid -

(a) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears; and

(b) notify the accounting officer.

(6) The accounting officer may -

(a) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in subparagraph 5; and

(b) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(7) The accounting officer may, at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication

committee back to that committee for reconsideration of the recommendation.

(8) If a bid other than the one recommended in the normal course of implementing this policy is approved, the accounting officer must, in writing and within 10 working days, notify the Auditor-General and the National and Provincial Treasuries of the reasons for deviating from such recommendation.

(9) Subparagraph 8 does not apply if a different bid was approved in order to rectify an irregularity.

(10) Notwithstanding any provision to the contrary in this paragraph or any other provision

in this policy:

(a) contracts above a value of R10m (all applicable taxes included) may only be awarded to the preferred bidder after the chief financial officer has verified in writing that budgetary provision exists for the procurement concerned and that it is consistent with the Integrated Development Plan of the municipality.

(b) during a competitive bidding and adjudication process or before the award of a contract, the accounting officer may, at his/her discretion, specifically request the internal audit function of the municipality or, when so required, an independent external audit service provider (including an organ of state) to carry out audit procedures and provide an opinion on compliance of the bidding process with supply chain management legislation applicable to the municipality.

(11) The accounting officer shall cause details of all bids awarded through a competitive bidding process to be advertised on the website of the municipality and such notification shall include at least the following information:

(a) Contract numbers and description of goods, service or works projects procured;

(b) Names of the successful bidder(s) and the B-BBEE level of contribution claimed;

(c) The contract prices(s);

(d) Brand names and dates for completion of contracts.

30. Procurement of banking services

(1) A contract for banking services -

(a) must be procured through competitive bidding;

(b) must be consistent with section 7 or 85 of the Act; and

(c) may not be for a period of more than five years at a time.

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 23 (1).

(4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

31. Procurement of IT related goods or services

(1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer must notify SITA together with a motivation of the IT needs if -

(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or

(b) the transaction value of a contract to be procured, whether for one or more years, exceeds R50 million (VAT included).

(4) If SITA comments on the submission and the municipality does not agree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National and Provincial Treasuries and the Auditor-General.

32. Procurement of goods and services under contracts secured by other organs of state

(1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if -

(a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) there is no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits to do so; and

(d) that other organ of state and the provider concerned have consented to such procurement in writing.

(2) Subparagraphs (1) (c) and (d) do not apply if -

(a) a municipal entity procures goods or services through a contract secured by its parent municipality; or

(b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

33. Procurement of goods necessitating special safety arrangements

(1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

34. Proudly SA Campaign

(1) The Municipality supports the Proudly SA Campaign to the extent that, as far as possible, preference is given to procuring local goods and services in line with the Updated Preferential Procurement Regulation of 2017

35. Appointment of consultants

(1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if -

(a) the value of the contract exceeds R200 000 (VAT included); or

(b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of -

(a) all consultancy services provided to an organ of state in the last five years; and

(b) any similar consultancy services provided to an organ of state in the last five years.

(4) The accounting officer must ensure that copyright in any document produced and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised by a consultant in the course of the consultancy service is vested in the municipality.

36. Deviation from, and ratification of minor breaches of, procurement processes

(1) The accounting officer may -

(a) dispense with the official procurement processes established by this policy and procure any required goods or services through any convenient process, which may include direct negotiations, but only -

(i) in an emergency;

(ii) if such goods or services are produced or available from a single or sole provider only in circumstances where such supplier:

(a) manufactures or provides goods and services which satisfies

the unique requirements of a procurement;

(b) the goods and services required are already in the municipality's value chain or employ and are only supplied by an Original Equipment Manufacturer (OEM) or by a licensed agent thereof provider further that a licensed agent must produce a certificate from the OEM concerned certifying that he is a licensed agent;

(c) there is a requirement for compatibility, continuity and alignment;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos and/or nature and game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1) (a) and (b) of this policy and report them to the next meeting of the council and also include such reasons as a note to the annual financial statements of the municipality.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

37. Unsolicited bids

(1) An unsolicited bid is a bid that is submitted by a prospective supplier to the municipality without any procurement requirement first having been identified and advertised. This situation arises when a supplier identifies an opportunity to render services or supply products not ordinarily required by the municipality.

(2) In accordance with section 113 of the Act, there is no obligation upon the municipality to consider unsolicited bids received outside a normal bidding process.

(3) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid but only if -

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) the product or service will be exceptionally beneficial to the municipality or have exceptional cost advantages;

(c) the person who made the bid is the sole provider of the product or service concerned; and

(d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(4) If the accounting officer decides to consider an unsolicited bid that complies with sub-paragraph (3), his decision must be made public in accordance with section 21A of the Municipal Systems Act, together with -

(a) reasons as to why the bid should not be open to other competitors;

(b) an explanation of the potential benefits if the unsolicited bid were accepted; and

(c) an invitation to the public or other potential suppliers to submit their comments on the proposal within 30 days of the publication of the relevant notice.

(5) The accounting officer must submit all written comments received pursuant to subparagraph (4), including any responses from the unsolicited bidder, to the National and Provincial Treasuries for comment.

(6) Subject to subparagraphs (7) and (8) below, the adjudication committee must consider the unsolicited bid and may, depending on its delegations, award the bid or make a recommendation to the accounting officer.

(7) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(8) When considering the matter, the adjudication committee must take into account -

(a) any comments submitted by the public; and

(b) any written comments and recommendations of the National and Provincial Treasuries.

(9) If any recommendations of the National and Provincial Treasuries are rejected or not followed, the accounting officer must submit to the Auditor-General and the National and Provincial Treasuries the reasons for rejecting or not following those recommendations.

(10) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

(11) The processes to be followed by the municipality with regard to the acceptance or rejection of an unsolicited bid shall clearly be made known to the bidder who submits the unsolicited bid concerned.

(12) The council shall exercise caution when interviewing a potential supplier or a person who may wish to offer services to the municipality in circumstance which may be tantamount to the submission of or negotiation with regard to an unsolicited bid and shall not do anything or cause anything to be done which may be contrary to this policy.

38. Combating of abuse of supply chain management system

(1) The accounting officer must-

(a) take all reasonable steps to prevent abuse of the supply chain management system;

(b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or a failure to comply with this policy, and when justified -

(i) take appropriate steps against such official or other role player; or

(ii) report any alleged criminal conduct to the South African Police Service;

(c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder or any of its directors, is listed as a person prohibited from doing business with the public sector;

(d) reject any bid from a bidder -

(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality or to any other municipality or municipal entity, are in arrears for more than three months; or

(ii) who, during the last five years, has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

(e) reject a recommendation for the award of a contract if the recommended bidder or any of its directors has committed a corrupt or fraudulent act in competing for the particular contract;

(f) cancel a contract awarded to a person if -

(i) such person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

(ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and

(g) Reject the bid of any bidder if that bidder or any of its directors -

(i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;

(ii) has been convicted for fraud or corruption during the past five years;

(iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

(iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No. 12 of 2004).

(2) The accounting officer must inform the National and Provincial Treasuries in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) above.

(3) If the accounting officer, on reasonable grounds, believes that a bidder or a contractor has engaged in bid rigging, he shall refer the matter to the Competition Tribunal for investigation and the taking of action against the bidder or contractor concerned in a manner contemplated in the Competition Act No. 89 of 1998.

Part 3: Logistics, Disposal, Risk and Performance Management

39. Logistics management

The accounting officer must establish and implement an effective system of logistics management, which must include -

(a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;

(b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

(c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;

(d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

(e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

(f) regular checking to ensure that all assets including official vehicles are properly

managed, appropriately maintained and only used for official purposes; and

(g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

40. Disposal management

(1) In terms of section 14 of the Act, the 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.

(2) A municipality may transfer ownership or otherwise dispose of capital asset other than one contemplated in subsection (1), but only after the 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) An asset may be disposed of by -

(i) transferring the asset concerned to another organ of state in terms of a provision of the Act enabling the transfer of assets;

(ii) transferring the asset concerned to another organ of state at market related value or, when appropriate, free of charge;

(iii) selling the asset concerned; or

(iv) destroying such asset.

(4) The accounting officer must ensure that -

(a) when immovable property is sold by means of a competitive bidding process, the highest price offered shall be accepted, provided such price is equal to or higher than the market related price for the relevant immovable property;

(b) in other cases, only at a market related price except when the public interest or the plight of the poor demands otherwise in which event the sale price shall be determined in accordance with the applicable land disposal or indigent policy adopted by the council;

(c) movable assets are sold either by way of written price quotations, a competitive bidding process or by public auction at the highest offered price, provided such price is market related;

(d) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;

(e) immovable property is let at market related rentals except when the public

interest or the plight of the poor demands otherwise in which event the rental shall be determined in accordance with the applicable land disposal or indigent support policy adopted by the council;

(f) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;

(g) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

(h) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate, within 30 days, whether or not any of the local schools are interested in such equipment.

(5) This paragraph must be read with and applied in conjunction with the Municipal Asset Transfer Regulations contained in Government Notice R. 878 of 22 August 2008 and the associated policies adopted by the council. In the event of conflict, the provisions of the aforesaid Regulations shall be applied.

41. Risk management

(1) The accounting officer must establish and implement an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.

(2) Risk management must include -

(a) the identification of risks on a case-by-case basis;

(b) the allocation of risks to the party best suited to manage such risks;

(c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

(d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

(e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

42. Performance management

The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorized supply chain management processes were followed and whether the objectives of this policy were achieved.

Part 4: Other matters

43. Tax Matters

1) In terms of the Act municipalities are prohibited from awarding bids to persons whose tax matters have not been cleared by SARS.

2) Before making an award to a person, the Supply Chain Management Unit, must verify the tax compliance status of a tax payer on the SARS e-Filling system.

3) The National Treasury Centralised Supplier Database and the Tax Compliance Pin are the approved methods to be used to prove tax compliance.

4) Where goods and services are procured from foreign supplier with tax obligations in South Africa, proof of tax compliance status should be obtained from supplier.

5) Foreign Suppliers with neither South African tax obligations nor history of doing business in South should complete a pre-award questionnaire on the 2018 revised MBD 1 for their tax obligation categorization. The Accounting Officer must submit a copy of this completed MBD 1 received from the awarded bidder to SARS. SARS will issue a letter to the procuring entity confirming whether or not foreign supplier has tax obligations in South Africa.

6) Where the recommended bidder is not tax compliant, the bidder should be notified of their non – compliant status and the bidder must be requested to submit to the municipality within seven (7) working days, proof that they have remediate their tax compliance status. The proof of tax compliance status submitted by the bidder must be verified in terms of section 43(3).

7) The Accounting Officer should reject a bid submitted by the bidder if such bidder fails to provide proof of tax compliance status within the specified timeframe as stated in section 43(6) above.

8) If a bidder was tax compliant at the time of award, purchase order and thereafter, and the goods and services has been delivered satisfactorily without any dispute, the Accounting Officer should not delay processing payment of invoices due to outstanding tax matters. This only applies where bidder was tax compliant on the date of tender award or the processing of official purchase order.

44. Prohibition on awards to persons in the service of the state

Irrespective of the procurement process followed, no award may be made to a person in terms of this policy -

(a) who is in the service of the state;

(b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or

(c) who is an advisor or consultant contracted with the municipality.

45. Awards to close family members of persons in the service of the state

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including -

(a) the name of that person;

(b) the capacity in which that person is in the service of the state; and

(c) the amount of the award.

46. Ethical standards

(1) The code of ethical standards annexed to this policy as Annexure A shall apply to all officials and other role players in the supply chain management system of the municipality in order to promote -

(a) mutual trust and respect; and

(b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

(2) A breach of the aforesaid code of ethics must be dealt with as follows -

(a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;

(b) in the case of a role player who is not an employee, through other appropriate means with due regard to the severity of the breach;

(c) in all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act and for applicable regulations pertaining to financial misconduct by officials.

47. Inducements, rewards, gifts and favours to municipalities, officials and other role players

(1) No person who is a provider or prospective provider of goods or services or a recipient or prospective recipient of goods disposed of or to be disposed of may either directly or through a representative or intermediary promise, offer or grant -

(a) any inducement or reward to the municipality for or in connection with the award of a contract; or

(b) any reward, gift, favour or hospitality to -

(i) any official; or

(2) The accounting officer must promptly report any alleged contravention of sub-paragraph 1 to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Subparagraph (1) does not apply to gifts less than R350 in value.

48. Sponsorships

The accounting officer must promptly disclose to the National and Eastern Cape Provincial Treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary by any person who is -

(a) a provider or prospective provider of goods or services to the municipality; or

(b) a recipient or prospective recipient of goods disposed of or to be disposed of by the municipality.

49. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of the supply chain management system, may lodge with the accounting officer, within 14 days of the decision or action, a written objection or complaint against the decision or action concerned.

50. Resolution of disputes, objections, complaints and queries

(1) The accounting officer must appoint an independent and impartial person who is not directly involved in the supply chain management processes -

(a) to assist in the resolution of disputes between the municipality and other persons regarding -

(i) any decisions or actions taken in the implementation of the supply chain management system; or

(ii) any matter arising from a contract awarded in the course of the supply chain management system; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The accounting officer or another official designated by the accounting officer is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must -

(a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the Eastern Cape Provincial Treasury if -

(a) if it is not resolved within 60 days of lodgment; or

(b) no response is forthcoming within 60 days of lodgment.

(5) If the Eastern Cape Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query concerned may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a competent court, at any time, for such order as may be just and necessary in the circumstances.

51. Contracts providing for compensation based on turnover

If a service provider acts on behalf of the municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to him is fixed as an agreed percentage of turnover for the service concerned or the amount collected, the contract between such service provider and the municipality must stipulate -

(a) a cap on the compensation payable to him; and

(b) that such compensation must be performance based.

52. Contract Management – issue of expansion and variation orders

(a) The accounting officer or nominee may, subject to the provisos to this subparagraph and subparagraphs (b) to (d) authorize the issue of expansion or variation orders (herein referred to as "variations orders") in respect of contract specifications or conditions of contract in order to accommodate costs for additional work either unforeseen when contracts were awarded for , essential or necessary additional work or in instances where factors beyond the control of an appointed contractor has led to or will lead to a delay in a contract completion date provided that:

(i) 15% for goods and/or services; and, provided further –

that any expansion or variation order issued in excess of the aforesaid thresholds shall be dealt with in a manner provided in section 116 (3) of the Act.

(b) A variation order may only be issued after -

(i) the need for such order has been fully motivated by the responsible project manager and supported by the head of department concerned; and

(ii) the chief financial officer has certified that funds are available to cover the cost the required additional work.

(c) A request for the issue of a variation order in an amount exceeding R200 000 shall first be referred to the Bid Adjudication Committee which considered the initial bid for approval provided that the accounting officer may constitute a new Bid Adjudication Committee for this purpose.

(d) No request for a variation order may be approved in circumstance where new bids may be invited for the additional work concerned.

(e) The line manager responsible for the implementation of a project undertaken either departmentally or through an appointed contractor must keep a proper record of all variation orders issued in respect of a project.

(f) The original copy of an issued variation order must be filed with the original bid and contract documents.

(g) The responsible line manager must, upon completion of additional work or the expiry of any extended contract period authorized by a variation order, certify that the terms and conditions of such variation order have been complied with.

53. Application of policy to municipal entities

(a) The provisions of this policy generally do not apply to municipal entities.

(b) The supply chain management system of a municipal entity shall be applied with due regard to the provisions of this policy and the Regulations and, in the event of conflict, the provisions of the Regulations shall enjoy preference.

54. Fronting

(a) For purposes of this paragraph, “fronting” shall include the under-mentioned acts on the part of a bidder or any person or party associated with a bidder:

(i) **Window-dressing:** This includes cases in which black people are appointed or introduced to an enterprise on the basis of tokenism and may subsequently be discouraged or inhibited from substantially participating in the core activities of the enterprise concerned and/or be discouraged or inhibited from substantially participating in the declared areas and/or levels of their participation;

(ii) **Benefit Diversion:** This includes initiatives where the economic benefits received by an organization for having B-BBEE Status do not flow to black people in the ratio specified by law;

(iii) **Opportunistic Intermediaries:** This includes enterprises that have concluded agreements with other enterprises in order to leverage the opportunistic intermediary's favourable B-BBEE status in circumstances where the agreement involves:

(a) Significant limitations or restrictions on the identity of the opportunistic intermediary's suppliers, service providers, clients or customers;

(b) The maintenance of their business operations in a context reasonably considered improbable having regard to resources; and

(c) Terms and conditions that are not negotiated at arms-length on a fair and reasonable basis.

(b) Where the accounting office detects fronting, he must act against the bidder concerned in terms of paragraph 27(9.3) and, in addition, report such fronting to the Department of Trade and Industry.

55 Commencement

This policy takes effect on the date of its adoption by the council.

ANNEXURE A

KOUGA MUNICIPALITY

CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1. General Principles

The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust which implies a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuity from any person or provider / contractor either for themselves, their family, their friends and business associates.

Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively, with integrity and in accordance with applicable legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should, at no time, afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual and they should also not abuse the power and authority vested in them.

2. Conflict of interest

An official or other role player involved with supply chain management -

(a) must treat all providers and potential providers equitably and fairly;

(b) may not use his/her position for private gain or to improperly benefit another person;

(c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;

(d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

(e) must declare to the accounting officer details of any private or business interest which that person or any close family member, partner or associate, may have in any proposed procurement or disposal process or in any award of a contract by the municipality;

(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that

person or any close family member, partner or associate has any private or business interest;

(g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may give rise to a possible conflict of interest;

(h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence him/her in the performance of his/her official duties; and

(i) should not take improper advantage of his/her previous office after leaving his/her official position.

3. Accountability

3.1 Practitioners are accountable to the public for their decisions and actions.

3.2 Practitioners should use public property scrupulously.

3.3 Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods, services or works.

3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries in such a system for any reason whatsoever.

3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favoritism, unfair and irregular practices in the supply chain management system.

3.6 Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which they may become aware of, including but not limited to -

(i) any alleged fraud, corruption, favoritism or unfair conduct;

(ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and

(iii) any alleged breach of this code of conduct.

3.7 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

4. Openness

Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict the supply of information only if it is in the public interest to do so.

5. Confidentiality

5.1 Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid/contract/bidder/contractor may be revealed if such an action will infringe the relevant bidder's/contractors personal rights.

5.2 Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after they have left the service of the municipality.

6. Bid Specification / Evaluation / Adjudication Committees

6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.

6.2 Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.

6.4 No person should-

6.4.1 interfere with the supply chain management system of the municipality; or

6.4.2 amend or tamper with any price quotation / bid after its submission.

7. Combative Practices

Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

(i) suggestions to fictitious lower quotations;

(ii) reference to non-existent competition;

(iii) exploiting errors in price quotations / bids;

(iv) soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.



INDIGENT SUPPORT POLICY

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MUNICIPALITY

INDIGENT SUPPORT POLICY

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DEFINITIONS AND ABBREVIATIONS:

LED – Local Economic development

IDP - integrated Development Plan

ID – Identity document

"child headed household" means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract for services;

"household" means a registered owner with or without children who reside on the same premises;

"indigent" means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area, which qualifies for rebates/remissions, support or a services subsidy; provided that child support grants are not included when calculating such household income;

"Indigent Management System" an electronic management system applied by Kouga Municipality for the management of the register of indigent households;

"**municipality**" means Kouga Municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

"programme officer" an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible for the following:

(a) to ensure that applications for indigent support are received and assessed;

(b) to ensure that applications are captured on the Indigent Management System;

(c) to ensure that information on applications are verified and that regular audits are executed; and

(d) to authorise expenditure regarding indigent support.

'occupier' means the person who controls and resides on or controls and otherwise uses immovable property, provided that -

(a) the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;

(b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

'indigent register' means Kouga Municipality's financial database, which has to be updated on a monthly basis, designed to contain all the inputted data contained within completed indigent application forms.

'owner', in relation to immovable property, means -

(a) the person in whom is vested the legal title thereto provided that -

(i) the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and

(ii) the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;

(b) if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;

(c) if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or

(d) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

'premises' includes any piece of land, the external surface boundaries of which are delineated on -

(a) a general plan or diagram registered in terms of the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937);

(b) a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and situated within the jurisdiction of the municipality;

'rates' means any tax, duty or levy imposed on property by the Council;

PREAMBLE

As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

The Kouga municipality must strive to fulfill the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.

The successful implementation of this policy depends totally on affordability and the social analysis of the area as should be included in the municipality's IDP. With regard to affordability the foundation is laid in section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic service through tariffs that cover only the operating and maintenance costs.

The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

1. POLICY PRINCIPLES

In recognition of the abovementioned National Framework the municipality undertakes to promote the following principles:

1.1 To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay.

1.2 To promote an integrated approach to free basic service delivery; and

1.3 To engage the community in the development and implementation of this Policy.

2. POLICY OBJECTIVES

In support of the above principles the objective of this policy will be to ensure the following:

2.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;

2.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;

2.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy;

2.4 The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households;

2.5 To ensure co-operative governance with other spheres of government; and

2.6 To enhance the institutional and financial capacity of the municipality to implement the policy.

3. THE LEGISLATIVE FRAMEWORK

This policy is designed and implemented within the framework of the following legislation:

- The Constitution of the RSA, 1996;
- The Municipal Systems Act, 2000 (Act 32 of 2000);
- The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- The Property Rates Act, 2004 (Act 6 of 2004) and Amended Property Rates Act 29 of 2014.

4. QUALIFICATION CRITERIA

Qualification criteria for indigent support shall be determined by the municipality from time to time, provided that until the municipality determines otherwise, the following criteria shall apply:

4.1 The applicant must be a resident of the municipality (within the jurisdiction of Kouga.

4.2 The applicant must be in possession of a valid South African identity document.

4.3 The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold is an income of not less than two state pensions per month.

4.4 The applicant must be the owner who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.

4.5 The owner of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.

4.6 The account of a deceased estate, may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance, providing a letter of authority from the Court.

4.7 Places of Public Worship in Indigent areas, retirement Centres and Old Age Homes

5. TARGETING OF INDIGENT HOUSEHOLDS

The effective targeting of indigent households and the implementation of this policy will depend largely on the social analysis included in the IDP, the LED initiatives and other poverty relief programmes of the municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households.

Against the background of such socio-economic analysis, the municipality must within its financial and institutional capacity decide which targeting approach or option should be applied.

Depending on capacity the municipality may apply any or a combination of the following targeting methods:

Targeting approach	Application
1. Service levels	Lowest service levels normally in informal settlements and rural areas.
2. Service consumption	Metered services in urban and rural areas.

3. Property value	Applicable only to registered indigents in to a value determined in addition to the R15000 in terms of the Property Rates Act, 2004, and amended Property Rates Act 29 of 2014.
4. Household income	Threshold determined in terms of socio-economic analysis. (two times state pension)
5. Geographical (Zonal) targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

6. EXTENT OF INDIGENT SUPPORT

The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

Within the abovementioned budgetary process, and in striving to create situation where poor households will be granted access to a full social package, the following assistance and support may be granted:

6.1 Water

Each registered indigent household shall receive water fully subsidised to a maximum of 12 kl per month, including the basic charges for such supply; provided that –

6.1.1 Where the consumption exceeds 12 kl per month the municipality shall be entitled to restrict water supply to the property; and

6.1.2 Where excessive consumption is partly due to leaking or poor plumbing, the municipality may install a yard connection to the outside of the dwelling and meter the consumption.

6.1.3 Where households registered as indigent use excessive water consumption, they will not be attached to the sliding scale but a minimum tariff.

6.2 Electricity

Each registered indigent household shall receive electricity fully subsidised to a maximum of 50 kWh per month. This subsidy may also apply to registered indigent households in rural areas where the municipality is the electricity supplier while agreements with Eskom, where the latter is the supplier, may be negotiated to support such households.

6.3 Refuse removal

Each registered indigent household shall be fully subsidised for refuse removal as provided for in the annual budget.

6.4 Sanitation

Each registered indigent household shall be fully subsidised for sanitation as provided for in the annual budget.

6.5 Property Rates

Each registered indigent household shall be subsidised for property rates as provided for in the annual budget and subject to the provisions of the Municipal Property Rates Act, 2006 and Amended Act 29 of 2014.

6.6 Leakages,repairs and installation costs

6.6.1 Where water leakages occur at indigent principle households, such leakages

can be repaired at Council's expense and the cost thereof recovered from the equitable share grant.

6.6.2 Where electricity meter problems occur at indigent principle households,

Such problems can be repaired at council's expense and the cost thereof

recovered from the equitable share grant

6.6.3 Where sewerage problems occur at indigent principle households, such

problems can be repaired at Council's expense and the cost thereof recovered from the equitable share grant.

6.6.4 The conversion to Pre-Paid Meters of indigent principle households, such

conversions can be converted at council's expense and the cost thereof

recovered from the equitable share grant.

6.6.5 Installation of the Smart and/or Split meters of indigent principle households

can be converted at council's expense and the cost thereof recovered from

the equitable share grant.

6.7 Rental (Dwellings and Sites)

100% subsidy will be granted to indigent households in respect of all dwellings or sites belonging to the municipality;

6.8 Burials

In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery.

6.9 Transfer of properties

In the event of the death of the title holder of a property in an indigent household, the municipality may enter into agreements with local attorneys, the Legal Aid Board or the provincial law society for the administration of the estate and the transfer of the property into the name of the successor at the lowest possible cost.

7. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES

Indigent consumers living in retirement centres or old age homes shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures:

7.1 The onus will be on the Board of Trustees/Managing Agent (hereinafter referred to as the representative) to apply to the municipality, for indigent status to be granted in respect of water consumption on behalf of the owners of those units, who meet the criteria and conditions for qualification.

7.2 The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect property rates and related charges.

7.3 The representative will submit applications to the Chief Financial Officer.

7.4 The Programme Officer must verify all applications and he or she must notify:

7.4.1 The representative, whether an application was successful or not, with regard to the water consumption; and

7.4.2 The unit owner whether an application was successful or not, regarding the property rates and other related charges.

8. ASSISTANCE PROCEDURES

8.1 Communication

The municipality must develop a communication strategy in terms of which communities will be informed and educated to have a clear understanding of this policy and its implementation. Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general and methods of communication may include, but will not be limited to:

8.1.1 ward committees;
8.1.2 traditional leaders, where applicable;
8.1.3 community based organisations;
8.1.4 local radio stations and news papers;
8.1.5 municipal accounts;
8.1.6 imbizo's and road shows; and
8.1.7 jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

8.2 Institutional arrangements

The municipality must designate existing staff, appoint officials if necessary, or engage properly Community Development Workers who have been trained in terms of the municipality's directions to assist with the implementation and development of this policy and must establish appropriate registration points in its area, the cost of which may be funded through the equitable share allocation.

Indigent Committee

An Indigent Committee comprising of designated officials and councilors, preferably ward councilors, must be established.

8.3 Application/Registration

A person applying for indigent support must complete a formal indigent support application form approved by the municipality. Such forms will be available at approved registration points provided by the municipality and shall be dealt with in terms of the Procedures Manual.

8.4 Assessment & Screening of Applicants

Upon registration of an application, all information must be verified by the Programme Officer in terms of the Procedures Manual as per Appendix 1.

8.5 Recommendation

Once the verification has been completed the Indigent Management System must generate a recommendation based on the information captured in the database and shall be dealt with in terms of the Procedures Manual.

8.6 Right of appeal

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal in terms of section 62 of the Municipal Systems Act, 32 of 2000.

9. PROCESS MANAGEMENT

9.1 Applications

Except for Property and Zonal Targeting the indigent application form should be completed in full and then captured onto the relevant indigent register and accounting system.

9.2 Validity period

The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to periodically re-apply, but this would be determined by the municipality from time to time.

9.3 Death of Registered Applicant

If the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

9.4 Publication of Register of Indigent Households

Ward councilors are to screen application for any irregularities.

Names of indigent beneficiaries must be open for public perusal and comment.

Written objections from the public must be referred to the Programme Officer who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

9.5 Arrears and excess usage of allocations

9.5.1 Upon registration as an indigent household, the arrears on the account of the applicant will be kept pending for a period of at least six months after which it may be written off.

9.5.2 No interest may be calculated on the arrears as contemplated in 9.5.1.

9.5.3 If the applicant exits from the indigent support programme within the six months period in 9.5.1, the arrears will be re-introduced in the account and will be subject to the credit control and debt collection policy of the municipality.

9.5.4 Indigent support will be provided to approved-applicants in the form of a once off writing off all debt. This include all service related arrears (rates, water, electricity, refuse removal, sewerage disposal, sundries), on the consumer's account.

9.5.5 Where customers have qualified and received indigent subsidy and where debt was written off, but the account is in arrears again, or where a customer has not fulfilled his responsibilities with regards to an arrangement made, the applicable debt may be allocated to the pre-paid services system. The debt will be recovered in the form of auxiliaries at a percentage rate approved by Council from time to time, of the value of electricity purchases. This will be done until the arrear debt is settled in full.

9.5.6 All current account debt must be settled as prescribed by the Customer Care, Credit Control and Debt Collection Policy. Failing to adhere to this prerequisite could result in the constraining of the services being provided. In addition such debts may be loaded on the prepayment system. The debt will be recovered in the form of auxiliaries at a rate approved by Council from time to of the value of electricity purchases. This will be done until the arrear debt is settled in full.

9.6 Termination of Indigent Support

Indigent Support will be terminated under the following circumstances:

9.6.1 Upon sale of the property in respect of which support is granted.

9.6.2 When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.

9.6.3 If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:

9.6.3.1 All arrears will become payable immediately;

9.6.3.2 Stringent credit control measures will apply; and

9.6.3.3 The applicant will not be eligible to apply for indigent support for a period of 2 years.

9.7 Audit and review

The municipality may conduct regular audits of the indigent register regarding the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of applicants. The frequency of such audits will depend on the institutional capacity of the municipality to do so. It is proposed that at least monthly targeted audits and reviews are undertaken, with a complete review scheduled for at least every 5 years.

10. MONITORING AND REPORTING

10.1 The Chief Financial Officer must report monthly to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:

10.1.1 Number of indigent household applications received;

10.1.2 Amount of subsidy allocated per benefit category;

10.1.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);

10.1.4 Performance against targets set in respect of indigent support and poverty relief and to the following:

10.1.4.1 Number of applications for indigent support dealt with;

10.1.4.2 Time taken to process and finalise applications;

10.1.4.3 Site visits undertaken;

10.1.4.4 Awareness initiatives; and

10.1.4.5 Exit initiatives.

10.1.5 Changes in the registered status of indigents.

11. CAPACITY BUILDING

11.1 The municipality must ensure that all officials and councillors are appropriately capacitated in Free Basic Services in terms of the following key areas:

- Database management
- Demand and revenue management
- Policy and by-law implementation

12. LIST OF STAKEHOLDERS

- Councillors
- CDW's
- Officials

MR C DU PLESSIS
MUNICIPAL MANAGER

MR S THYS
CHIEF FINANCIAL OFFICER

KOUGA
local municipality
Good Governance through Service Excellence

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION BY-LAW

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION BY-LAW

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KOUGA LOCAL MUNICIPALITY

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION BY-LAW

To give effect to the Municipality's customer care, credit control and debt collection policy, its implementation and enforcement in terms of section 156(2) of the Constitution of the Republic of South Africa, 1996 and sections 96 and 98 of the Municipal Systems Act, 2000 and

To provide for the collection of all monies due and payable to the Municipality; and to provide for matters incidental thereto.

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1. DEFINITIONS

In this By-law, unless context indicates otherwise-

"arrangement" means a written agreement entered into between the Municipal Manager and a debtor where specific terms and conditions for the payments of a debt are agreed to;

"arrears" means any amount due and payable to the Municipality and not paid by the due date;

"Council" means the Council of the Kouga Local Municipality;

"Councillor" means a member of the Council;

"debt" means any monies owing to the Municipality in respect of the rendering of municipal services, and includes monies owing with regard to property rates, housing, motor vehicle registration and licensing, terminated leases, and any other outstanding amounts, inclusive of any interest thereon, owing to the Municipality;

"debtor" means any person who owes a debt to the Municipality;

"due date" means the final date on which a payment, as shown on the debtor's municipal account, is due and payable;

"indigent debtor" means a debtor who meets certain criteria, as determined by the Municipality and included in the Indigent Policy from time to time;

"interest" means a rate of interest, charged on overdue accounts, which is one percent higher than the prime rate, which is obtainable from any commercial bank on request, unless determined otherwise by the Municipality, on capital, based on a full month and part of a month must be deemed to be a full month;

"Municipal Manager" means the person appointed by the Council as the Municipal Manager in terms of section 82 of the Local Government: Municipal Structures Act, Act No. 117 of 1998, and who also is the accounting officer in terms of the Local Government: Municipal Finance Management Act, Act No 56 of 2003, or any other official delegated by him or her;

"Municipality" means the Kouga Local Municipality and includes any municipal entity established by such municipality;

"municipal entity" means any municipal entity as defined in section 1 of the Municipal Systems Act, Act No. 32 of 2000;

"official" means an **"official"** as defined in section 1 of the Local Government: Municipal Finance Management Act, Act No 56 of 2003;

"policy" means the Municipality's customer care, credit control and debt collection policy;

"service" means "municipal service" as defined in section 1 of the Municipal Systems Act, Act No 32 of 2000 and includes a function listed in Schedules 4B and 5B of the Constitution of the Republic of South Africa, 1996 and any other service rendered by the Municipality;

"Systems Act" means the Local Government: Municipal Systems Act, Act No 32 of 2000;

"third party debt collector" means any person persons authorised to collect monies or institute legal proceedings against debtors, on behalf of the Municipality;

"this By-law" includes the Customer Care, Credit Control and Debt Collection Policy;

"total household income" or **"household income"** means the total formal and informal gross income of all people living permanently or temporarily on the property for which the account is rendered; and

"user" means a person who has applied for and entered into an agreement with the Municipality for the supply of a service.

2. DUTY TO COLLECT DEBT

All debt owing to the Municipality must be collected in accordance with this By-Law and the policy.

3. PROVISION OF SERVICES

New applications for services and the provision of new services must be dealt with as prescribed in this By-Law and the policy.

4. SERVICE AGREEMENT

Except as otherwise determined in terms of this By-law and the policy, no services may be supplied until an agreement has been entered into between the Municipality and the user, for the supply of a service.

5. DEPOSITS

The Municipality may require the payment of deposits for the provision of new services and the reconnection of services, or may adjust the amount of any existing deposit, as prescribed in this By-law and the policy.

6. INTEREST CHARGES

The Municipality may charge and recover interest in respect of any arrear debt, as prescribed in this By-law and the policy.

7. ARRANGEMENTS TO PAY ARREARS

(1) The Municipal Manager may make arrangements with a debtor to pay any arrear debt under conditions as prescribed in terms of this By-law and the policy.

(2) Should any dispute arise as to the amount of the arrear debt, the debtor must nevertheless continue to make regular payments, in terms of the arrangement, until such time as the dispute has been resolved.

8. AGREEMENTS WITH A DEBTOR'S EMPLOYER

1) The Municipal Manager may-

(a) with the consent of a debtor, enter into an agreement with that person's employer to deduct from the salary or wages of that debtor-

i) any outstanding amounts due by the debtor to the Municipality; or
ii) regular monthly amounts as may be agreed; and

(b) provide special incentives for-

(i) employers to enter into such agreements; and

(ii) debtors to consent to such agreements.

9. POWER TO RESTRICT, DISCONNECT OR DISCONTINUE SUPPLY OF SERVICE

(1) The Municipal Manager may restrict, disconnect or discontinue the supply of any service to the premises of any user or debtor whenever such user or debtor of a service-

(a) fails to make payment by the due date;

(b) fails to honour with an arrangement; or

(c) fails to comply with a condition of supply imposed by the Municipality;

(d) tenders a negotiable instrument which is dishonoured by the bank, when presented for payment.

(2) The Municipal Manager may reconnect and restore full levels of supply of any of the restricted, disconnected or discontinued services only-

(a) after the arrear debt, including the costs of disconnection or reconnection, if any, have been paid in full and any other conditions have been complied with; or

(b) after an arrangement with the debtor has been concluded.

(3) The Municipal Manager may restrict, disconnect or discontinue any services in respect of any arrear debt or any non-compliance with any service conditions or applicable legislation.

10. RECOVERY OF DEBT

(1) Subject to section 9, the Municipal Manager, must with regards to property rates, and may, with regards to other debt-

(a) Institute by legal action for the recovery of any debt from any person;

(b) recover debt from any organ of state with due consideration of the provisions of Chapter 3 of the Constitution of the Republic of South Africa, 1996; and

(c) may refer a debtor to third party debt collection agencies and have such debtor placed on the National Credit Rating list.

11. RECOVERY OF COSTS

(1) The Municipal Manager may recover the following costs, in instances where such costs are incurred by or on behalf of the Municipality;

(a) costs and administration fees where payments made to the Municipality via negotiable instruments are dishonoured by banks when presented for payment;

(b) legal and administration costs, including attorney-and-client costs and tracing fees incurred in the recovery of debts;

(c) restriction, disconnection and reconnection fees, where any service has been restricted or disconnected as a result of non-compliance with this By-law;

(d) any losses the Municipality may suffer as a result of tampering with municipal equipment or meters; and

(e) any collection commission incurred.

12. ATTACHMENT

The Municipal Manager may, in order to recover debt, and as a last resort, approach a competent court for an order to attach a debtor's movable or immovable property.

13. CLAIM ON RENTAL FOR OUTSTANDING DEBT

The Municipal Manager may, in terms of section 28 of the Municipal Property Rates Act, Act No 6 of 2004, attach any rent due in respect of any rateable property, to cover in part or in full any amount in respect of outstanding rates after the due date.

14. FULL AND FINAL SETTLEMENT PAYMENTS

(1) Any amount tendered in settlement of a debt, will be accepted at any cash receiving office of the Kouga Municipality.

(2) No offer of payment in full and final settlement of a debt, when such amount is less than the outstanding amount, must be accepted, unless confirmed in writing by the Municipal Manager.

(3) Notwithstanding subsection (2), the payment so offered must nevertheless, be credited against the debtor's account, without prejudice to the Municipality's rights.

15. CONSOLIDATION OF A DEBTOR'S ACCOUNTS

(1) The Municipal Manager may-

(a) consolidate any separate accounts of a debtor;

(b) credit a payment by a debtor against my account of that debtor; and

(c) implement any of the measures provided for in this By-law and the policy, in relation to any arrears on any of the accounts of such debtor.

(2) Subsection (1) does not apply where there is a dispute between the Municipality and a debtor referred to in that subsection concerning any specific amount claimed by the Municipality from that person.

16. INDIGENT DEBTORS

A debtor, who can prove indigence, will be dealt with as prescribed in the policy.

17. DELEGATION

The Municipal Manager may delegate any of his or her powers in terms of this By-law or the policy to any employee or official of the Municipality and to any board member of a municipal entity subject to applicable legislation.

18. OFFENCES AND PENALTIES

(1) Any person who-

(a) obstructs or hinders any official of the Municipality in the execution of his or her duties under this By-law or the policy;

(b) unlawfully uses or interferes with Municipal equipment or consumption of services supplied;

(c) tampers with any Municipal equipment or breaks any seal on a meter;

(d) contravenes or fails to comply with the provisions of this By-Law or the policy; or

(e) fails to comply with a notice served in terms of this By-law or the policy, is guilty of an offence and liable for a penalty.

19. REPEAL OF BY-LAWS

The By-law on Credit Control and Debt Collection, published, by the Kouga Municipality in the Extraordinary Provincial Gazette, on 30 January 2015, Nob 3333 3, is hereby repealed.

20. SHORT TITLE AND COMMENCEMENT

This By-law is being cited as the customer care, credit control and debt collection By-Law and commences on the date of publication thereof in the Provincial Gazette.

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Good Governance through Service Excellence

CORPORATE GOVERNANCE OF ICT POLICY

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DOCUMENT CONTROL SHEET

The purpose of this form is to ensure that documents approved prior to issue. The form is to be bound into the front of all documents released by Kouga Local Municipality.

Title of Report	:	*Corporate Governance of ICT Policy*
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Document Number	:	

SIGNING OF THE ORIGINAL DOCUMENT

This policy is approved by the signatories listed below whom by signing this document confirm their acceptance of its content and authorise the implementation/adoption thereof.

Signature: ICT Manager — Date

Signature: Chief Financial Officer — Date

Signature: Municipal Manager — Date

Council Date of Approval

REVISION CONTROL CHART

The purpose of this form is to ensure that documents are reviewed. The form is to be bound into the front of all documents released by Kouga Local Municipality.

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Date:	Signature:	Signature:	Signature:
Description of changes:			

REVISION 2	Prepared By:	Reviewed By:	Approved By:
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DOCUMENT ADMINISTRATION

Glossary of Terms

Term	Description
AGSA	Auditor General of South Africa
CFO	Chief Financial Officer
CGICTPF	Corporate Governance of ICT Policy Framework
Corporate Governance	"…The set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining that risks are managed appropriately and verifying that the enterprise's resources are used responsibly." – IT Governance Institute "Procedures and processes according to which an organisation is directed and controlled." – Organisation of Economic and Co-operation Development
Corporate Governance of ICT	"The system by which the current and future use of ICT is directed and controlled." – ISO/IEC 38500 "Corporate governance of ICT involves evaluation and directing the use of ICT to support the organisation, and monitoring this use to achieve plan. It includes the strategy and policies for using ICT within an organisation." – ISO/IEC 38500
Corporate Governance of ICT Framework	This is the framework used by the organisation to establish transparent accountability of individual decisions related to IT and ensures the traceability of decisions to assigned responsibilities
COBIT®	Control Objectives for Information and Related Technologies, is a framework created by ISACA for information technology (IT) management and IT Governance. It is a supporting toolset that allows managers to bridge the gap between control requirements, technical issues and business risks.
DPSA	Department of Public Service and Administration

Executive Management	The Executive Management of the Municipality is made up of the Head of Department and all Chief Directors of the Department. This normally constitutes the Executive Committee of the Municipality and should include the GITO.
GICT	Corporate Governance of ICT
ICT	Information and Communications Technology, also referred to as **IT**
Governance Champion	The Manager in the municipality who is responsible to drive Corporate Governance of and Governance of ICT.
Governance of ICT	"The effective and efficient management of IT resources to facilitate the achievement of company strategic objectives." – King III Code, 2009 "Is the responsibility of executives and the municipal council, and consists of the leadership, organisational structures and processes that ensure that the municipality's IT sustains and extends the municipal strategy and objectives." – ITGI, 2005
Governance Principles	"The vehicle to translate the desired behaviour into practical guidance for day-to-day management." – COBIT 5 Framework, 2012
ISO/IEC 38500	International Standard on Corporate Governance of ICT
IT	Information Technology, also referred to as ICT
Investment	Allocation of human, capital and other resources to achieve defined objectives and other benefits.
Management	The system of controls and processes required to achieve the strategic objectives set by the organization's governing body. Management is subject to the policy guidance and monitoring set through corporate governance.
MISS	Minimum Information Security Standards
MIOS	Minimum Interoperability Standards
Policy	Clear and measurable statements of preferred direction and behavior to condition the decisions made within an organization.

Proposal	Compilation of benefits, costs, risks, opportunities, and other factors applicable to decisions to be made. Includes business cases.
RACI	Responsibility, Accountability, Consulting, Information
Resources	People, procedures, software, information, equipment, consumables, infrastructure, capital and operating funds, and time.

Corporate Governance of ICT Policy

1. Introduction

Most municipalities use ICT as a fundamental business tool and few can function effectively without it. Investments in information systems hardware, software, and telecommunications equipment now constitute significant portions of all capital investments. The result of this massive spending is reflected in the way municipalities conduct business. Cell phones, email, electronic processing have all become essential municipal tools.

While ICT is significantly becoming a business tool and investments are soaring, a return on investment is often not being realized. This may be resultant of the fact that ICT performance is not being adequately measured and a lack of accountability and involvement from municipal management. Not to mention, but it may also relate to the fact that municipal goals are not being adequately aligned with the ICT portfolio.

To ensure that the above problems does not materialize within Kouga Municipality, this policy provides a framework for the effective governance of ICT, to assist those at the highest level of the municipality to understand and fulfil their legal, regulatory and ethical obligations in respect of the municipality's use of ICT.

The purpose of this document is to define Kouga Municipality's Corporate Governance of ICT framework that will be used across all municipal units. The purpose of the framework is to:

- Promote the alignment of ICT with the municipal strategic objectives

— Provide a method for measuring and managing performance against ICT goals

— Facilitate effective communication between ICT and business

— Help mitigate risk, delivering value and improving controls over delivery of information systems and services to the municipality and all relevant stakeholders

— Assist in complying with external legislation and regulations.

This framework should be approved and implemented across the municipality and should be supported by a detailed implementation plan (referred to as the Implementation Road Map) to facilitate the successful implementation of the framework.

2. Background to Corporate Governance of ICT

A need for a well governed ICT function is becoming more apparent as business leaders are forced to critically evaluate their cost and value chains in challenging economic environments. Globally, enterprises—whether public or private, large or small—increasingly understand that information is a key resource and that ICT is a strategic asset and important contributor to success. Additionally, their compliance, audit, risk and security environments are becoming the focus of attention in a world where regulatory compliance can fundamentally impair or enable the operations of a business.

From a South African public sector perspective, the purpose of ICT is to enable the Public Service in its quest for service delivery as the government endeavours to achieve its formally stated 12 strategic outcomes. Various reviews to determine whether ICT in the Public Service delivers an enabling service and the shortcomings that need

attention were performed, in particular by the Auditor General of South Africa (AGSA). The first of these was the 1998 Presidential Review Commission (PRC) report, which stated that all-important ICT-decisions should come from the senior political and managerial leadership and not be delegated to the technology specialists, and further that the management of ICT should be on the same level as the management of other resources. It furthermore advocated a common enabling framework of governance. This was a starting point for the South African public sector to begin recognizing the importance and need for ICT governance frameworks for each institution including regulatory authorities.

The DPSA in collaboration with the Government Information Technology Officer Council (GITOC) and the AGSA developed the Corporate Governance of ICT Policy Framework (CGICTPF). The CGICTPF is applicable to all spheres of government, organs of state and public enterprises.

A number of reference frameworks to guide its implementation supports the CGICTPF. Of these, probably the most prominent are Control Objectives for Information and related Technology ("COBIT"), ISO/IEC 38500 on IT Governance, the IT Infrastructure Library ("ITIL") and ISO27001 (previously ISO17799) on Information Security. Also from a South African Public sector perspective, reference frameworks were interpreted and captured in the CGICTPF as developed by the DPSA. Corporate Governance of ICT, like Corporate Governance, is a framework that is implemented to support business. Since no two businesses are exactly alike, it makes sense that their governance frameworks would need to be catered to the specific resource, risk and performance environment that they operate in. As such, reference frameworks should not be

taken as prescriptive implementation templates for an organization, but rather as starting points for a guided discussion on the best governance framework for the organization.

In summary, Corporate Governance of ICT is:

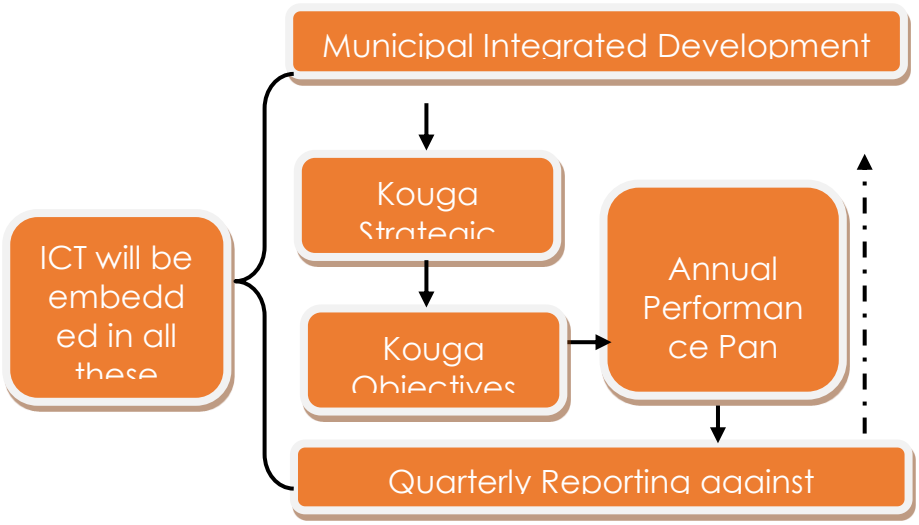
- An integral part of Corporate Governance
- The responsibility of the Council and Executive management
- A mechanism to deliver ICT value, manage performance, and mitigate risk
- A method to assign accountability for ICT decisions and performance
- ICT policies, procedures, management committees, performance metrics, and related management techniques working in unison toward common business goals.

3. Context of Corporate Governance of ICT within the Kouga Local Municipality

Corporate governance consists of a governance system that depicts the way Kouga municipality is managed and controlled. It defines the relationships between the municipality's stakeholders, the strategic goals of the national government, the serving community as well as those of the Municipal Council.

The Municipal IDP, that is established every 5 years by the Municipal Council, governs the municipality's priorities and focus areas. The IDP outlines on a high-level what the municipality plans to achieve and how it aims to realize its vision to be a safe, equitable, and harmonious home, with prosperous and sustainable livelihoods for all its serving community.

To ensure that what is planned in the IDP materializes, the IDP makes provision for key goals to be specified. The municipality subsequent to defining goals, is required to compile an annual performance plan on how success will be measured and a performance report showing progress against these objectives are produced to the serving community. Thus, facilitating performance management to take place. Reporting on the performance plans occurs quarterly. This is represented diagrammatically below:



The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. The Council's role is to debate issues publicly and to facilitate political debate and discussion.

Apart from functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area. The Council of Kouga Municipality comprises of 29 elected councillors, made up from 15

ward councillors and 14 Proportional Representatives (PR) Councillors.

The mayoral committee consists of six (6) members, each of which has been assigned specific portfolio's including:

— Finance and Administration

— Tourism and Creative Industries

— Infrastructure, Planning and Development

— Economic Development

— Social Services

— Special Programmes

These members (supported by their own committees) monitor the delivery and outputs of the executive and may request directorates to account for the outputs of their functions. The full-time councilors account for the executive decisions and operations performed in terms of the general policy framework agreed to by Council and although the portfolio committees play an oversight role, they have limited decision-making powers. These committees are responsible for submitting their reports to the Mayoral Committee.

The municipal manager, who has five (5) directors who report directly to him, heads the administration component of Kouga Municipality:

— IDP Manager*

— Director of Social Services

— Director Administration, Monitoring & Evaluation

— Chief Financial Officer

— Director Infrastructure Planning and Development

— Director LED, Tourism & Creative Industries

Given the above, it can be confirmed that Kouga Municipality has established an all-encompassing governance structure to address all municipal activities and client services. It is the wishes of management, to utilize these existing structure as far as possible to govern ICT. The exception being that an additional ICT steering committee has been introduced, that will both provide ICT oversight and direct all management activities on behalf of the mayoral council. For further information, refer to the Corporate Governance of ICT Charter that details the various governance structures and committees governing Kouga municipality's ICT operations.

While the ICT Manager reports to the Chief Financial Officer (CFO), this document outlines how ICT related matters would be given the necessary attention by the highest authorities while not diluting the integral part that ICT plays within the municipality.

4. CGICT Policy

4.1. Objectives and Critical Success Factors

The following are the objectives of the policy and critical success factors to the attainment of an effective Corporate Governance of ICT framework across the Municipality:

Objectives (as per the DPSA Implementation Guideline)	Critical Success Factors
Embed the Corporate Governance of ICT and Governance of ICT as a subset of Corporate Governance in the Municipality	• Leadership visibility and support • Buy-in and support from municipal management

	• Strong ICT representation at strategic committees, meetings and planning sessions • Effective ICT governance framework – implemented, measured and supported by municipal management.
Create business value through ICT enablement by ensuring municipal IDP and ICT strategic alignment	• Successful acceptance of the ICT Governance framework by the municipal departments • Municipal IDP and ICT Strategy aligned and monitored • ICT Portfolio that matches the ICT Strategy • Business and ICT readiness for cultural change.
Provide relevant ICT resources, organisational structure, capacity and capability to enable ICT service delivery	• Availability of budget to secure appropriate ICT resources • Availability of appropriately skilled and experienced ICT personnel to drive the identified programs. • Scheduled training to ensure ICT personnel are kept up-to-date
Achieve and monitor ICT service delivery performance and conformance to relevant internal and external policies, frameworks, laws, regulations, standards and practices	• Effective communication, reporting and awareness of the ICT governance framework and plan • Periodic auditing of ICT control and process maturity • Culture of continuous communication and improvement of ICT services.
Representation of the ICT function on Municipal Management level	• A Governance Champion must be appointed to oversee the ICT department and all Corporate Governance of ICT matters • An ICT Steering committee, a sub-committee of council, must be established and be responsible for the strategic leadership and governance of the ICT function, while also directing the management and operational functions of ICT.

4.2. CGICT Principles and Practices

The CGICTPF is based on principles as explained in the international good practice and standard for ICT Governance,

namely *King III Code*[1], *ISO/IEC 38500* and *COBIT*. The implementation of the Corporate Governance of ICT at Kouga Municipality will be achieved through the seven principles defined by the DPSA (Refer to page 16 of the *Public Service Corporate Governance of Information and Communication Technology Policy Framework*) as detailed in the table below:

[1] The King IV code has been released, and will only be applicable from 1 April 2017. Provision has been made for newly introduced changes, but further investigation will need to be made during policy review.

Mapping of CGICT accountability, principles and practices		
Structure	**Principles defined by DPSA**	**Practice**
Executive Authority **Mayoral Council as highest authority.**	• Must ensure that the Corporate Governance of ICT achieves the political mandate (Principal 1).	• Provide political leadership and strategic direction, determine policy and provide oversight • Ensure that ICT service delivery enables the realisation of the municipal IDP • Ensure that Corporate Governance of ICT is a subset of overall Municipal corporate governance processes • Approve the ICT Governance framework after confirming alignment to the Municipal mandate • Monitor the implementation of the ICT Governance framework against the political mandate and suggest improvements where necessary.
Municipal Manager	• Must ensure that the Corporate Governance of ICT achieves the municipal mandate (Principle 2) • Must create an enabling environment in respect of the Corporate Governance of ICT within the applicable legislative and regulatory landscape and information security context (Principle 3).	• Provide strategic leadership and ensure alignment • Place CGICT on the strategic agendas and be ultimately responsible • Ensure the CGICT policy is implemented • Ensure roles and responsibilities are defined • Where required, delegate authority, responsibility and accountability to the Chief Financial Officer, and ICT Steering Committee • Ensure that the ICT Governance framework is adhered to throughout the Municipality by tracking and reporting on the implementation thereof in the ICT Steering meetings • A council member is chairing the ICT Steering committee and ensure that the committee delivers on its terms of reference focused on creating an enabling ICT environment • Ensure that the Municipality adheres to ICT legislative and regulatory requirements including resolution of AG and internal audit findings. • Ensure that the Municipality adheres to applicable ICT standards and best practices, as is reasonable for a government institution

Mapping of CGICT accountability, principles and practices		
Structure	**Principles defined by DPSA**	**Practice**
Executive Management **(ICT Steering Committee)**	• ICT service delivery must be aligned with the municipal IDP • Must ensure that the municipality accounts for current and future capabilities of ICT. • Must ensure that ICT is fit for purpose at the required service levels and quality for both current and future municipal needs (Principle 4).	• Ensure alignment of ICT service delivery initiatives to the approved ICT strategy • Ensure the development of an ICT strategy roadmap or implementation plan to optimize ICT service delivery • The ICT Steering Committee will commit to the approved ICT initiatives detailed on the ICT Strategy roadmap since the roadmap addresses current and future needs • Approve any deviations of priority and execution of the initiatives on the ICT strategy roadmap based on unforeseen changes to the municipal goals.
Executive Management **(ICT Steering Committee)**	• Must monitor and evaluate major ICT expenditure, ensure that the ICT expenditure is made for valid municipal enabling reasons and monitor and manage the benefits, opportunities, costs and risks resulting from this expenditure, while ensuring that information assets are adequately managed (Principle 5).	• Ensure that ICT expenditure follows municipal approved procurement policies and procedures (Refer to the Finance and Procurement Policy) • Ensure that all significant expenditure are evaluated and pre-approved by the ICT Steering Committee, and Budget & Treasury Manager) • Ensure that all significant expenditure are monitored by the ICT Steering Committee • Ensure that all significant ICT expenditure are part of Strategic Planning, Annual Performance Plans and the writing of internal submissions • Ensure that all significant ICT investments are measured in quarterly plans and annual report.

Mapping of CGICT accountability, principles and practices		
Structure	**Principles defined by DPSA**	**Practice**
Executive Management **(ICT Steering Committee)**	• Must ensure that ICT risks are managed within the municipal risk management practice. It must also ensure that the ICT function is audited as part of the annual audit plan (Principle 6).	• Ensure an Enterprise Risk Management Framework is drafted and that the ICT unit forms part of this; or at least establishes its own Risk Management Framework • Ensure that an up-to-date and comprehensive risk register covering all ICT aspects across the Municipality is established and maintained • Evaluate ICT risks quarterly together with input from the ICT manager to ensure that agreed actions are taken and manage deviations • Provide input to the Risk-based ICT Audit plan to ensure that relevant audits, that will add value to the Municipality, are scheduled.
Executive Management **(ICT Steering Committee)**	• Must ensure that the use of ICT demonstrates the understanding of and respect for the municipal behaviour / culture (Principle 7).	• ICT service delivery initiatives will be delivered in a way that is aligned to the municipal culture and gradually introduce change where it is imperative • Ensure training and awareness to users on ICT Service Delivery • Ensure that the use of ICT will be aligned to the municipal efforts to change the culture to be more performance driven.

Please refer to Appendix A for a full listing of the seven principles whereby Kouga Municipality will govern its ICT function. Also, refer to Appendix B for a listing of all international and best practices principles that will be applicable to the Municipality.

4.3. Municipal Requirements

Kouga Municipality has compiled a 5-year IDP that maps out the strategic direction of the municipality as part of an integrated system of planning and delivery. The 4th Generation of this 5-year IDP clearly outlines the strategic objectives, focus areas and operational priorities for the municipality.

In summary, Kouga Municipality has identified seven (7) strategic objectives that give effect to its strategic goals:

1. To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment.
2. To ensure ecological integrity through sustainable practices of municipal governance.
3. To create an enabling environment for economic growth that attracts investors and tourists, encourages innovation and facilitates pro-poor inventions.
4. To facilitate real opportunities for the youth, women, and people with disabilities.
5. To ensure a municipality that is committed to an innovative approach, prudent management of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery.
6. To develop progressive strategies to optimize the use of available human resources.
7. To establish a common vision and create coherence in government's work by seeking close partnerships with citizenry.

Although not explicitly referred to in the objectives, the municipal ICT function will play a critical role in supporting all municipal departments in achieving these objectives. Essential to objective #5 and #6 above, the ICT function under the supervision of the ICT steering committee shall need to drive innovation, transformation and optimization throughout the various municipal processes.

4.4. Municipal and ICT Alignment, Planning & Execution

The Corporate Governance of ICT is concerned with ICT's delivery of value to the municipality. As part of this, strategic alignment of ICT with the municipal goals (as established in the previous section) is an integral part of the Governance Framework. An ICT strategy, aligned to Municipal IDP, shall be developed by the ICT manager and shall be regularly reviewed and updated for approval by the ICT Steering Committee.

The said ICT strategy shall be supported by various plans, policies, an ICT portfolio of projects, and a performance management framework. These will need to be established by the ICT manager, while consulting with executive management and consideration for the existing processes of the Municipality.

Critical to the execution of the above, the ICT Steering Committee will need to direct, evaluate and monitor the ICT functions progress made against the ICT strategic plan and proactively be informed of any key risks preventing ICT from achieving its objectives and goals. Although a variety of best practices exist to allow the committee to perform these duties, it shall refer to the Corporate Governance of ICT standard (ISO/IEC 38500) for all major activities.

Lastly, ICT management, through the ICT manager, shall be responsible for measuring and providing adequate reporting on ICT to each of the governance structures, aligned to the mandate defined for those structures in terms of ICT. The ICT Steering Committee shall ensure it receives such reporting in support of its mandate given in the previous paragraph.

5. CGICT Charter

A Corporate Governance of ICT framework constitutes various artefacts, such as processes, structures, roles and responsibilities, lifecycles and policies. The Kouga Municipality Corporate Governance of ICT framework incorporates these fundamental components to ensure a comprehensive, practical framework that is customized to the environment, integrated into the key municipal objectives, managed across all stakeholders and monitored for compliance and performance.

Critical in the execution of such a framework is to ensure that adequately roles, responsibilities and structures are established. To this extent, the Municipality has established a dedicated ICT charter.

The ICT charter serves to accomplish a variety of objectives, which will ultimately both assist in the execution of the Corporate Governance of ICT Framework and the accountability of those tasked.

These objectives include, to:

- Identify and establish a Corporate Governance of ICT Policy and implementation guideline for the municipality. Policy must first be in place then the Charter.
- Embed the Corporate Governance of ICT as a subset of the municipal governance objectives.
- Create Municipal value through ICT enablement by ensuring municipal IDP and ICT strategic alignment;
- Provide relevant ICT resources, organisational structure, capacity and capability to enable ICT service delivery;

— Achieve and monitor ICT service delivery performance and conformance to relevant internal and external policies, frameworks, laws, regulations, standards and practices;

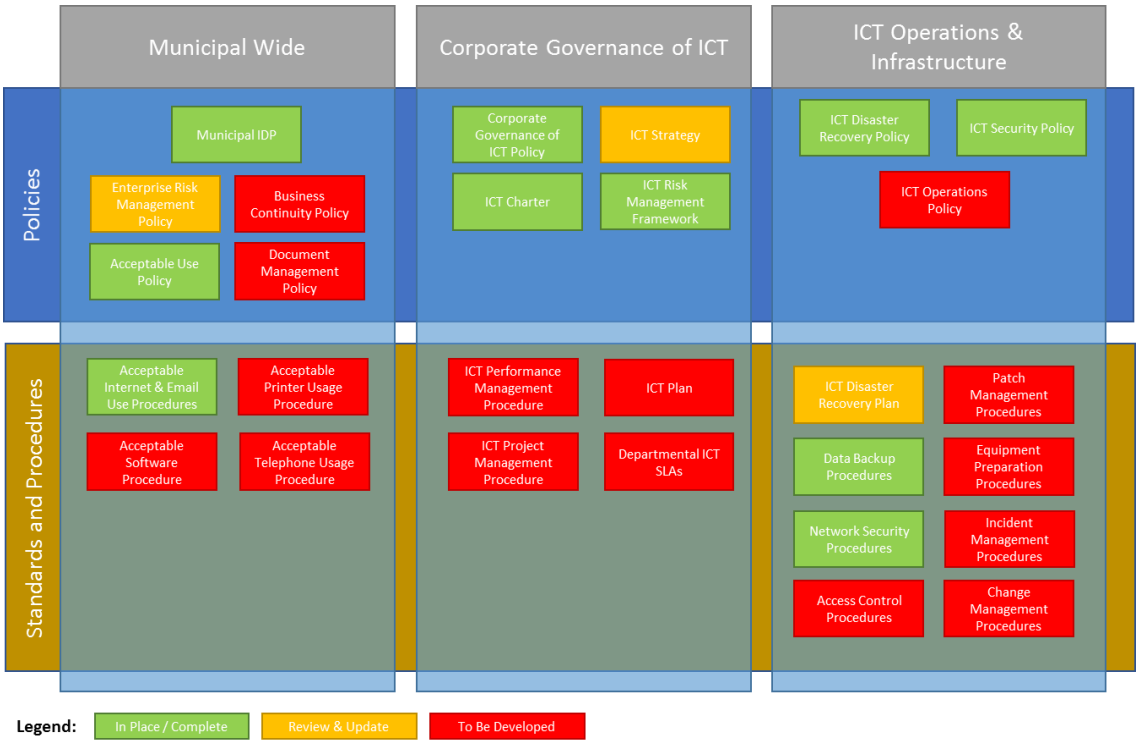
— Implement the corporate governance of ICT in the municipality, based on an approved implementation plan.

6. ICT Policy Framework

Policies are a fundamental component of the toolset to help ensure that good governance is in place throughout a municipality. It is essential within Kouga Municipality that executive management ensure relevant ICT policies are implemented to maximize the governance, risk and security of the municipality and to enable ICT to best support service delivery.

The ICT Policy Framework below represents a one-page view of what the ICT policy universe will include at the Municipality, as based upon COBIT 5 and the DPSA recommendations. It reflects the policies, standards and procedures as well as guidelines that the municipality has both currently defined and those that it will need to draft to enhance its ICT governance, risk and security posture further.

The established framework should serve as a register, against which all ICT policies should be compared. In the event that an additional policy must be added, then such policy should be adequately justified. Added hereto, ICT policies must be developed in deliberation, and consideration for end-users and should follow official approval procedures.



6.1. *Types of Policy*

Policy

Within the context of the policy framework, a policy can be considered as a "Statement of Intent" or a "Commitment". All policy will set the tone of what should be done in the municipality as well as the acceptable ways for doing this. Policies will be supported by procedures that provide detailed steps of actions that need to be carried out to fulfil a policy statement.

Standards and Procedures

In support of policy, procedures will establish a series of interrelated steps that should be taken to implement a policy or part thereof. These procedural documents will not operate in isolation, but will need to be careful read and understood in conjunction with the related policies.

Meanwhile, standards will document established uniform criteria, methods, processes and practices that the municipality wish to

comply to. Often procedures will depend on such standards to ensure consistency, and to allow the ICT department to best utilize its available resources.

6.2. Focus Areas of Policy

Municipal Wide

Municipal Wide documents shall encompasses activities that are applicable to whole of the municipality, ranging from the municipal strategy to acceptable use of resources and beyond. The municipal wide policies, standards and procedures will define all the principles that the municipality will use to adequately direct, monitor and control both business and ICT functions. Their usage will be aimed at all municipal employees, and will serve as input into the various other ICT-specific policies.

ICT resources and infrastructure is critical to the continued operations of the municipality. The acceptable usage policies, procedures and standards will define usage rules applicable to end-users, owners and managers throughout the municipality (e.g., applications, network, email) that restrict the ways in which these resources may be used.

Corporate Governance of ICT

Governance encompasses a variety of activities, ranging from strategic alignment to resource management and beyond. The Corporate Governance of ICT policies, standards and procedures will define all the principles that the municipality will use to adequately direct, monitor and control the ICT function. Their usage will be aimed primarily at municipal management, but will serve as a guide for the operations of the ICT function and its management.

ICT Operations & Infrastructure

The ICT operations and infrastructure policies, standards and procedures will address constraints on data and system functions, constraints on access and will ultimately aim to manage the day-to-day activities of the ICT function and any risks that may exist within the ICT environment. These policies will address aspects such as security, data backups, incident management and a variety of others.

Additionally, these policies will also ensure the general upkeep of the ICT infrastructure. That is, that ICT equipment is adequately planned, implemented and maintained throughout its lifecycle. The infrastructure-related policies, procedures and standards will govern the use of ICT assets (i.e., hardware, software, networks, and facilities). They will define how the assets should be used to best develop, test, deliver, monitor, control and support ICT services.

6.3 ICT Policy Approval Process

The establishment and approval of ICT policies, will involve a variety of municipal stakeholders. These stakeholders should carry knowledge of their responsibilities and the role they will play in the

approval process. The table below provides an overview of the stakeholders and their associated responsibilities:

Stakeholder	Responsibility in terms of the IT Policy Framework
Mayoral Council	• **Informed and approve all ICT policies as recommended by the ICT Steering Committee.**
Executive Management	• **Approval of ICT policies.**
ICT Steering Committee	• **Approve and submit ICT policies to Executive Management for final approval and recommendation to Council.**
ICT Governance Champion	• **Recommendations and input on ICT policies for submitting to ICT Steering Committee.**
ICT Manager	• **Drafting of ICT policies for submission to ICT governance champion** • **Drafting and approval of guidelines and technical standards** • **Annual review of all ICT policies prior to sending to IT Steering Committee**
ICT Staff	• **Inputs and recommendations to ICT policies, for possible amendments or requirements for new policy.**

7. Governance and Management of ICT Framework

DPSA has expressed that the implementation of Corporate Governance of ICT encompasses two levels of decision-making authority and accountability to satisfy the expectations of all municipal stakeholders:

— Facilitating the achievement of a municipality's strategic goals (Corporate Governance of ICT); and

— The efficient and effective management of ICT service delivery (Governance of ICT)

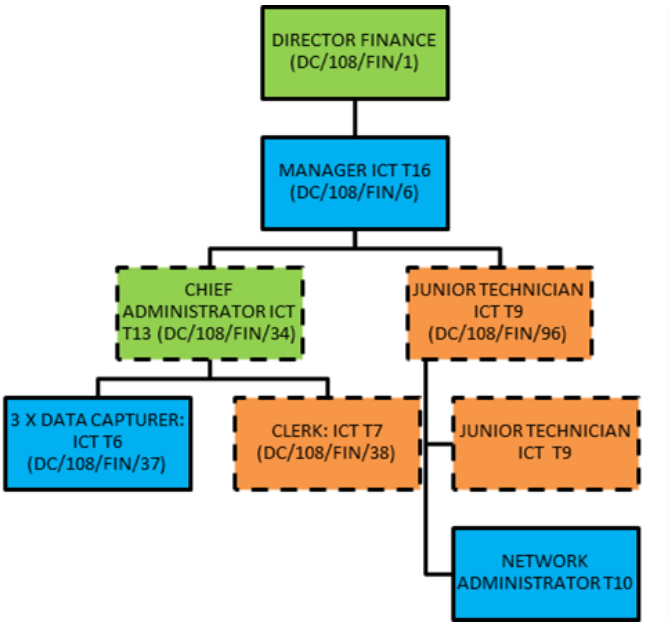
While this policy thus far as explicitly discussed the specifics around how the municipality will be addressing Corporate Governance of ICT, it has not yet discussed Governance of ICT. That is, how the municipality will ensure efficient and effective management of ICT service delivery.

Kouga Municipality has in-line with DPSA recommendations, adopted COBIT as the overarching Governance of ICT framework. COBIT is an internationally accepted process framework for implementing Governance of ICT. It supports both the King III Code[2], but also the ISO/IEC 38500 standard of Corporate Governance of ICT. Thus, it aligns with the current wishes of municipal management.

[2] The King IV code has been released, and will only be applicable from 1 April 2017. Provision has been made for newly introduced changes, but further investigation will need to be made during policy review.

7.1 Service Delivery Structure of the ICT Department

The Governance of ICT focuses on the daily operations of the ICT department. That is the structure and processes that it employs to ensure ICT service delivery. With reference to the structure of the ICT department, municipal management should ensure that the structure adequately address both the current and future requirements of the municipality. Further, that adequate roles and responsibilities are established for all ICT staff.



Upon inspection of the current structure, it can be confirmed that the ICT department operates under the direct authority of the Chief Financial Officer (CFO). The ICT manager, who has two administrators and multiple technicians under his direct ambit, manages the ICT department. Each of these individuals have clearly defined roles and responsibilities established, which should be continually revisited as the ICT department continues to deliver value to the municipality.

Collectively, the ICT department will need to employ various processes to ensure adequate planning, building, running and monitoring of several aspects, including:

— Supplier management;

— ICT strategy management;

— Performance measurement;

— ICT risk management;

— Resource management;

— ICT program and project (portfolio) management;

— Continuity management; and

— Security management.

The remainder of this section focusses on establishing policy for the above given aspects that the ICT department will need to address per its Governance of ICT mandate.

7.2. ICT Supplier Management

It will remain the ICT department's duty to allocate and assign accountability for supplier management. To do so, the ICT department shall be required to develop a third party service provider governance process and communicate this to all third parties that render ICT services to the municipality.

The governance process shall need to cater for both the issuance, monitoring and control of third party service level agreements. Further, it shall ensure that performance can be actively measured against such agreements, and reported to municipal management on a pre-determined basis.

The ICT department shall refer to all the requirements, recommendations and guidelines as outlined in COBIT 5 process *APO10* when inferring its supplier processes.

7.3. ICT Strategy Management

An ICT strategy has been developed and approved by the Municipal Council. As part of Governance of ICT, the municipality shall commit to implement and prioritize all ICT initiatives outlined in the strategy. At all times such initiatives shall remain aligned to the municipal IDP, unless otherwise authorized by the ICT steering committee.

The ICT strategy shall be reviewed annually, as a minimum, to ensure alignment with the municipal IDP. Should the municipal IDP be updated, or the municipal strategic direction change; then the ICT strategy will be updated soonest to reflect such change.

The municipal management shall ensure that it takes reasonable steps to educate all applicable stakeholders of the ICT strategy and how it will be executed in support of the municipal operations and service delivery. Further, it shall ensure that adequate reporting processes are established to measure ICT performance against the strategy. Such reporting shall be presented to the appropriate forums on a quarterly basis.

The ICT department and municipal management shall refer to all the requirements, recommendations and guidelines outlined in COBIT 5 processes *APO02* and *APO03* when establishing the ICT strategy and establishing the performance monitoring framework(s).

7.4. ICT Risk Management*

Within Kouga Municipality, ICT risk management shall form part of the larger enterprise wide risk management processes. That is, ICT risks shall be considered within the larger municipal context, be both

recorded in an ICT-specific risk register, and be aggregated into the larger municipal risk register as well.

The ICT department, as part of its ICT risk management responsibilities shall address safeguarding of ICT assets, disaster recovery and continuity of operations. The ICT department shall establish necessary policy, plans and processes to allow for this.

ICT risks shall receive equal level of attention than other business units within the Municipality, and such attention shall extent to their identification, assessment, mitigation, management, communication and monitoring.

Risk management shall also not be limited to ICT infrastructure, but shall also extent and be pervasive in all ICT activities including ICT projects and changes. To this extent, risks shall be documented for all ICT projects and changes during their initial planning and implementation. Added hereto, the ICT manager shall provide sufficient information to demonstrate consideration for risks when changes are performed across the ICT environment.

Considering that ICT risk management constitute a significant process within the ambit of the ICT department, the ICT manager and ICT steering committee shall refer to best practice when addressing this matter. Of particular relevance is COBIT processes *APO12* and *EDM03*.

**Given the vast scope and consideration for ICT risk management, the municipality has established a separate framework to deal with this matter in more detail. The reader is referred to the Kouga ICT Risk Management Framework for additional information.*

7.5. ICT Resource Management

At Kouga Municipality, ICT resource management shall extend beyond the ICT infrastructure and include the ICT staff, systems and

municipal information. It shall remain ICT management's responsibility to ensure that these resources are optimally utilized where they are needed most.

The ICT strategy shall accommodate for the current and future needs of ICT-related resources. Beyond this, the municipal budgeting and strategic planning processes will ensure adequate consideration for ICT resources. This will include consideration of resourcing options (including sourcing strategies) and allocation and management principles to meet the needs of the Municipality at optimal cost.

Those tasked with ICT resource management shall refer to COBIT processes *APO01* and *EDM04* in performing their duties.

ICT Staff

To enable annual ICT service delivery, an assessment of the existing organizational structure and ICT resources shall be performed annually. The aim of this exercise shall be to ascertain whether current capacity and capability is sufficient to deliver and support the ICT services expected by the Municipality.

The ICT portfolio, planned ICT initiatives and any changes in the municipal environment that may warrant changes in ICT shall influence this assessment. The outcome of periodic ICT strategy reviews will also provide further input into the assessment.

Based upon the assessment(s), the municipal management shall ensure that quality ICT people are recruited, each ICT staff member completes their performance management process at the stipulated intervals, clear retention mechanisms for the ICT staff are in place

and that each ICT staff member has a training and development plan.

Infrastructure

ICT infrastructure signifies a significant portion of the ICT spending, and a necessary expense to ensure that the ICT department operates optimally. Consequently, municipal management shall proactively ensure that adequate infrastructure services are in place and that the required funding is made available.

The resources that shall be considered on a continuous basis will include:

— Local Area Networking

— Wide Area Networking (Microwave)

— Email services and Internet access

— Provisioning of computer equipment, servers, printers, mobile devices; etc.

The ICT department shall ensure that the ICT strategy roadmap pre-empts infrastructure projects necessary for ICT to deliver on business requirements from both a functionality and risk perspective.

Applications / Systems

ICT infrastructure alone does not provide business value, instead it depends on the installation of appropriate and adequate ICT systems. Consequently, municipal management shall manage the ICT systems and ensure full utilization of all available functionality.

The municipal management shall ensure that acquisition of new applications follow a thorough process of scrutiny and approval to ensure that ICT systems bring new functionality and add business value to the municipality. Such acquisitions however shall be carefully considered, such that emphasis can be placed on integration between systems and prevention of duplicate functionality and processes.

Information

Information forms the backbone of the municipality. As such, municipal management shall have to formally recognize, evaluate, store and manage information commensurate with its level of sensitivity.

Municipal management shall refrain from storing information in physical format, and rather opt to utilize more modern paradigms e.g., by going paperless. Not only will this ensure cost saving, but it will enhance the business continuity processes and ensure that information is not duplicated within the municipal operations.

7.6. ICT Project (Portfolio) Management

The ICT project portfolio constitutes a significant control in ensuring that the ICT strategy is both implementable and that that the ICT department's endeavors are best optimized to offer business value. However, preparing such a portfolio in itself is not sufficient, as it also must be adequately managed.

Kouga Municipal Management commits to ensuring a project management methodology is approved, and followed by all ICT projects. In the event of in-house system development, the project management methodology shall further be integrated with the

approved system development methodology (SDLC) and a change control process shall be followed.

It shall remain the responsibility of the ICT department to ensure all ICT projects are accompanied by a valid business case. Each business case shall demonstrate the expected quantitative and qualitative outcomes, highlighting the return on investment and the creation of value. Further, all ICT projects shall follow the procurement policies instigated by the municipality. At the end of each project, an evaluation on whether expected benefits were realized shall be performed.

ICT projects shall be monitored throughout their lifecycle, via regular stage gate reviews, to ensure that the project processes are adhered to. Deviations from these processes shall be identified in a timely and proactive manner. Further, lessons learnt shall be formally logged and these should be used as input prior to commencing new projects in the future.

In addition to the regular stage gate reviews, the ICT manager shall be responsible to ensure a regular review of all ICT projects across the municipality (whether already fully implemented, or still pending). The results of these reviews shall be made available to the various committees in the governance structure, to ensure they are adequately informed of project progress, risks, and whether they are on track to meet agreed timelines and budgets.

The ICT manager shall also ensure formal reporting to the ICT steering committee, audit committee and risk committee on the benefits, risks and status of all major ICT investments. These shall be based on the current ICT project portfolio, but may also include other investments where warranted.

Those charged with project portfolio management shall refer to COBIT 5 processes EDM02, BAI01, and APO05 for recommendations, guidance and best practices.

7.7. ICT Continuity Management

The ICT department shall establish a backup policy, and ensure the implementation of an offsite storage strategy. Such strategy shall accommodate both any file servers, but also the backup of the ICT infrastructure (e.g., image files, configuration file).

As backup is performed, periodic recovery testing shall be scheduled. The testing shall ensure that each system is tested at least once a year and particular focus is given to the key ICT systems. The ICT manager shall maintain a log of all backups tested and review such logs on an agreed timeframe.

In addition to the backup strategy, the ICT department jointly with the municipal management shall establish continuity policy, plans and measures to ensure the continued operation of ICT in the event of a disaster. These shall be supported by training and awareness sessions for all relevant staff.

Any ICT continuity policy, plans and measures implemented, shall be tested periodically. The performance of these tests shall be formally documented and all relevant audit material kept for safekeeping. Every test shall also be accompanied by approval from the municipal management, and business users.

Continuity management at Kouga Municipality shall extent to environmental control equipment. As such, the ICT department shall schedule and perform periodic servicing of such equipment (e.g., generator, fire suppression). Periodic servicing shall be recorded, and may be subject to auditing by the audit and risk committees.

For additional policy and guidance, the ICT department shall refer to COBIT 5 process DSS04.

7.8. ICT Security Management

Kouga Municipal Management considers ICT security to be a top priority for the continued operations of the municipality. Consequently, responsibilities shall be assigned to ICT staff and management to ensure adequate information security and awareness programs.

The ICT manager shall ensure an information security policy is drafted, implemented and approved by Council. This policy shall address, as a minimum, matters arising from access control, change control, acceptable usage of ICT infrastructure, network security, and all other areas that pose a risk to the ICT environment.

The ICT department shall ensure it investigates, implements and continuously monitors tools in support of the security policy. Such tools will extent to access management software, network monitoring, and vulnerability assessment software.

When performing its security management responsibilities, the ICT manager and ICT staff shall refer to COBIT 5 process APO13 for additional insight and recommendations.

7.9. ICT Conformance and Performance Management

There is a direct link between the ICT department's success and the achievement of performance management objectives. Rendering supporting services to municipal departments and attaining business value, is at the heart of the ICT department's activities. Therefore, the ICT department shall be motivated and managed in such a way that the following requirements will be met:

— The department shall know what outputs it should produce. These outputs must add value to the municipality.

— The outputs shall be meaningful in the sense that their contributions shall be contextualized within the bigger picture of the municipal operations

— Regular feedback shall serve to reinforce the quest for continuous improvement. This shall ensure that similar outputs will be produced more regularly and the core competencies are continuously developed.

— The ICT department shall receive some form of recognition for performance that complies with the set criteria and reward if performance exceeds the set criteria

To facilitate the above requirements, the Municipality has opted to adopt the ICT Balanced Scorecard (ITBSC) system to translate the municipal objectives into measurable ICT objectives and ultimately into ICT metrics. Such metrics shall form part of the reporting processes by which the ICT department reports on its progress to municipal management.

Metrics defined for performance management purposes, shall address at least the following areas:

✓ – Must be reported ✖ – Not included in the reporting pack ♦ – Significant issues are reported

Reporting element	ICT Steering Committee	Audit / Risk Committee	ICT Manager
ICT Strategic plan and implementation	✓	✖	✓
ICT Audit results	♦	✓	✓

ICT Risk and Compliance	♦	✓	✓
ICT value delivery (i.e. financial analysis including benefits realised)	✓	✗	✓
ICT Security Management	✓	♦	✓
ICT Governance	♦	♦	✓
Service levels provided by ICT to the business units	♦	✗	✓
Continuity of Information Systems / ICT Disaster Recovery	♦	♦	✓
ICT Operations	♦	✗	✓
ICT Program and Project (Portfolio) Management	♦	✗	✓

Each of the governance structures, including the ICT management, shall define their own supporting performance metrics for each of the above given areas. Consideration shall be given for how the ICT Balanced Scorecard could be used to measures these aspects.

It is important to note, however, that the content, nature and extent to which each area will be reported, shall differ for each of the governance structure. That said, they shall be directed by the key requirements defined by that structures mandate; as expressed in the ICT charter. Further, the reporting frequency of each structure shall be different:

— ICT Steering Committee: The committee shall submit detailed quarterly reports to municipal management

— Audit and Risk Committee: The committee shall submit quarterly reports on ICT risk and audit aspects

— ICT Manager: The manager shall submit detailed bi-monthly reports on the risk and day-to-day performance of ICT to the governance champion and/or the Chief Financial Officer.

At Kouga Municipality performance management and the stakeholder communication forthcoming from it shall not be ignored or degraded. Instead, it shall form the primarily basis upon which the ICT function operates. This will ensure that stakeholders are effectively informed and that key decisions are adequately made around the operations of the ICT function.

8. ICT Process Framework

8.1. Structuring of the ICT Process Framework

This policy has expressed that Kouga Municipality shall instigate a process framework in support of the Corporate Governance of ICT and Governance of ICT mandate. This process framework shall be aligned to COBIT 5, based upon the DPSA recommendations.

Undertaking the implementation of any process framework is laborious and time-consuming; therefore, it is essential that key milestones be established. Kouga Municipal Management has identified key initiatives that ICT management should be focusing on the next 2 years.

Below is a list of priorities and the required initiatives and points:

Priority	Initiatives and/or action points
EDM01 Ensure Governance Framework Setting and Maintenance	• Obtain approval of ICT Governance Framework and create an awareness of the principles and responsibilities including how effectiveness will be measured • Ensure ICT Steering committee meetings are held • Ensure ICT manager is trained on ICT Governance, COBIT and considers joining ISACA.
APO01 Manage the ICT Management Framework	• Track compliance with policies and procedures • Ensure training and succession planning are adequately addressed • Evaluate and enhance communication and coordinating mechanisms between ICT and the business • Clarify and manage expectations by ensuring that business units understand priorities, dependencies, financial constraints and the need to schedule requests.
APO02 Manage Strategy	• Alignment of ICT and municipal IDP and plans • Obtain approval of ICT Strategy and immediately begin implementing initiatives on the road map • Clearly communicate the objectives and associated accountabilities so that they are understood by all, with the ICT strategic options identified and integrated with municipal plans.
APO03 Manage Enterprise Architecture	• Develop a target ICT architecture and plan the necessary transformation. • Identify and plan ICT project that coincide with the target ICT architecture.
APO05 Manage Portfolio	• Return on investment management (on the development of innovative capabilities) • Comparing spending on established ICT systems based upon their relative value to the municipality • Performing benefits realization on all ICT-related projects.
APO10 Manage Suppliers	• Create supplier catalogue and supplier performance evaluation criteria standards • Identify and manage risk relating to supplier's ability to continually provide secure, efficient and effective service delivery • Establish and ensure an ICT Risk register that includes supplier risks where applicable.
APO12 Manage Risk	• Implement ways on how to collect ICT-related business risks • Continually identity, assesses and reduce ICT-related risk within levels of tolerance set by municipal management • Integrate the management of ICT-related business risk with overall Enterprise Risk Management.
APO13 Manage Security	• Allocate responsibility for information security • Review existing ICT Security policies to ensure minimum guidelines are covered

	• Users to sign compliance forms, and be made aware of any policy updates • Continue performing periodic Information Security awareness training programs.
BAI01 Manage Programmes and Projects	• Determine which project management methodology will be adopted or used for internal projects • Establish ICT project management principles.
DSS01 Manage Operations	• Develop and maintain operational procedures and related activities to support all delivered services • Maintain a schedule of operational activities (Operations health checklist), perform the activities, and manage the performance and throughput of the scheduled activities.
DSS04 Manage Continuity	• Continue operation of offsite storage of backup media • Expand offsite backup strategy, to include machine images, configurations, and files not stored on central servers • Continue critical business operations and maintain availability of information at a level acceptable to the municipality in the event of a significant disruption.
MEA01 Monitor, Evaluate and Assess Performance and Conformance	• Identify and engage Stakeholders to understand ICT performance requirements • Document ICT Performance requirements in an ICT Services catalogue, or in Departmental SLAs and link them to an annual ICT performance plan through KPIs • Monitor that processes are performing against agreed-on performance and conformance goals and metrics and provide reporting that is systematic and timely • Use tools where feasible to generate and combine reporting statistics • Report on performance based on agreed criteria, format and level of detail • Assign responsibility for corrective action and track results for resolution.

Any deviation or amendments to the above process structure shall be promptly reported to the various governance structures. Further, the ICT department jointly with municipal management shall establish an ICT strategy and roadmap inclusive of this process framework.

9. Exceptions

Deviations from this policy and its associated procedures will only be permitted in the following circumstances:

a) When specific provisions have been made for it in the ICT steering committee meetings or municipal management meetings (reasons for allowing non-compliance shall be documented within the minutes of meetings, and formal approval sought per written permission)

b) On written permissions of the municipal manager of Kouga Local Municipality (reasons for allowing non-compliance to one or more aspects of the policy shall be clearly stated in such permission; no blanket non-compliance shall be allowed under any circumstances)

10. Monitoring of Compliance

The municipal council, with the assistance of the ICT steering and audit committees, must ensure compliance with this policy and its associated procedures

The ICT manager shall frequently report on the compliance with this policy, and report such compliance to the ICT steering committee. In the event of non-compliance or insufficient progress, such findings shall be reported to the municipal manager.

Municipal management hereby reserves the right to action disciplinary reform on both the ICT steering committee and ICT manager should compliance to this policy not be satisfactory. Such reforms may take the form of verbal and written warnings, or at worst, termination of contract or employment.

11. Review and Update Process

The ICT manager, assisted by the ICT steering committee, must ensure that this policy and its associated procedure are reviewed and updated after two years at most, or as and when necessary.

12. Conclusion

This Corporate Governance of ICT Policy has been designed for the exclusive use and alignment of Kouga Municipality. The implementation thereof shall be phased over a two-year period to provide the municipality with the time required to implement it effectively. Those tasked with Corporate Governance of ICT, as per the ICT charter, shall ensure that a supplementary implementation plan is developed that will give guidance to the practical implementation of the framework.

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CORPORATE GOVERNANCE OF ICT CHARTER

DOCUMENT INFORMATION SHEET

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DOCUMENT CONTROL SHEET

The purpose of this form is to ensure that documents approved prior to issue. The form is to be bound into the front of all documents released by Kouga Local Municipality.

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SIGNING OF THE ORIGINAL DOCUMENT

This policy is approved by the signatories listed below whom by signing this document confirm their acceptance of its content and authorise the implementation/adoption thereof.

Signature: ICT Manager	Date
Signature: Chief Financial Officer	Date
Signature: Municipal Manager	Date
Council Date of Approval	

REVISION CONTROL CHART

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DOCUMENT ADMINISTRATION

Glossary of Terms

Term	Description
CGICTPF	Corporate Governance of ICT Policy Framework
Corporate Governance	"…The set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining that risks are managed appropriately and verifying that the enterprise's resources are used responsibly." – IT Governance Institute "Procedures and processes according to which an organisation is directed and controlled." – Organisation of Economic and Co-operation Development
Corporate Governance of ICT	"The system by which the current and future use of ICT is directed and controlled." – ISO/IEC 38500 "Corporate governance of ICT involves evaluation and directing the use of ICT to support the organisation, and monitoring this use to achieve plan. It includes the strategy and policies for using ICT within an organisation." – ISO/IEC 38500
DPSA	Department of Public Service and Administration
Executive Management	The Executive Management of the Municipality is made up of the Head of Department and all Chief Directors of the Department. This normally constitutes the Executive Committee of the Municipality and should include the GITO.
GICT	Corporate Governance of ICT
ICT	Information and Communications Technology, also referred to as **IT**
Governance Champion	The Manager in the municipality who is responsible to drive Corporate Governance of and Governance of ICT.
Governance of ICT	"The effective and efficient management of IT resources to facilitate the achievement of

	company strategic objectives." – King III Code, 2009 "Is the responsibility of executives and the municipal council, and consists of the leadership, organisational structures and processes that ensure that the municipality's IT sustains and extends the municipal strategy and objectives." – ITGI, 2005
Governance Principles	"The vehicle to translate the desired behaviour into practical guidance for day-to-day management." – COBIT 5 Framework, 2012
ISO/IEC 38500	International Standard on Corporate Governance of ICT
IT	Information Technology, also referred to as ICT
MISS	Minimum Information Security Standards
MIOS	Minimum Interoperability Standards
RACI	Responsibility, Accountability, Consulting, Information
AGSA	Auditor General of South Africa

Corporate Governance of ICT Charter

Introduction

A corporate governance of ICT framework is constituted of various artefacts, such as processes, structures, roles and responsibilities, lifecycles and policies. The Kouga Corporate Governance of ICT framework incorporates these fundamental components to ensure a comprehensive, practical framework that is customised to the environment, integrated into the key municipal objectives, managed across all stakeholders and monitored for compliance and performance.

This charter depicts how the CGICT policy will be implemented and describes the related delegations, roles and responsibilities, functions, processes and reporting.

1.1. Objective

The charter as set out within this documentation depicts how Corporate Governance of ICT will be implemented and describes the related structure, processes, functions, accountability, roles and responsibilities, delegations and reporting outputs.

The objectives of this charter are to:

- Align with the objectives of the Corporate Governance of ICT Policy;
- Incorporate the Corporate Governance of ICT as a subset of Corporate Governance in the municipality;
- Ensure that the ICT Manager represents the ICT function on Executive Management level;
- Create business value through ICT enablement by ensuring business and ICT strategic alignment;

- Provide relevant ICT organisational structure, resources, capacity and capability to enable ICT service delivery;
- Achieve and monitor ICT service delivery performance and conformance to relevant internal and external policies, frameworks, laws, regulations, standards and practices;
- Ensure that ICT functions within acceptable levels of risk, in accordance with the municipality's risk tolerance and appetite;
- Ensure that ICT projects are prioritised, aligned and monitored.

Accountability, Roles and Responsibilities

Critical to the success of the Corporate Governance of ICT initiative, municipal management should allocate clear roles and responsibilities for directing the CGICT programme.

Within Kouga Local Municipality, several stakeholders have been identified that will play commensurate roles in planning, facilitating and maintaining the CGICT programme:

- The municipal council
- The ICT steering committee
- The audit and risk committees
- The municipal manager
- The governance champion
- The ICT manager

Table 1 below illustrates these key stakeholders, and their associated responsibilities.

Key Activities	Municipal Council	Municipal Manager	Governance Champ.	Business Managers	IT Manager	IT Staff Members	Audit Committee	Risk Committee	Steering Committee
Set direction for the programme.	A	R	R	C	C	I	C	C	C
Provide programme management resources.	C	A	R	R	C	C	R	R	I
Establish and maintain direction and oversight structures and processes.	C	A	C	I	I	I	I	I	R
Establish and maintain programme.	I	A	R	C	C	I	I	I	R
Align approaches with enterprise approaches.	I	A	R	C	C	I	C	C	R

A **RACI** chart identifies who is **R**esponsible, **A**ccountable, **C**onsulted and/or **I**nformed.

The RACI diagram suggests that Corporate Governance of ICT is not only isolated to the ICT department or a single person, but also instead encompasses the whole of the municipality. This ensures that there is clear accountability for the direction and control over the municipal ICT infrastructure.

Seen in the RACI diagram, the governance champion remains responsible for most aspects of the Corporate Governance of ICT. However, no single person can operate in isolation. As such, a governance system must be established to address Corporate Governance of ICT on a political, strategic, executive management, business and operational level. This includes the establishment of an IT steering committee among others. It also warrants that ICT consistently form part of the council agenda.

2.1. Municipal Council

2.1.1. Corporate Governance of ICT Mandate

The Municipal Council maintains overall accountability for good ICT Governance within Kouga Local Municipality (in line with King III and COBIT 5). This includes structures, processes and mechanisms to enable ICT to deliver value and managing any associated risk. Specific responsibility in this regard is noted below.

2.1.2. Responsibility

— Ensure management has put in place an effective ICT strategic planning process

— Ratifies and has final approval over the aligned business and ICT strategy, which must be reviewed regularly and whenever the municipal IDP, goals and objectives change

— Ensure the ICT organisational structure complements the municipal business model and direction

— Ascertain that management has put processes and practices in place that ensure ICT delivers provable value to the municipality

— Ensure ICT investments represent a balance of risk and benefit and that ICT budgets are acceptable

— Monitor how management determines what ICT resources are needed to achieve strategic goals

— Ensure a proper balance of ICT investments for sustaining and growing the municipality

— Be aware about significant ICT risk exposures, their impact and their mitigating measures

— Evaluate the effectiveness of management’s monitoring of ICT risks

— Assess municipal management’s performance on ICT strategies in operation

— Define and monitor high-level ICT performance.

2.2. Audit and Risk Committee

2.2.1. Corporate Governance of ICT Mandate

The primary function of the Audit and Risk Committees are to oversee the integrity of the municipality's financial report(s) and to assess its continuing ability to service the community. The committees should also ensure that there is sufficient cooperation between the municipality's various assurance providers, including the external auditors, the internal audit function, and the risk officers.

For ICT governance specifically, the Audit and Risk Committees oversees operational, as opposed to strategic, activities over control of ICT, such as the adequacy of ICT-related internal controls over financial reporting. ICT systems are critical to the accuracy and preparation of financial reporting and adequate ICT-related internal controls are necessary for compliance with various standards. Consequently, the technological aspects of internal controls are an important priority for the Audit and Risk Committees.

In addition to internal controls, there are other major ICT matters that may also have implications for financial reporting systems i.e. security of data and ICT systems, outsourcing, adoption of new technologies etc.

2.2.2. Responsibility

— Retains oversight responsibilities for ICT Governance

— Reporting on controls effectiveness and efficiency within ICT Governance should be reported to this forum for oversight, guidance and input. The primary mechanism for this reporting is the internal audit process as approved by the Audit and Risk Committees and is further supported by control self-assessments

to be performed by appointed process owners at prescribed intervals

— Considers ICT related to financial reporting and the ability of the municipality to services the community by requiring regular audit and review of the ICT infrastructure, processes and practices implemented across the municipality.

2.3. Municipal Manager

2.3.1. Corporate Governance of ICT Mandate

The mandate of the municipal manager in relation to Corporate Governance of ICT is to ensure that the municipal goals are cascaded to ICT and to ensure that the ICT Manager maintains overall responsibility of all ICT governance aspects across the municipality; jointly with the assistance and oversight of the Governance Champion. Specific responsibility in this regard is noted below.

2.3.2. Responsibility

— Provide strategic leadership and management

— Ensure that the Corporate Governance of ICT is placed on the Municipal Council agenda

— Ensure the realisation of the organisation-wide value through ICT service delivery and management of ICT related risks

— Provide strategic leadership to the municipality

— Evaluate, direct and monitor the performance of ICT against plans, internal policies, external obligations and strategic objectives

— Monitor how management determines what ICT resources are needed to achieve the municipal IDP, goals and objectives

— Ensure a proper balance of ICT investments for sustaining and growing the municipality

— Be aware of significant ICT risk exposures, their impact and their mitigating measures

— Periodically assess executive management's performance on the execution of the ICT strategy in operation

— Establish ICT Governance goals or Key Goal Indicators (KGI's) and cascades them down through performance management processes

— Report to Council on ICT governance which includes the strategic, performance and risk aspects of the ICT function

— The delegation of authority, personal responsibility and accountability to the Governance Champion with regards to the Corporate Governance of ICT

— Monitor and evaluate the effectiveness of the Corporate Governance of ICT.

2.4. ICT Steering Committee

2.4.1. Corporate Governance of ICT Mandate

This committee operates in a dual fashion within the municipality. Whereas larger, more traditional organizations, operate both an ICT oversight and ICT steering committee, the municipality has opted to combine these roles into a single forum.

Given the consolidation, this committee both assist the municipal manager on oversight of ICT and also evaluates, directs, and

monitors the planning, implementation and execution of ICT within the municipality.

To this extent, the primary role of the committee is to:

- Develop corporate level ICT strategies and plans that ensure the cost effective application and management of ICT systems and resources throughout the Municipality;
- Review current and future technologies to identify opportunities to increase the efficiency of ICT resources;
- Monitor and evaluate ICT projects and achievements against the ICT Strategic Plan and;
- Inform and make recommendations to the Municipal Manager and Council of the Municipality on significant ICT issues.

2.4.2. Membership

The ICT Steering Committee will comprise of the following members:

- The Director of Finance as chairperson
- Finance Portfolio Councillor
- ICT manager
- Directors and/or managers from all municipal directorates
    - Supply Chain Manager
    - Budget & Treasury Manager
    - Assets Manager
- Professional members who have relevant experience and knowledge in:

- ICT governance
- Procurement of ICT hardware and software
- ICT security policy development, audit, business continuity, etc.

Alternative members may be co-opted to attend the ICT Steering Committee meetings at the discretion of their respective Directors and the prior approval of the Chairperson

The Chairperson may also invite other persons to attend meetings as required.

In the absence of a member his/her delegate may attend the meeting on behalf of the member. In the absence of the chairperson, the members shall amongst themselves elect an acting Chairperson to chair the meeting.

Note: The ICT Steering Committee serves the roles and responsibilities of the Strategic and Steering Committee as prescribed by the CGICTPF.

2.4.3. Meeting Frequency & Arrangements

- Decisions taken at meetings will be noted and the minutes will be distributed to committee members not later than a week after the meeting;
- The quorum for meetings will be a simple majority of the permanent members;
- The ICT Steering Committee must meet at least once every quarter;

- The Chairperson holds the authority to schedule emergency meetings to take place as and when necessary;

- Written notice of committee meetings must be given to members 7 (seven) days prior to a meeting, and the agenda confirmed during the onset of each meeting.

2.4.4. Responsibilities

- **Oversight Requirements**

  - Conceptualise and oversee Corporate Governance of ICT and the strategic alignment to the municipal IDP, goals and objectives strategic plan

  - Evaluate, direct and monitor the planning, implementation and execution of ICT and the strategic alignment to the municipal IDP, goals and objectives strategic plan

  - Oversee the development and maintenance the Corporate Governance of ICT Policy and Charter

  - Co-ordinate and oversee the development and implementation of Corporate Governance of ICT, and the Governance and Management of ICT Framework that should address the following:

    - The Risk Management Policy

    - Internal Audit

    - The ICT Portfolio Management

    - An Information policy and Information Plan

    - An ICT Security policy, plan and strategy

- A Business Continuity Plan (BCP), an ICT Continuity Policy and Plan.
- A Change Management Plan

- Ensure the effective monitoring and evaluation of plans for improvement and meeting all its objectives
- Ensure that ICT reports are available to the Audit committee for input prior to reporting back to Council.

- **Operational Requirements**
  - Coordinate ICT planning based on direction received from the Municipal Council
  - Determine, prioritise, recommend and implement plans, policies, strategies, resource/capacity requirements, and portfolios of ICT projects to the Municipal Council
  - Oversee the implementation of approved plans, policies, strategies, resource/capacity requirements, benefits realisation, and portfolios of ICT projects
  - Provide input into the development of the ICT Strategy and Plan, ICT Operational Plan, Governance and Management of ICT Framework and ICT Project Program
  - Determine the monitoring criteria and related reporting requirements and processes for ICT conformance, performance and assurance
  - Provide direction to all ICT related decisions that may have an impact on the municipal operations

— Report on ICT conformance, performance and assurance of monitoring to the Municipal council

— Oversee and report on the change management implementation for ICT

— Provide input into ICT risk management

2.5. ICT Governance Champion

2.5.1. Corporate Governance of ICT Mandate

The mandate of the governance champion, in relation to ICT governance is to drive the implementation, change management and maintenance of Corporate Governance of ICT in the municipality.

Given the scale of ICT operations at Kouga Local Municipality, the ICT Steering Committee jointly with the Chief Financial Officer has been nominated to perform the roles and responsibilities related to this function.

2.5.2. Responsibility

— Align and integrate ICT strategy with the municipal IDP, goals and objectives

— Align ICT operations with municipal operations

— Cascade strategy and goals down into the municipality

— Mediate between imperatives of the municipality and the technology

— Direct the optimisation of ICT costs

— Ensure the ICT budget and investment plan is realistic and integrate into the overall financial plan

— Ensure that financial reporting has accurate accounting of ICT

— Ensure the organisation is in the best position to capitalise on its information and knowledge

— Set up organisational structures and responsibilities that facilitate ICT strategy implementation

— Define and support the ICT Manager role, ensuring the ICT Manager is a key business player and provide sufficient and detailed information for executive decision-making

— Provide high-level direction for sourcing and use of ICT resources

— Embed responsibilities for risk management in the municipality

— Monitor ICT risk and improve residual ICT risks

— Obtain assurance of the performance, control and risks of ICT and independent assurance about major ICT decisions, as considered necessary

— Work with the ICT Manager on developing an ICT balanced scorecard, to monitor ICT performance aligned to the municipal goals.

2.6. ICT Manager

2.6.1. Corporate Governance of ICT Mandate

The ICT Manager is primarily responsible for the management, performance and control of the municipal-wide ICT function(s). Specifically, with respect to ICT governance, the ICT Manager is responsible for executing and reporting to the CFO, ICT Steering Committee, Audit and Risk Committee, and Council on ICT governance which includes the strategy, performance and risk aspects of the ICT function.

2.6.2. Responsibility

— Drive ICT strategy development and execute against it, ensuring measurable value is delivered on time and budget, currently and in the future

— Implement ICT policies and standards

— Educate executives on dependence on ICT, ICT-related costs, technology issues and insights, and ICT capabilities

— Clarify and demonstrate the value of ICT

— Proactively seek ways to increase ICT value contribution

— Link ICT budgets to strategic aims and objectives

— Manage municipal management expectations relative to ICT

— Establish strong ICT project management disciplines

— Provide ICT infrastructure that facilitate creation and sharing of business information at optimal cost

— Ensure the availability of suitable ICT resources, skills and infrastructure to meet the strategic objectives

— Ensure that roles critical for driving maximum value from ICT are appropriately defined and staffed

— Standardise and document architectures and technology

— Assess risks, mitigate efficiently and make risks transparent to the stakeholders

— Implement an ICT control framework

— Ensure that roles critical for managing ICT risks are appropriately defined and staffed

— Ensure the day-to-day management and verification of ICT processes and controls for the municipal-wide ICT function

— Defines and implements ICT performance reporting structure to be used for the reporting of ICT performance across the municipality. This structure must be updated on a periodic basis and consolidated for reporting to the ICT Steering Committee and Municipal Council.

— Defines the structure of the ICT function, including committees and key management positions and appoints appropriately skilled and experienced personnel into these positions

— Sets and implements Key Performance Indicators (KPIs) for the ICT function. Specifically implements performance measures directly and demonstrably linked to the municipal strategy

— Receives regular reporting based on the KPIs for the ICT function and provides reporting to the various committees within the ICT governance structure. This input and its frequency of presentation is to be provided as per the prescripts of the relevant committees.

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ICT DISASTER RECOVERY POLICY

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Title of Report	:	*ICT Disaster Recovery Policy*
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SIGNING OF THE ORIGINAL DOCUMENT

This policy is approved by the signatories listed below whom by signing this document confirm their acceptance of its content and authorise the implementation/adoption thereof.

Signature: ICT Manager — Date

Signature: Chief Financial Officer — Date

Signature: Municipal Manager — Date

Council Date of Approval

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DOCUMENT ADMINISTRATION

Abbreviations/Acronyms

Term	Description
BCI	Business Continuity Institute
BCM	Business Continuity Management
BCMS	Business Continuity Management System
BIA	Business Impact Analysis (Assessment)
DR	Disaster Recovery
DRP	Disaster Recovery Plan
ISO	International Standards Organization
ICT	Information and Communications Technology
ICT DR	Information and Communications Technology Disaster Recovery
RPO	Recovery Point Objective
RTO	Recovery Time Objective

ICT DISASTER RECOVERY POLICY

Introduction

The core functions of Kouga Local Municipality heavily depend on computer-supported information processing and telecommunications, thereby ICT services. The increasing dependency on computers and telecommunications for business operations poses a risk that a lengthy loss of these capabilities could affect the overall service delivery and performance of the Municipality.

Any event that causes disruption to the ICT services of the Municipality could severely impact upon the Municipality at large and ultimately the customer base. To this extent, the Municipality has initiated an agenda for setting up an ICT disaster recovery proramme covering various departments and critical technology components. It will be the duty of this programme to ensure continuity and recovery of the Municipality's ICT services, thereby ensuring reliability and redundancy within the ICT environment to minimize downtime and ensure availability of critical systems during a disaster situation.

The ICT Disaster Recovery programme will ensure that the Municipality's continuity objectives are supported from a technology standpoint, and ensure the recovery of ICT infrastructure in the event of a disaster in line with the Recovery Time Objectives (RTO) and Recovery Point Objective (RPO) defined by business.

1.1. Objective

The ICT Disaster Recovery Policy serves to confirm and formalize the municipality's commitment to arrange for and coordinate the recovery of critical systems and technologies during a disaster or disruptive incident in an orderly and timely manner. This policy establishes the principles, framework necessary to ensure

emergency response, resumption, recovery, restoration, and recovery of the municipal ICT operations in response to a business disruptive event.

Essentially, this policy serves as the strategic co-ordination and co-operation mechanisms between all the relevant stakeholders, and the ICT department. It aims to supplement the Municipal Disaster Risk Management Plan further by establishing specific arrangements for ICT operations.

ICT disaster recovery is defined as “the systematic process to prevent, predict and manage ICT disruption and incidents which have the potential to disrupt ICT services”. In this way, ICT disaster recovery supports municipal disaster management by ensuring that the ICT services are as resilient as appropriate and can be recovered to pre-determined levels within timescales required and agreed by the business.

It is important to highlight, however, that human lives (all municipal employees as well as third parties who may be working on municipal premises) are the first priority in the event of a disaster occurring onsite. The next most important priority is the restoration of work processes especially from a technology standpoint.

1.2. Scope

The ICT Disaster Recovery Policy applies to all information systems and technologies, which supports the Municipality’s day-to-day business processes. As such, it includes the ICT hardware, networking, and all critical ICT systems.

Policy

The following section illustrates municipal management's policy applicable to ICT disaster recovery within Kouga Local Municipality.

The municipality recognizes the potential strategic, operational and financial stakeholder risks associated with service interruptions and the importance of maintaining viable capability to continue daily operations with minimum impact, in the event of any disruptive incident. Consequently, it is committed to its employees, customers and stakeholders to ensure that critical ICT services are resumed at the earliest possible time.

Municipal management fully support the ICT disaster recovery programme, and as such hereby establishes their commitment and resources to ensuring the programme's success in line with the policy statements below.

2.1. Implementation of ICT Disaster Recovery

The ICT department shall implement an ICT disaster recovery initiative in line with international standard (e.g., ISO/IEC 27031) as an ongoing part of their day-to-day activities. The ICT manager and staff shall make sure they understand their role in the event of a major event or disaster. This will ensure that the response is coordinated, controlled and efficient.

2.2. Business Impact Analysis

The ICT manager shall arrange that a formal business impact analysis (BIA) be carried out for all functions/departments within the municipal organogram at least once every year to determine the requirements for the ICT disaster recovery plan. The business impact assessment (BIA) shall be reviewed and updated on an annual basis by all necessary stakeholders, to reflect any changes

taking place within the Municipality and its corresponding ICT infrastructure.

In the event that significant changes are introduced into the ICT infrastructure, either through the introduction of new hardware or software applications, business impact assessments will immediately follow. Such assessments shall be performed within reasonable time and will not be deferred until the annual review commences.

The business impact assessments, as a minimum, shall identify:

- What are the critical business and ICT processes
- What is the impact over time, of the processes not functioning
- What are the threats to each critical process and their likelihood of occurring
- What applications are used in conducting the processes
- Defined RTO and RPO per process
- What are the recovery priorities and categorization for each process
- What resources are required including number of personnel in a disaster scenario

2.3. Risk Assessment

The ICT manager shall arrange that a formal risk assessment be carried out of the ICT infrastructure at least once a year to determine the requirements for the disaster recovery plan. The risk assessment shall be performed and any risk register(s) updated annually or when changes are introduced to the municipal ICT environment.

Such risk assessments shall be documented, and all supporting documentation maintained for at least two years. This documentation may include minutes of meetings, surveys and/or reports from third parties.

2.4. ICT Disaster Recovery Strategy

The municipal management, in collaboration with the ICT manager shall arrange for the development of an ICT disaster recovery strategy. That is, the provision and procurement of a disaster recovery site, appropriate infrastructure, and the establishment of data backup to the said site.

The disaster recovery site shall coincide with the results of any/all business impact analysis and risks emanating for the risk assessments. Further, it shall make provision for the both the current and future state ICT infrastructure and services.

2.5. ICT Disaster Recovery Plan

The ICT manager shall arrange for the development of an ICT disaster recovery plan to recover from a crisis and provide, at the very minimum, the ability to recover critical business processes. During a business interruption event, ICT management shall activate the ICT disaster recovery plan.

In some cases, it may not be necessary to relocate staff to alternative work areas. To address local crises, alternate approaches for resumption including remote work, working from other office buildings, etc., shall be identified.

2.6. Technical System Resumption and Recovery Procedures

The ICT manager shall develop a coordinated strategy involving plans, policies, procedures, and technical measures that enable the recovery of ICT systems, operations, and data that is identified as critical.

The municipality's network architecture and global telecommunications shall ensure redundancy and the institution's ability to withstand local and regional crisis.

The ICT disaster recovery policy shall be integrated in the ICT policy, budget and implementation decisions. ICT budget guidelines and incentives shall take into account good practices concerning business continuity planning and preparedness.

For new application development, ICT continuity planning shall be integrated in all phases of the project life cycle, starting from business requirements, system architecture, design, construction, testing, implementation, maintenance and retirement.

2.7. ICT Disaster Recovery Training and Awareness

ICT disaster recovery training for the municipal workforce is essential for effective resumption and recovery of operations. The ICT manager shall plan, implement and maintain a training schedule to ensure that ICT staff keeps abreast with industry standards and the municipal business processes, latest technologies, tools, international standards and regulations that guide the development of ICT disaster recovery plans.

Awareness is a critical component of the ICT disaster recovery programme that ensures commitment and understanding when engaging with municipal staff. It is the responsibility of the ICT manager to identify needs and develop responses in respect of awareness. Use shall be made of all resources available including:

— CBT (slides and computer based educational programs)

— Web site

— Magazines and articles in publications

— Notice board posters

— Email

— Informative workshops directed at specific target audiences

— Presentations

— Screen Savers

It is the responsibility of all those responsible for ICT disaster recovery programme to apply themselves to a structured awareness program that is implemented over an agreed period. This shall be renewed and reviewed regularly through the ICT steering and executive management committees.

The ICT manager shall ensure that this programme is delivered according to an agreed timetable and content. This programme will be subject to annual performance reviews, and to ad-hoc review by internal audit.

2.8. Disaster Recovery Testing

Testing is an activity designed to promote emergency preparedness. The test examines the performance of duties, tasks and operations in a way similar to the way they would be performed in a real emergency.

The ICT manager shall arrange that the ICT disaster recovery plan be tested at least bi-annually to ensure credible recovery preparedness. The scope, objectives, and measurement criteria of each test shall be determined and coordinated by municipal management on a per event basis. All testing shall be formally planned, executed and documented. Meanwhile, test results shall be shared with municipal management, and internal audit.

The ICT manager shall ensure that a variance of tests is performed, including:

- **Orientation tests**
    - Introduces participants to the plans and procedures
    - Planning cycle: one month
    - Test time: 60-90 minutes
- **Drills**
    - Test of individual emergency response functions
    - Planning cycle: one month
    - Test time: 10-60 minutes
- **Table top tests**
    - This is a facilitated group analysis of an emergency in an informal, stress-free environment.
    - Planning cycle: 2-3 months
    - Test time: 90-120 minutes
    - Debriefing time: 30 minutes
- **Functional tests**
    - Participants perform actual activities
    - Test time: 90 min – 4 hours
    - Planning cycle: 3-6 months
- **Full-scale tests**

- Evaluates the operational capability of systems in an interactive manner over a substantial period of time
- Test time: 2-8 hours
- Planning cycle: 4 months minimum

2.9. ICT Disaster Recovery Maintenance

The ICT manager shall arrange that the ICT disaster recovery plan (DRP) be continuously monitored to ensure that changes in the way business functions and the supporting infrastructure are reflected in the plan. Improvements identified because of testing shall also be included in the DRP. All changes shall be assessed as part of the change management process.

As a minimum, the plan shall be reviewed and updated on an annual basis, after every exercise/test, and after every business impact assessment (BIA) exercise.

2.10. Periodic Review of the ICT Disaster Recovery Programme

The Municipal Internal Audit department shall perform ad-hoc reviews of the ICT disaster recovery plans, as part of their annual plan. Such reviews will include a detailed assessment of any DR testing performed, any DR awareness initiates and any invocations. Meanwhile, this policy should be reviewed at least once every year as part of the annual controls effectiveness cycle assessment.

2.11. Preventative Actions

The ICT manager shall ensure necessary steps are taken to periodically conduct risk assessments and review the DR policy, procedures and plans to identify potential non-conformities and their causes to reduce or eliminate the chances for recovery failures. All such action taken shall be documented.

2.12. Corrective Actions

The ICT manager shall take actions to eliminate the causes of non-conformities identified with the implementation and operation of the disaster recovery plan to prevent their recurrence. All such actions taken shall be documented.

2.13. International Standards

All Kouga Local Municipality ICT disaster recovery activities shall be governed by the internationally accepted standards e.g., ISO/IEC 27031, which addresses the IT continuity considerations, complimented by the COBIT framework.

2.14. Related Policy

All ICT disaster recovery activities shall be conducted to coincide with the ICT Risk Management Framework, the ICT strategy and any established Business Continuity Plan(s).

Readers of this policy are referred to the following documents:

— ICT Risk Management Framework

— ICT Strategy

— Business Continuity Plan(s)

Roles and Responsibilities

3.1. ICT Disaster Recovery Committee

The proposed composition of the committee comprise of the following:

— Municipal Manager

— Chief Financial Officer (CFO)

— Media Liaison Officer

— Manager: SCM

— Manager: Budgets and Treasury

— Manager: ICT

The Committee is a decision-making group that coordinates Emergency Management, Crisis Management, Business Continuity and Information Technology Disaster Recovery efforts across the Municipality. The committee addresses municipality-wide issues that relate to the continuity of business following an ICT disaster and makes recommendations and resolutions.

3.2. ICT Disaster Recovery Coordinator

The Disaster Recovery Coordinator shall have the overall accountability and responsibility for the coordination, implementation and maintenance of the ICT disaster recovery and overall monitoring of all ICT disaster recovery processes. This role will be fulfilled by the *Manager: ICT*.

3.3. ICT Disaster Recovery Team

The Disaster Recovery Team shall be responsible for implementing the disaster recovery operations including the restoration of computer processing and networking activities, as well as providing on-going technical support during the recovery effort. This shall be headed by the *Manager: ICT*, with support from the staff in the ICT Department. Other team members shall be drawn by the Committee as required and coordinated with the Disaster Recovery Coordinator.

Internal Communication

The Media Liaison Officer shall be responsible for handling all internal employee communication in the event of an ICT disaster and relevant information during the restoration.

Media and Stakeholder Communications

Media Communication shall be handled in line with approved municipal media communication policy. The office of the Municipal Manager shall be informed of all media and other external stakeholder communications. The responsible Media Liaison Officer shall obtain communication directives from the ICT Disaster Management Team, and shall communicate information during the disaster and restoration phases to employees, suppliers, other external stakeholders and the media. Municipal employees and visitors are not permitted to give media interviews in any way regarding disruptive or non-disruptive ICT disasters. All communication with the media shall be facilitated by the responsible Media Liaison Officer.

Non-Compliance with Policy

Safety of employees and continuity of operations during a crisis or an incident is the responsibility of everyone physically working on municipal premises including all employees, service providers and third-party vendors.

The ICT Disaster Recovery policy statements described herein, defines the basic minimum level of requirements for ‘safety, availability and continuity’ of municipal ICT resources and services to both internal staff and clients. This policy also provides guidelines for developing, maintaining and testing ICT DR plans and risk assessments.

Non-compliance with the required measures and behaviours outlined in this policy could pose a business risk to the Municipality and could significantly affect its operations and damage its assets and reputation. Therefore, compliance with this policy is mandatory

for all municipal employees, as well as any third parties (such as outsourcing providers, contractors, alliance partners, licensees, etc.) who may be required to physically work on municipal premises or utilise the Municipality's information technology and communication platforms.

It is prohibited to bypass the ICT Disaster Recovery mechanisms provided in this policy or in any supporting plans, guidelines or procedures.

6.1. Exceptions, Migrations and Timeframes

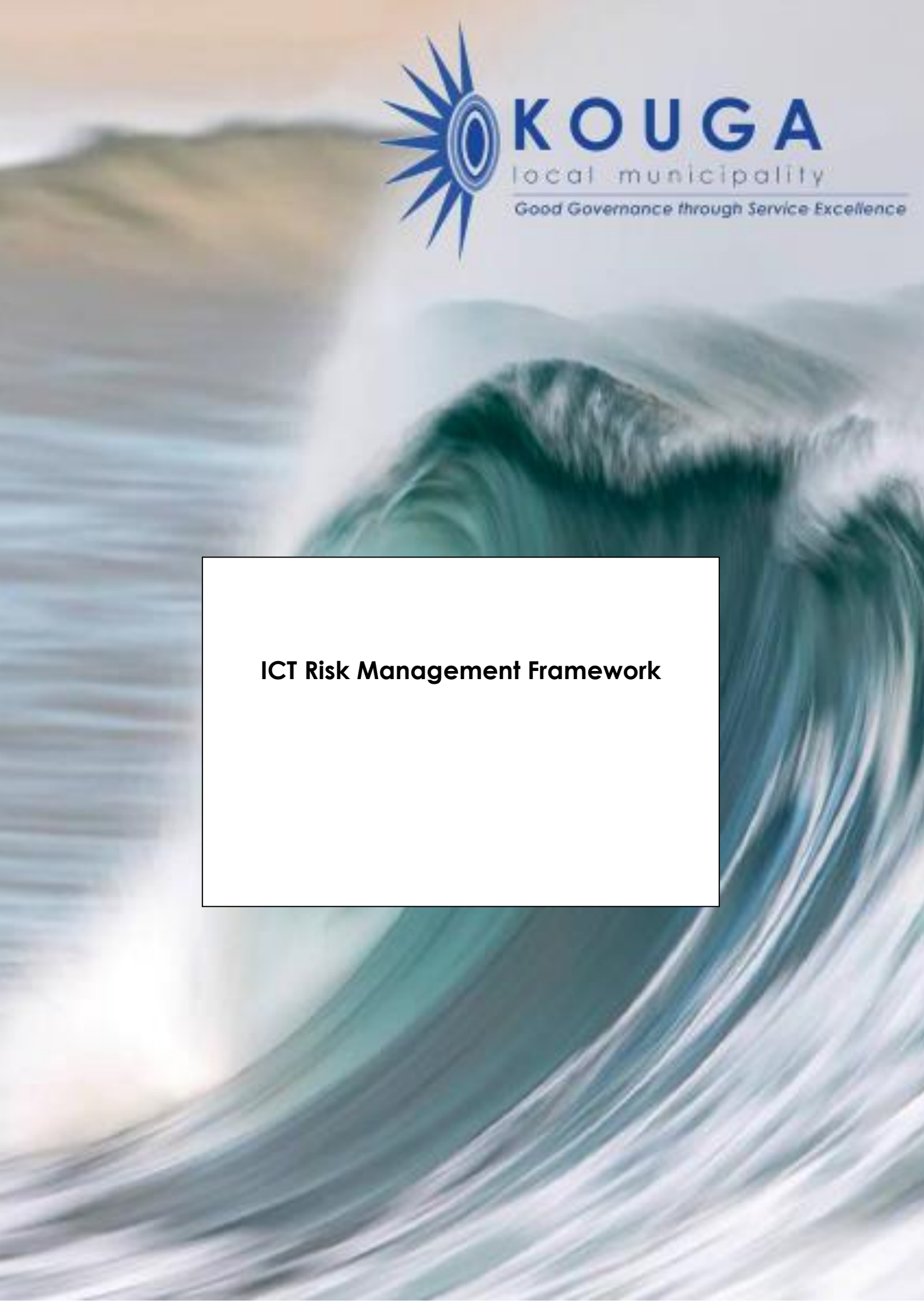
All Kouga Local Municipality personnel and ICT systems shall comply with the statements in this policy from the date of release. Where a longer transition is required to achieve compliance, a documented business justification shall be submitted by the ICT manager with proposed timelines to the Municipal management.

Any exceptions to this Policy shall be clearly documented and submitted to the Municipal management for evaluation and approval. Only exceptions, which have been approved, are valid. All exceptions to this Policy will be fully motivated and documented by those seeking the exception, and agreed to by the relevant affected parties. All exceptions will be reviewed at least annually by the relevant Individual/s around the particular area/s affected by the exception.

Availability of the Policy

This Policy will be made widely available to all municipal staff. As a minimum, it can be found in the following location:

Electronic location	*Kouga - dc1 Server/224/Policies (File Server)* *Intranet Web Portal*
Hard Copy	Archives ICT Manager's Office Disaster Recovery Site(s)



ICT Risk Management Framework

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This framework is approved by the signatories listed below whom by signing this document confirm their acceptance of its content and authorise the implementation/adoption thereof.

Signature: ICT Manager Date

Signature: Chief Financial Officer Date

Signature: Municipal Manager Date

Signature: Mayor Date

Council Date of Approval

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Glossary of Terms

Term	Description
Risk Management	The process of planning, organizing, staffing, leading, and controlling an organization's resources to minimize the possibility of loss or non-achievement of objectives caused by risk.
Risk Appetite	The extent of willingness to take risks in the pursuit of the business objectives.
ERM	Enterprise Risk Management
CGICTPF	Corporate Governance of ICT Policy Framework
Corporate Governance	"…The set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining that risks are managed appropriately and verifying that the enterprise's resources are used responsibly." – IT Governance Institute "Procedures and processes according to which an organisation is directed and controlled." – Organisation of Economic and Co-operation Development
Corporate Governance of ICT	"The system by which the current and future use of ICT is directed and controlled." – ISO/IEC 38500 "Corporate governance of ICT involves evaluation and directing the use of ICT to support the organisation, and monitoring this use to achieve plan. It includes the strategy and policies for using ICT within an organisation." – ISO/IEC 38500
DPSA	Department of Public Service and Administration
Executive Management	The Executive Management of the Municipality is made up of the Head of Department and all Chief Directors of the Department. This normally constitutes the Executive Committee of the Municipality and should include the GITO.
GICT	Corporate Governance of ICT
ICT	Information and Communications Technology, also referred to as **IT**
Governance Champion	The Manager in the municipality who is responsible to drive Corporate Governance of and Governance of ICT.

Governance of ICT	"The effective and efficient management of IT resources to facilitate the achievement of company strategic objectives." – King III Code, 2009 "Is the responsibility of executives and the municipal council, and consists of the leadership, organisational structures and processes that ensure that the municipality's IT sustains and extends the municipal strategy and objectives." – ITGI, 2005
Governance Principles	"The vehicle to translate the desired behaviour into practical guidance for day-to-day management." – COBIT 5 Framework, 2012
ISO/IEC 38500	International Standard on Corporate Governance of ICT
IT	Information Technology, also referred to as ICT
MISS	Minimum Information Security Standards
MIOS	Minimum Interoperability Standards
RACI	Responsibility, Accountability, Consulting, Information
AGSA	Auditor General of South Africa

ict risk management framework

13. Introduction

Section 195 of the Constitution of the Republic of South Africa emphasizes the values and principles underlining public administration, which include the efficient, economic, and effective use of resources in the public sector. It also provides for a public administration that is accountable and transparent through the provision of timely, accessible and accurate information.

In addition to the constitutional provisions, the public service regulations provide for the implementation of a management framework for the entire public service. Planning is very important in clarifying the intentions of an organisation, facilitating the allocation of budgets according to priorities; monitoring results and enforcing accountability in the department.

Embedded within this planning framework is an internal control and risk management framework that serves to ensure that the ICT department achieves its outcomes and risk management is undoubtedly one of the most important management tools.

1.1. Purpose and Applicability

This ICT Risk Management Framework ensures that key risks are identified, measured and managed. This framework provides management with proven risk management tools that support their decision-making responsibilities and processes, while managing risks which impact on the attainment of the municipality's strategic objectives (as outlined in the municipal IDP).

Risk Management is everyone's responsibility and therefore it must be embedded into the everyday activities of the municipality. This implies that ICT Risk Management must be part of every decision that is made, every objective that is set and every process that is designed throughout the municipality.

The purpose of this ICT Risk Management Framework is to:

- Advance the development and implementation of modern management practices and to support innovation throughout Kouga Local Municipality;
- Contribute to building a risk-smart workforce and environment that allows for innovation and responsible risk-taking while ensuring legitimate precautions are taken to protect the municipal and citizens interest, maintain municipal trust, and ensure due diligence;
- Provide a comprehensive approach to better integrate risk management into strategic decision making;
- Set the context in which risks are managed, in terms of how they will be identified, analyzed, controlled, monitored, and reviewed;
- Ensure that information security requirements, including necessary security controls, are integrated into municipality's ICT environment and system development life cycle processes.

14. Context Establishment

The external and internal context for ICT risk management are established within the municipality, which involves setting the basic criteria necessary for ICT risk management, defining the scope and boundaries, and establishing an appropriate organization operating ICT risk management. It is essential to determine the purpose of ICT risk management as this affects the overall process and the context establishment in particular. For Kouga Local Municipality, this purpose is:

- Supporting an Information Security Management System (ISMS)
- Legal compliance and evidence of due diligence
- Preparation of a business continuity plan
- Preparation of an incident response plan

— Description of the information security requirements for municipal services

2.1. General Considerations and Criteria

Depending on the scope and objectives of the risk management exercise, different approaches can be applied. The approach might also be different for each iteration. An appropriate risk management approach should be selected or developed that addresses basic criteria such as: risk evaluation criteria, impact criteria, risk acceptance criteria. Additionally, municipal management should assess whether necessary resources are available to:

— Perform risk assessment and establish a risk treatment plan

— Define and implement policies and procedures, including implementation of the controls selected

— Monitor controls

— Monitor the ICT risk management process

As a result, risk evaluation criteria should be developed by management for evaluating ICT risk considering the followings:

— The strategic value of the business information process

— The criticality of the information assets involved

— Legal and regulatory requirements, and contractual obligations

— Operational and business importance of availability, confidentiality and integrity

— Stakeholders expectations and perceptions, and negative consequences for goodwill and reputation

Further, impact criteria should be developed and specified in terms of the degree of damage or costs to the municipality caused by an information security event considering the following:

- Level of classification of the impacted information asset
- Breaches of information security (e.g. loss of confidentiality, integrity and availability)
- Impaired operations (internal or third parties)
- Loss of business and financial value
- Disruption of plans and deadlines
- Damage of reputation
- Breaches of legal, regulatory or contractual requirements

Furthermore, risk acceptance criteria should be developed and specified by municipal management. Risk acceptance criteria should depend on the municipality’s policies, goals, objectives and the interests of stakeholders. As such, the municipality should define its own scales for levels of risk acceptance. The following should be considered during development:

- Risk acceptance criteria may include multiple thresholds, with a desired target level of risk, but provision for senior managers to accept risks above this level under defined circumstances
- Risk acceptance criteria may be expressed as the ratio of estimated profit (or other business benefit) to the estimated risk
- Different risk acceptance criteria may apply to different classes of risk, e.g. risks that could result in noncompliance with regulations or laws may not be accepted, while acceptance of high risks may be allowed if this is specified as a contractual requirement

— Risk acceptance criteria may include requirements for future additional treatment, e.g. a risk may be accepted if there is approval and commitment to take action to reduce it to an acceptable level within a defined time period

Risk acceptance criteria may differ according to how long the risk is expected to exist, e.g. the risk may be associated with a temporary or short term activity. Risk acceptance criteria should be set up considering the following:

— Business criteria

— Legal and regulatory aspects

— Operations

— Technology

— Finance

— Social and humanitarian factors

2.2. Scope and Boundaries

Municipal management should define the scope and boundaries of ICT risk management. The scope of the ICT risk management process needs to be defined to ensure that all relevant assets are taken into account in the risk assessment. In addition, the boundaries need to be identified to address those risks that might arise through these boundaries.

Information about Kouga Local Municipality should be collected to determine the environment it operates in and its relevance to the ICT risk management process.

When defining the scope and boundaries, management should consider the following information:

— The municipality's strategic objectives, strategies and policies

— Municipal processes

— The municipality's functions and structure

— Legal, regulatory and contractual requirements applicable to the municipality

— The municipality's information security policy

— The municipality's overall approach to risk management

— Information assets

— Locations of the municipal premises and their geographical characteristics

— Constraints affecting the municipality

— Expectation of stakeholders

— Socio-cultural environment

— Interfaces (i.e. information exchange with the environment)

Additionally, management should provide justification for any exclusion from the scope. Examples of the risk management scope may be an ICT application, ICT infrastructure, a municipal process, or a defined part of the municipality.

2.3. Roles and Responsibilities

— All employees of the municipality are affected and have some responsibility in assisting ICT in implementing ICT risk management;

— The ICT Manager is ultimately responsible for ICT risk management and assumes overall ownership. Further, The ICT Manager is responsible for updating and maintaining the ICT risk register

— Other directorates support the ICT risk management philosophy, promote compliance with the risk appetite and manage risks within their spheres of responsibility consistent with risk tolerances

— The ICT Steering Committee will ensure review and approval of all ICT risk management endeavours

— The Audit and Risk Committee will provide ICT risk management oversight

— A number of external stakeholders often provide information useful in effecting risk management, but they are not responsible for the effectiveness of the municipality's risk management.

15. Risk Assessment

Risk assessment determines the value of the information assets, identifies the applicable threats and vulnerabilities that exist (or could exist), identifies the existing controls and their effect on the risk identified, determines the potential consequences and finally prioritizes the derived risks and ranks them against the risk evaluation criteria set in the context establishment.

Risk assessment is often conducted in two (or more) iterations. First, a high level assessment is carried out to identify potentially high risks that warrant further assessment. The next iteration can involve further in-depth consideration of potentially high risks revealed in the initial iteration. Where this provides insufficient information to assess the risk then further detailed analyses are conducted, likely on parts of the total scope, and possibly using a different method.

It is up to the municipal management to select its own approach to risk assessment based on the objectives and the aim of the risk assessment.

3.3. Risk Identification

During the phase of risk identification, management considers external and internal, as well as financial and non-financial factors that influence the municipality's policy and management agenda.

Identifying major trends and their variation over time is particularly relevant in providing early warnings.

Some external factors to be considered for potential risks include:

— Political: the influence of international governments and other governing bodies;

— Economic: international, national markets and globalizations;

— Social: major demographic and social trends, level of citizen engagement; and

— Technological.

Internal factors reflect management's choices and include such matters as:

— The overall management framework;

— Governance and accountability frameworks;

— Level of transparency required;

— Values and ethics;

— Infrastructure;

— Policies, procedures and processes;

— Human resource capacity; and

— Technology.

Within Kouga Local Municipality, ICT related risks are categorized in the following focus areas:

— **Business focus**: This is the risk that the strategic requirements and user needs are not met by ICT or ICT is not appropriately aligned to the municipality's IDP strategy and future plans.

— **Information assets**: This is the risk that the very nature of the data and information ("information assets") held by the municipality could result in a loss.

— **Dependence on ICT**: This risk describes the impact of the loss of parts of the ICT-infrastructure. The more dependent the municipality is on their ICT systems, the higher is the potential loss, whether direct financial loss or reputational loss.

— **Dependence on ICT Internal staff**: This is the risk that the nature and extent of the municipality's dependence on its own ICT staff could lead to a loss being suffered.

— **Dependence on Third Parties**: This is the risk that the municipality could suffer a loss as a result of its dependence on third parties such as outsourcers/co-sourcers, suppliers, contractors and consultants.

— **Reliability of ICT Systems**: This is the risk that a lack of reliability in the ICT systems could lead to a loss being suffered by the municipality.

— **Changes to ICT**: This describes the risk of losses as a result of the degree of changes to the ICT environment.

— **Legislative and Regulatory Environment**: This is the risk that lack of compliance with legislation relating to the processing, storage and use of information might lead to a financial or reputational loss to the municipality.

3.4. Risk Analysis

Risk analysis allows the ICT department to consider how potential events might affect the achievement of objectives. Management assesses risk events by analyzing their impact and likelihood using the scales below.

Impact Parameters

Severity Ranking	Continuity of Service Delivery	Safety & Environmental	Technical Complexity	Financial
Critical 5	Risk event will result in widespread and lengthy reduction in continuity of service delivery to the general public for a period greater than 48 hours	Major environmental damage. Serious injury (permanent disability) or death of personnel or members of the public. Major negative media coverage.	Use of unproven technology for critical systems / project components. High level of technical interdependencies between system components.	Can lead to termination of municipal activity
Major 4	Reduction in service delivery or disruption for a period ranging between 24 & 48 hours over a significant area	Significant injury of personnel or public. Significant environmental damage. Significant negative media coverage.	Use of new technology not previously utilized by the municipality for critical systems / project components.	Cost increase > 10%
Moderate 3	Reduction in service delivery or disruption for a period between 8 & 24 hours over a significant area	Lower level of environmental, safety or health impacts. Negative media coverage	Use of unproven or emerging technology for critical systems / project components.	Cost increase > 5%
Minor 2	Brief local inconvenience (work around possible). Loss of an asset with minor impact on operations	Little environmental, safety or health impacts. Limited negative media coverage.	Use of unproven or emerging technology for systems / project components.	Cost increase < 1%
Insignificant 1	No or minimal impact on municipal services or core systems	No environmental, safety or health impacts and/or negative media coverage	Use of unproven or emerging technology for non-critical systems / project components	Minimal or no impact on cost

Likelihood Parameters

Probability Factor	Measurement Criteria	Qualification Criteria	Rating
Common	The risk is already occurring, or has a high likelihood of occurring more than once during the next 12 months	The risk is almost certain to occur in the current circumstances	5
Likely	The risk will easily occur, and is likely to occur at least once during the next 12 months	More than an even chance of occurring	4
Moderate	There is an above average chance of the risk occurring more than once during the next 3 years	Could occur often	3
Unlikely	The risk has a low likelihood of occurring during the next 3 years	Low likelihood, but could happen	2
Rare	The risk is unlikely to occur during the next 3 years	Not expected to happen - event would be a surprise	1

Inherent risk rating = impact X likelihood

Residual Risk

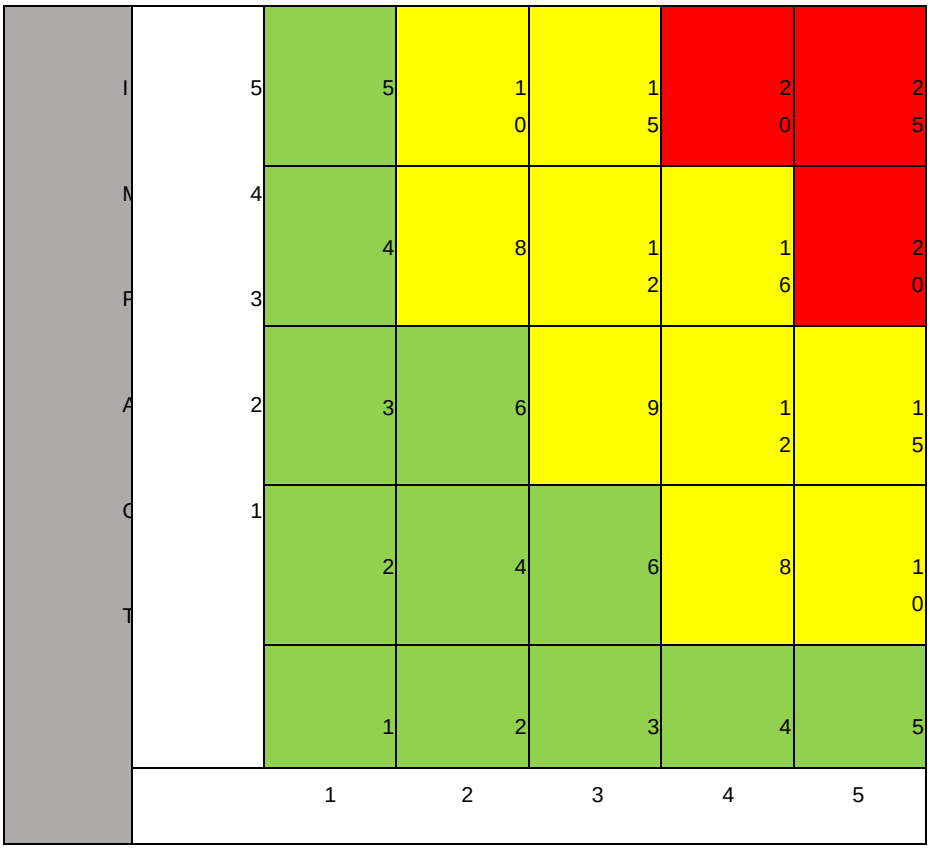
Residual risk is determined by taking into account the adequacy of the risk mitigating controls in place.

Control adequacy scales:

Adequacy Factor	Adequacy Qualification Criteria
Over-controlled 90%	The risk is adequately controlled and managed, but in some regards over-controlled.
Adequate 80%	The majority of risk exposure is adequately controlled and managed.
Partially adequate 50%	Some of the risk exposure appears to be adequately controlled, but there are major deficiencies.
Inadequate 20%	Control measures are mostly inadequate.

Residual risk = Inherent risk – control adequacy

The high, medium and low risk parameters can be depicted using the following risk matrix:



	LIKELIHOOD

In order to assist in determining risk acceptability, the following thresholds should be used as guidelines;

Thresholds Where the result is:		**Threshold Interpretation**	**Suggested Action**	**Suggested Timing**
Between 17 and 25		**RED – Unacceptable** High Risk	Management should take immediate action to reduce risk exposure to an acceptable level.	Immediate action required
Between 8 and 16		**YELLOW – Cautionary** Medium Risk	Management should constantly monitor the risk exposure and related control adequacy.	Medium term action - within three months
Between 1 and 7		**GREEN – Acceptable** Low Risk	Management should monitor risks and may consider reducing the cost of control.	Monitor – no immediate action required

Likelihood represents the possibility that a given event will occur, while impact represents its effect should it occur. Estimates of risk likelihood and impact will be determined using data from past observable events, which may provide a more objective basis than entirely subjective estimates.

Internally generated data based on the municipality's own experience will reflect less subjective personal bias and provide better results than data from external sources. However, even where internally generated data are a primary input, external data will be useful as a checkpoint or to enhance our analysis.

3.5. Risk Evaluation

To evaluate risks, the municipality should compare the estimated risks with the risk evaluation criteria defined during the context establishment. Risk evaluation criteria used to make decisions should be consistent with the defined external and internal ICT risk management context and take into account the objectives of the municipality and stakeholder views etc. Decisions as taken in the risk evaluation activity are mainly based on the acceptable level of risk. However, consequences, likelihood, and the degree of confidence in the risk identification and analysis should be considered as well. During the risk evaluation stage, contractual, legal and regulatory requirements are factors that should be taken into account in addition to the estimated risks. Aggregation of multiple low or medium risks may result in much higher overall risks and need to be addressed accordingly.

Risk evaluation uses the understanding of risk obtained by risk analysis to make decisions about future actions. Decisions should include:

- Whether an activity should be undertaken
- Priorities for risk treatment considering estimated levels of risks

As an output from this phase, there is a list of risks that is prioritized according to risk evaluation criteria in relation to the incident

scenarios that lead to those risks in order to effectively and efficiently perform risk treatment.

16. Risk Treatment

Municipal management will identify risk response strategy options referred to as either risk treatment or risk responses, and consider their effect on event likelihood and impact, in relation to risk tolerances, costs versus benefits, and thereafter design and implement response options.

The consideration of risk responses is essential to risk management and requires that management select a response that is expected to bring risk likelihood and impact within ICT's risk tolerance level.

After the risks have been identified and the contributing factors or root causes have been established, the control strategy will be identified for the various risk exposures. Risk responses will fall within the categories of risk avoidance, active management and acceptance. The following will be used to identify the control strategies considered by management:

- Risk Modification;
- Risk Retention;
- Risk Avoidance; or
- Risk Sharing.

4.1. Risk Modification

Appropriate and justified controls are selected to meet the requirements identified by the risk assessment and risk treatment. This selection takes account of the risk acceptance criteria as well as legal, regulatory and contractual requirements. This selection

should also take account of cost and timeframe for implementation of controls, or technical, environmental and cultural aspects.

In general, controls may provide one or more of the following types of protection: correction, elimination, prevention, impact minimization, deterrence, detection, recovery, monitoring and awareness. During control selection it is important to weigh the cost of acquisition, implementation, administration, operation, monitoring, and maintenance of the controls against the value of the assets being protected. Furthermore, the return on investment in terms of risk reduction and potential to exploit new business opportunities afforded by certain controls should be considered. Additionally, consideration should be given to specialized skills that may be needed to define and implement new controls or modify existing ones.

There are many constraints that can affect the selection of controls. Technical constraints such as performance requirements, manageability (operational support requirements) and compatibility issues may hamper the use of certain controls or could induce human error either nullifying the control, giving a false sense of security or even increasing the risk beyond not having the control (e.g. requiring complex passwords without proper training, leading to users writing passwords down). Moreover, it could be the case that a control would affect performance. Municipal management should try to identify a solution that satisfies performance requirements while guaranteeing sufficient information security. The result of this step is a list of possible controls, with their cost, benefit, and priority of implementation.

Within Kouga Local Municipality, ICT-related controls for mitigating identified risks are grouped into the following categories and sub-categories:

- Management of ICT
    - Council / Senior management involvement
    - ICT strategy
    - ICT cost and investment management
    - Management reporting of ICT performance
    - Service level management
    - Legal and regulatory compliance
    - Human Resource management
    - End user computing
    - Management of third party services
- Continuity of systems
    - Backup of data and systems
    - Capacity management
    - Incident and problem management
    - Continuity planning
    - Operations management
    - Configuration management
- Physical security and environmental controls
    - Physical access control

- Protection of the environment

— Security of information and systems

- Security policy
- Security administration
- Logical access control facilities
- External communications

— System development and change management

- Development methodology
- Project management
- User participation
- Quality and project assurance
- Documentation
- Business change process
- Technical change management

— Control Assurance

- Audit of ICT
- Risk management
- Assessment of control adequacy

4.2. Risk Retention

If the level of risk meets the risk acceptance criteria, there is no need for implementing additional controls and the risk can be retained.

4.3. Risk Avoidance

When the identified risks are considered too high, or the costs of implementing other risk treatment options exceed the benefits, a decision may be made to avoid the risk completely, by withdrawing from a planned or existing activity or set of activities, or changing the conditions under which the activity is operated. For example, for risks caused by nature it may be most cost effective alternative to physically move the information processing facilities to a place where the risk does not exist or is under control.

4.4. Risk Sharing

Risk sharing involves a decision to share certain risks with external parties. Risk sharing can create new risks or modify existing, identified risks. Therefore, additional risk treatment may be necessary.

Sharing can be done by insurance that will support the consequences, or by sub-contracting a partner whose role will be to monitor the information system and take immediate actions to stop an attack before it makes a defined level of damage.

It should be noted that it may be possible to share the responsibility to manage risk but it is not normally possible to share the liability of an impact. The general public (serving community) will usually attribute an adverse impact as being the fault of the municipality.

17. Risk Acceptance

Risk treatment plans should describe how assessed risks are to be treated to meet risk acceptance criteria. It is important for responsible municipal managers to review and approve proposed risk treatment plans and resulting residual risks, and record any conditions associated with such approval.

In some cases the level of residual risk may not meet risk acceptance criteria because the criteria being applied do not take into account prevailing circumstances. For example, it might be argued that it is necessary to accept risks because the benefits accompanying the risks are very attractive, or because the cost of risk modification is too high. Such circumstances indicate that risk acceptance criteria are inadequate and should be revised if possible. However, it is not always possible to revise the risk acceptance criteria in a timely manner. In such cases, decision makers may have to accept risks that do not meet normal acceptance criteria. If this is necessary, the decision maker should explicitly comment on the risks and include a justification for the decision to override normal risk acceptance criteria.

Therefore, if this occurs, there should be a list of accepted risks with justification for those that do not meet the municipality's normal risk acceptance criteria formally documented and signed off by municipal management.

18. Risk Communication and Consultation

Pertinent information – both from internal and external sources, financial or non-financial – should be identified, captured and communicated in a form and timeframe that enable personnel to carry out their responsibilities. Effective communication should also occur in a broader sense, flowing down, across and up the municipality, as well as the exchange of relevant information with external parties, such as the general public, suppliers, regulators and shareholders.

An array of information should be used, relevant to one or more objectives categories. Management should establish an information

systems infrastructure to source, capture, process, analyse and report relevant information. These information systems – will usually be computerized but also involving manual inputs or interfaces – often will be viewed in the context of processing internally generated data relating to transactions. This will allow the municipality to track actual performance against targets, plans and expectations. It will also provide insights into how the municipality performed under varying conditions, allowing municipal management to identify correlations, trends and to forecast future performance. Historical data also would provide early warnings of potential events that warrant municipal management attention.

Present or current state data would allow the municipal ICT department to assess its risks at a specific point in time and remain within established risk tolerances. Current state data would allow management to take a real-time view of existing risks inherent in a process, function or unit and to identify variations from expectations. This would provide a view of ICT's risk profile, enabling municipal management to alter activities as necessary to fit in with the acceptable level of risk

Municipal Management should keep the Audit and Risk Committee up-to-date on performance, developments, risks and the functioning of risk management, and other relevant events and issues. The more effective the communication, the more successful the Audit and Risk Committee will be in carrying out its oversight responsibilities, in acting as an executive authority on critical issues and in providing advice, counsel and direction.

The ICT Manager should keep track of all ICT related issues and risks by maintaining an ICT risk register, with major risks being consolidated into the overall municipal risk register and

communicated to the Audit and Risk Committee. It will remain the responsibility of the ICT manager to periodically perform risk assessments on the ICT environment and controls, and to duly update the ICT risk register accordingly. Risk assessments shall be performed at least bi-annually, or as changes are introduced into the ICT environment.

19. Risk Monitoring and Review

Risk management should be regularly monitored – a process that assesses both the presence and functioning of components and the quality of their performance over time. Monitoring should be done in two ways: through ongoing activities or separate evaluations. This will ensure that risk management continues to be applied at all levels and across the municipality.

Ongoing monitoring should be built into the normal, recurring operating activities and should be performed on a real-time basis.

Key risk indicators

Key risk indicators will assist municipal management to monitor risks. Key risk indicators have two focal points i.e. the inherent risk itself as well as losses, incidents and variances. Each key risk will have a key risk indicator to serve as a risk warning mechanism.

Each section will be responsible for defining, monitoring and reporting on key risk indicators for all key risks identified.

Risk tolerance limits

Risk tolerances are the acceptable levels of variation relative to the achievement of objectives. Risk tolerances should be measured in the same units as the related objectives.

Performance measures should be aligned to help ensure that actual results will be within the acceptable risk tolerances. In setting risk tolerances, management considers the relative importance of the related objectives and aligns risk tolerances with risk appetite. Operating within risk tolerances will provide management with greater assurance that the department remains within its risk appetite and, in turn, provide a higher degree of comfort that the department will achieve its objectives. Each departmental section will be responsible for defining its own risk tolerance limits for all key risks identified.

20. Exceptions

Deviations from this framework and its associated policies/procedures will only be permitted in the following circumstances:

c) When specific provisions have been made for it in the ICT steering committee meetings or municipal management meetings (reasons for allowing non-compliance shall be documented within the minutes of meetings, and formal approval sought per written permission)

d) On written permissions of the municipal manager of Kouga Local Municipality (reasons for allowing non-compliance to one or more aspects of the policy shall be clearly stated in such permission; no blanket non-compliance shall be allowed under any circumstances)

21. Monitoring of Compliance

The municipal council, with the assistance of the ICT steering and audit committees, must ensure compliance with this framework and its associated policies/procedures.

The ICT manager shall frequently report on the compliance with this framework, and report such compliance to the ICT steering committee. In the event of non-compliance or insufficient progress, such findings shall be reported to the municipal manager.

Municipal management hereby reserves the right to action disciplinary reform on both the ICT steering committee and ICT manager should compliance to this policy not be satisfactory. Such reforms may take the form of verbal and written warnings, or at worst, termination of contract or employment.

22. Review and Update Process

The ICT manager, assisted by the ICT steering committee, must ensure that this policy and its associated policies/procedures are reviewed and updated after two years at most, or as and when necessary.

KOUGA
local municipality
Good Governance through Service Excellence

ICT STRATEGY

DOCUMENT INFORMATION SHEET

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DOCUMENT CONTROL SHEET

The purpose of this form is to ensure that documents are approved prior to issue. The form is to be bound into the front of all documents released by Kouga Local Municipality.

Title of Report : *ICT Strategy*

Type of Report : *Policy*

Document Number :

SIGNING OF THE ORIGINAL DOCUMENT

This policy is approved by the signatories listed below whom by signing this document confirm their acceptance of its content and authorize the implementation/adoption thereof.

Signature: ICT Manager Date

Signature: Chief Financial Officer Date

Signature: Municipal Manager Date

Council Date of Approval

REVISION CONTROL CHART

The purpose of this form is to ensure that documents are reviewed. The form is to be bound into the front of all documents released by Kouga Local Municipality.

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Date:	Signature:	Signature:	Signature:
Description of changes:			

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ICT STRATEGY

23. Executive Summary

1.1. Introduction

Most municipalities use ICT as a fundamental business tool and few can function effectively without it. Investments in information systems hardware, software, and telecommunications equipment now constitute significant portions of all capital investments. The result of this massive spending is reflected in the way municipalities conduct business. Cell phones, email, electronic processing have all become essential municipal tools.

While ICT is significantly becoming a business tool and investments are soaring, a return on investment is often not being realized. Consequently, municipalities must establish strategy to ensure ICT aligns and support municipal business operations. Such strategy should be established by municipal management based upon the municipal IDP, and updated periodically.

Based upon the above, this policy document serves to enact Kouga Municipality's ICT strategy. That is, to establish a living document that defines the strategic goals and objectives for the ICT function within the municipality, as well as the guiding principles that will be applied to achieve those goals.

The ICT strategy seeks to outline how the ICT function will support the municipal IDP, through a series of initiatives to enhance the current relationship that exists between the various municipal departments and ICT. Further, to drive efficiency, quality service and municipal transformation. By doing so, the ICT function will be better positioned to meet the demands of both the evolving market and the serving community's demand for improved service delivery.

1.2. Enacting Process, Objectives and Critical Success Factors

Enacting an ICT strategy, involves discussions and deliberations with stakeholders both within and beyond the ICT function. It also involves gaining a comprehensive view of the business requirements, and ICT's role in meeting said requirements.

To facilitate this, the ICT function jointly with the assistance of a service provider, held discussions with ICT and business representatives from each municipal department over a 2 week period. Wherefrom, an understanding of business and ICT was obtained to identify and agree what are the key business requirements for ICT that will support the overall municipal strategic objectives, as outlined in the municipal IDP.

In addition, to the discussions mentioned above; the service provider also performed an ICT maturity assessment to assess the current state of ICT at Kouga Municipality. The said assessment focused on the currently established controls and processes within the ICT function and its daily operations. Based hereon, a number of gaps, risks and opportunities were identified for the ICT function.

The results of the discussions, the ICT maturity assessments and the municipal 5-year IDP was used as input into the development of this ICT strategy. Based on this, the vision for ICT is:

> *"To provide credible, capable and adaptable ICT support and services being a strategic enabler assisting the municipality in driving efficiency, improved service delivery and transformation in both its internal and community-facing operations".*

To achieve this vision, Kouga Municipality has defined the following ICT objectives:

- **Primary Goal:**
  - Municipal enablement through technology
- **Enabling Goals:**

— Implementation of Corporate Governance of ICT

— Value delivery in line with municipal requirements

— Strengthening of the ICT assets, resources and capabilities

To ensure that the defined ICT strategic objectives meet the municipal objectives (as defined in the IDP), all of the ICT objectives, that underpin the ICT initiatives, have been mapped to the municipal strategic objectives. The following table depicts these relationships:

ICT strategic objectives	ICT initiatives	Municipal strategic objectives
Corporate Governance of ICT	— Implement Corporate Governance of ICT Framework — Monitor Effectiveness of the ICT Steering Committee — Expand ICT Strategy to Short/Long-Term ICT Plans	• To ensure a municipality that is committed to an innovative approach, prudent management of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery.
Value Delivery	— Define ICT Performance Monitoring Process — Establish Vendor Management Process — Establish ICT Service Level Agreements — Establish ICT Portfolio Management Process	
Strengthen IT Capabilities	— Implementation of Risk Management Processes for ICT (Framework & Risk Register) — Approve and Implement Disaster Recovery Strategy — Define Incident and Problem Management Procedures	

	— Define Change Management Procedures — Strengthen IT Security (Access Control, Backups) — Upgrading of ICT Infrastructure (Servers, Computers, Internet, Networks) — Integration of Municipal ICT systems — Technical Training and Certification for ICT Staff	
Business Enablement through Technology	— Implementation of Document Management System — Implementation of Paperless System(s) — Improvement of Printing Services and Monitoring — Improvement\Upgrading of SAMRAS System (Module Activation, Training, Integration) for mSCOA — Replacement of Excel Driven Municipal Processes — Implementation of Fleet Management System — Improvement of Cemetery Management System — SAMRAS & Excel Training for Municipal Staff	

For the ICT initiatives stated above to be successfully implemented, there are several success factors that the municipality must address. The most critical of these factors are the following:

— **Continued Involvement of Municipal Management and Departments**

For ICT to become an enabler of municipal strategies, it requires municipal management and staff to take continual ownership of ICT. This shall ensure that the municipality realizes the potential value ICT has to offer and drive the expected benefits from ICT investments. To achieve this, it is vital that the ICT function have full buy-in and support from municipal management at all times.

— **ICT Finance**

The ICT initiatives highlighted above will incur significant financial investments. To allow the ICT function to implement these initiatives, it will be vital that municipal management provide the necessary funds. That said, such funds should be spent strategically to ensure the ICT function provides quick return on investments.

— **ICT Resources and Skills**

For the implementation of the objectives of this strategy, it is essential for ICT to have the appropriate resources and skills at their disposal. This could necessitate improvements to the current ICT infrastructure, training of existing ICT staff, and hiring of additional ICT personnel where warranted. The usage and employment of consultants and contractors will also be required.

— **ICT Portfolio Management**

Given the scope of ICT initiatives, a centralized management of ICT projects and ICT-related programmes will be required. A management arrangement of this nature will ensure that ICT projects and related programmes are holistically considered, exercise municipal buy-in, and truly add value to the municipality's day-to-day service delivery.

— **Continuous Improvement**

As this is a working document, reassessments and prioritization of initiatives will have to be performed regularly to ensure that the document addresses the most critical needs within Kouga Municipality. Ideally, this should coincide with the review of the municipal IDP, and the periodic performance reviews performed by the municipality.

24. Introduction

Kouga Municipality is responsible for ensuring a better life for the people within its jurisdiction as expressed in the municipality's vision and mission statements. This is informed by the Constitution of the Republic of South Africa and the Municipal Systems Act (MSA) of 2000.

Kouga Municipality is not an island and must ensure well-coordinated strategic relationship with other spheres of government. Consequently, its existing municipal IDP addresses matters raised by national government, provision and district forums. Collectively, these ensure that the municipality is well managed, ran and adds value to the serving community.

In serving the community, Kouga Municipality use ICT as a fundamental business tool. Investments in information systems hardware, software, and telecommunications equipment now constitute significant portions of the municipality's capital investments. The result of this massive spending is reflected in the way the municipality conducts business. Cell phones, email, electronic processing have all become essential municipal tools. However, investments alone have not guaranteed that the ICT function is without error.

In 2016, an ICT maturity assessment was completed to access the current state of the ICT function within the municipality. The assessment highlighted several gaps, risks and opportunities for development and improvement in ICT:

— The ICT function is not well positioned to strategically support the municipality due to a lack of governance structures, and management buy-in

— The current systems, although exhaustive, also is not fully supporting the business requirements. Particularly so, since much manual processing still takes place within the municipal departments.

— The execution of day-to-day ICT processes are in place, however no performance measurement strategy has been implemented. Consequently, ICT's value to the business cannot be well monitored, managed or regularly reported on.

Based upon these findings, an ICT strategy is required to address and improve the ICT function. This ICT strategy strives to provide a plan for ICT at Kouga Municipality by introducing and defining ICT strategic objectives that are aligned to the municipal IDP. Within each ICT strategic objective the required ICT initiatives that must be undertaken by ICT have been outlined. The accomplishment of these ICT initiatives will allow ICT to move away from simply being viewed as a support function ('an expense on the balance sheet'), to being viewed as a strategic partner for the municipality in achieving its strategic objectives.

25. Municipal Direction

3.1. Municipal Background

The Kouga Local Municipality is located in the Eastern Province and is one of 9 local municipalities located within the Sarah Baartman District Municipal area. It is situated west of Nelson Mandela Bay Metropolitan Municipality (Port Elizabeth, Uitenhage and Despatch) and covers a total land area of 2 669.82km².

The area is approximately 80km west of Port Elizabeth and includes the coastal zone between the Van Staadens River in the east and the Tsitsikamma River in the wet and inland stretches towards the Baviaanskloof Mountains in the north. The municipality is characterised by 3 topographical regions, i.e. the coastal region (including the towns of Jeffreys Bay, St Francis Bay, Cape St Francis, and Oyster Bay), the Gamtoos River Valley (including the towns of Hankey, Patensie, Loerie and Thornhill) and Humansdorp and surrounding commercial farming area.

The municipality's primary objective is to deliver quality services to its serving community. As such, it is required to provide water, sanitation, energy, electricity and housing services to all residents in Kouga. It also serves to provide a sustainable tourist destination and improved employment opportunities. However, in doing so it is required to comply with all national, and provincial rules and regulations.

At Kouga Municipality, the elected Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. The Council's role is to debate issues publicly and to facilitate political debate and discussion.

Apart from functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area. The Council of Kouga Municipality comprises of 29 elected councillors, made up from 15 ward councillors and 14 Proportional Representatives (PR) Councillors.

The mayoral committee consists of six (6) members, each of which has been assigned specific portfolio's including:

— Finance and Administration

— Tourism and Creative Industries

— Infrastructure, Planning and Development

— Economic Development

— Social Services

— Special Programmes

These members (supported by their own committees) monitor the delivery and outputs of the executive and may request directorates to account for the

outputs of their functions. The full-time councilors account for the executive decisions and operations performed in terms of the general policy framework agreed to by Council and although the portfolio committees play an oversight role, they have limited decision-making powers. These committees are responsible for submitting their reports to the Mayoral Committee.

The municipal manager, who has five (5) directors who report directly to him, heads the administration component of Kouga Municipality:

- IDP Manager*
- Director of Social Services
- Director Administration, Monitoring & Evaluation
- Chief Financial Officer
- Director Infrastructure Planning and Development
- Director LED, Tourism & Creative Industries

The ICT function (consisting of 6 staff members) falls under the direct ambit of the Chief Financial Officer, and is seen currently to reside within the Finance department of the municipality. The function is supported by an ICT steering committee, which both governs the function and ensures its daily operations are efficient and effective.

The key ICT systems that are used at the municipality are:

Name of application	Details
Off the shelve products:	
SAMRASplus	System used by Kouga employees to apply for leave, access payslips and submit travel claims online.

SAMRASclassic / Frontier	System used for processing all financial transactions, including payroll.
MunAdmin	The currently employed records management system
Ovvio	The GIS system employed by the municipality to perform town planning
Trend Micro Anti-Virus	Used to ensure anti-virus control throughout the municipality
Microsoft Office & Active Directory	Enables day-to-day operations, and manages the access control to all ICT infrastructure
Telephony System (PBX)	The in-house telephony system, managed and operates in-house by the ICT function.
Midas	System used for telephone recording and monitoring.
In-house developed:	
Kouga website	Outsourced – Kouga external website.

3.2. Municipal Strategy

The Local Government Municipal Systems Act (32 of 2000) requires all municipalities to develop a five-year Integrated Development Plan (IDP) which is reviewed annually.

Integrated Development Planning (IDP) is a process whereby a municipality prepares its strategic development plan for a five year cycle directly linked to the term of office of its Council. At Kouga Municipality, the IDP is the principal strategic planning instrument which guides and informs all planning, budgeting and development in the Kouga Municipal Area. It seeks to integrate and balance the economic, ecological and social pillars of sustainability without comprising the institutional capacity required to implement and co-ordinate the efforts needed across sectors and relevant spheres of government.

In 2011, the municipality established its latest five-year municipal strategy that covered the operational period 2012 to 2017. Annually the strategy (IDP) is reviewed according to the process plan approved by Council, and informed by the National Development Plan, State of the Nation Address, Medium Term Strategic Framework and Provincial priorities.

The 4th Generation of the 2011 5-year IDP clearly outlines the strategic objectives, focus areas and operational priorities for the municipality. Altogether, the municipality identified five (5) strategic goals for its daily operations:

1 Basic Services and Infrastructure

— To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment.

— To ensure ecological integrity through sustainable practices of municipal governance.

2 Local Economic Development

— To create an enabling environment for economic growth that attracts investors and tourists, encourages innovation and facilitates pro-poor inventions.

— To facilitate real opportunities for the youth, women, and people with disabilities.

3 Municipal Financial Viability and Transformation

— To ensure a municipality that is committed to an innovative approach, prudent management of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery

4 Municipal Transformation and Organizational Development

— To develop progressive strategies to optimize the use of available human resources.

5 Good Governance and Public Participation

— To establish a common vision and create coherence in government's work by seeking close partnerships with citizenry.

3.3. Municipal Requirements

Discussions between the ICT staff and representatives from each of the municipal department was undertaken to assess the current view of ICT by the business. This would assist in the identification and agreement of what are the key business requirements for ICT that will support Kouga Municipality in achieving its strategic objectives (as outlined in the previous section).

Current View of ICT

The current business expectations for ICT is to deliver and improve on the following areas:

— At present no specific structures or framework are in place to ensure that ICT is adequately directed, monitored and controlled throughout the municipality. Resultantly, ICT is failing to realize true business value, and is seen to be operating in isolation from the other municipal departments

— Although the ICT function is amply providing services to the rest of the municipality, such services are not living up to expectations. Many municipal processes still depends on large volumes of paperwork, manual Excel processing and often times much duplication.

— Much of the existing ICT infrastructure has become outdated and do not allow the municipality to operate efficiently and effectively. Examples

include network outages and slow throughput, and frequent end-user device problems.

— The ICT function is currently staffed by individuals whom may not necessarily have all the expertise required for their job responsibilities. In some cases, ICT staff left the organization, resulting in others gaining more responsibilities as time progressed. Unfortunately, such extra responsibilities did not result in additional training. The number of technicians available to municipal department may also be questionable, consider the number of external sites that the municipality serves.

ICT Requirements

The key strategic requirements for ICT is to ensure that Kouga Municipality meets its overall strategic objectives. That is, it must provide credible, capable and adaptable ICT support and services to become a strategic enabler that will assist the municipality in driving efficiency, improved service delivery and transformation in both its internal and community-facing operations.

To enable the ICT function to achieve this, several enabling goals have been established. These include:

— Implementation of Corporate Governance of ICT

— Delivery of ICT services in line with municipal requirements

— Optimization of the ICT assets, resources and capabilities

— Expansion of ICT knowledge, expertise and initiatives for municipal innovation

Each of these goals will be achieved through the active planning, implementation and continued operations of several ICT initiatives. These initiatives will be explained throughout the remainder of this document.

Please note that this is a high-level view of the requirements and is based on meetings with both municipal and ICT staff. This is not a detailed requirements analysis, but rather a holistic snapshot of the current wishes for the ICT function.

26. ICT Capability

4.1. Maturity Assessment

To successfully define the future state of ICT at Kouga Municipality an “as-is” maturity assessment had to be performed to assess the current maturity of ICT processes and ICT capability. Once this evaluation had been completed, a plan to address the gaps identified and the desired future state for ICT could be defined.

In 2016, an ICT maturity assessment was performed to assess the current state of ICT at the municipality by highlighting the gaps, risks and opportunities for development and improvement. The project also established the maturity as it stands and the envisaged maturity level on which the ICT function should operate as per acceptable standards and good practice.

The IT maturity assessment covered the following areas:

— Management of IT (Governance of IT)

— Continuity of Systems

— Security of Information and Systems

— IT Operations

— Project and Change Management

— Controls Assurance.

The maturity assessment of each area is summarised in the chart below indicating the overall control maturity rating. The analysis below details the reasons for the suggested ratings of ICT within each area.

Management of ICT (Governance of ICT)

Current State – Initial (1)

The assessment revealed that there was currently a weak ICT governance structures in place. The ICT function did not have an assigned Governance Champion, and lacked any formal direction, control and monitoring. An ICT steering committee had been established, but ICT matters did not adequately filter back to municipal management. A root cause hereof was that an ICT Governance Policy Framework and an ICT Charter, that outlines how ICT will be governed, had not been established.

There was also a lack of ICT monitoring, and benefits realization reporting to ensure that benefits from ICT investment were realized. As a result, municipal management was failing to see the value that ICT brings to the municipality. The lack of management reporting on ICT performance also exacerbated this problem.

Desired State – Defined (2)

Despite municipal management's belief, ICT has not been adequately integrated into the municipal IDP. In applying proper governance of ICT principles and processes will form the foundation for the ICT function to be viewed as a strategic enabler for the municipality. Not only, but it will ensure that decision making and accountability is appropriately defined and implemented.

Continuity of Systems

Current State – Initial (1)

The assessment revealed that the ICT function had yet to establish any formal policy or plans to ensure business continuity and ICT disaster recovery. That said, measures had been taken to ensure that core ICT systems' data was being backed-up. However, such measures did not extent to the end user machines. Lastly, the physical and environmental processes where not being appropriate maintained and monitored. Examples hereof included the non-maintenance of the municipal backup generator.

Desired State – Defined (3)

As the municipality continues to expand its ICT function, and its dependence on the ICT infrastructure increases; it will become essential that the municipality ensures appropriate mechanisms are put in place to make certain the municipality can recover from a disaster within expected timeframes.

Consequently, the ICT function must critically evaluate the business needs of each ICT system and the current ICT capability and disaster recovery processes to determine how ICT will be prepared for the unlikely event of a disaster.

Security of Information and Systems

Current State – Repeatable (2)

The ICT function has established an information security policy, and various measures throughout the municipality to enforce it. That said, much of best practice topics had not yet been fully addressed. Added hereto, the ICT function was not regularly performing risk assessments and capturing

identified risks into a risk register. Consequently, the current risks to the ICT environment was mainly unknown.

Desired State – Defined (4)

Security is primary to any successful business, irrespective of the critically of its ICT infrastructure or information. Resultantly, the ICT function will need to ensure it performs risk assessments to capture all risks and implement appropriate controls to mitigate them. Further, the ICT function will need to expand its existing information security policy to address all best practice topics.

Systems Development

Current State – Repeatable (2)

ICT projects were not managed or monitored adequately as there was no formal project or portfolio management processes in place. As such, the ICT function was implementing and maintaining ICT projects reactively without consideration for the holistic operations of the municipality. That said, tender documents did serve as some control for external vendors.

Desired State – Defined (3)

This strategy aims to elevate ICT's current position of being a support function to becoming a strategic enabler for the municipality. To do so, it is imperative that new ICT projects be properly planned, and managed. As such, the ICT function will need to establish portfolio management policies, procedures and adopt an adequate project management methodology.

Control Assurance

Current State – Defined (3)

At present, the internal audit function of the municipality (external provider) does perform reviews of ICT matters. As such, periodic audits of the ICT function and infrastructure was being performed. That said, the ICT management was not adequately monitoring the effectiveness of internal ICT controls.

Desired State – Defined (3)

Internal and external audit functions should continue their current operations. Meanwhile, ICT management should establish formal processes to ensure that any findings that are raised by these functions are amply dealt with. The ultimately goal for ICT management would be to achieve clean audits in the near future. The ICT function may wish to consider implementing a continuous audit driven system. Such systems would generates alarm triggers that provide advance notice about anomalies and errors detected by the ICT systems.

ICT Operations

Current State – Repeatable (2)

The assessment established that the ICT function had no formally documented performance measurement processes, which limited ICT's ability to demonstrate value to the municipal management. This supported the earlier finding that no ICT governance structures and processes existed.

There was also no defined service level agreements (SLAs) between the different municipal departments and ICT. Consequently, ICT and business had different views on the expected level of services provided by ICT.

Desired State – Managed (4)

It is evident that the current business view on ICT is that the ICT support function is not adequate delivering value to the municipality. Therefore, ICT

will need to strengthen its ICT service management capability addressing the gaps mentioned above by ensuring that proper processes are defined, implemented, monitored and reported on regularly. The establishment of SLAs between municipal departments will significantly enhance the ICT function's ability to provide business value.

Change Management

Current State – Repeatable (2)

Most, if not all, ICT systems are currently provided by service providers who ensure changes are adequately tested, recorded and implemented at the municipality. Despite this, ICT management had not formally designed change management controls such as policies, procedures, guidelines to mitigate the risk of unauthorized access to the network and information systems. Furthermore, no change control logs or system logs where available for changes made during the period under review.

Desired State – Defined (3)

This strategy aims to elevate ICT's current position of being a support function to becoming a strategic enabler for the business. This will result in future changes to ICT systems. Therefore, it is imperative that a proper change management process is followed to ensure that program changes are properly controlled, authorized, assessed, and tested before being released into the production environment.

27. ICT Strategic Direction

5.1. Vision

To provide credible, capable and adaptable ICT support and services being a strategic enabler assisting the municipality in driving efficiency, improved service delivery and transformation in both its internal and community-facing operations.

5.2. Mission

To enable the municipality, through business transformation and innovation, better service the Kouga community; while increasing the efficiency and effectiveness of the business processes within the municipality.

5.3. Values

The ICT function in the municipality embraces the notion of Developmental Local Government and subscribed to the following values, as per the municipal IDP:

— Service excellence

— Initiative and innovation

— Commitment and report

— Integrity and transparency

— Compassion and professionalism

5.4. Critical Success Factors

For the ICT initiatives stated above to be successfully implemented, there are several success factors that the municipality must address. The most critical of these factors are the following:

— **Continued Involvement of Municipal Management and Departments**

For ICT to become an enabler of the municipal strategy, it requires municipal management and staff to take continual ownership of ICT. This shall ensure that the municipality realizes the potential value ICT has to offer and drive the expected benefits from ICT investments. To achieve this, it is vital that the ICT function have full buy-in and support from municipal management at all times.

In addition, business will need to cooperate with ICT by providing business and data requirements in support of the ICT projects. It is also imperative

that business defines and provides ICT with the detailed business processes to allow ICT to define and develop appropriate solutions.

— **ICT Finance**

The ICT initiatives highlighted above will incur significant financial investments. To allow the ICT function to implement these initiatives, it will be vital that municipal management provide the necessary funds. That said, such funds should be spent strategically to ensure the ICT function provides quick return on investments.

— **ICT Resources and Skills**

For the implementation of the objectives of this strategy, it is essential for ICT to have the appropriate resources and skills at their disposal. This could necessitate improvements to the current ICT infrastructure, training of existing ICT staff, and hiring of additional ICT personnel where warranted. The usage and employment of consultants and contractors will also be required.

— **ICT Portfolio Management**

Given the scope of ICT initiatives, a centralized management of ICT projects and ICT-related programmes will be required. A management arrangement of this nature will ensure that ICT projects and related programmes are holistically considered, exercise municipal buy-in, and truly add value to the municipality's day-to-day service delivery.

— **Continuous Improvement**

Reassessments and prioritization of ICT initiatives will have to be performed regularly to ensure that the ICT strategy addresses the most critical needs within Kouga Municipality. Ideally, this should coincide with the review of the municipal IDP, and the periodic performance reviews performed by the municipality.

5.5. Deliver Value / Benefits Realization

With the implementation of this strategy there are a number of potential benefits that can be realized for Kouga Municipality that will deliver value. The potential benefits include:

— Improved alignment between business and ICT, through ICT initiatives aimed at achieving strategic business goals.

— ICT becoming a strategic enabler for business, by improving business operations and providing innovative solutions.

— Cost optimization through the use of ICT cost and performance monitoring and formal ICT portfolio management.

— Accurate reporting and monitoring of ICT performance for improved decision making

— Improved compliance by ensuring ICT accountability for legal and regulatory compliance, which reduces the risk of non-compliance and financial and/or reputational loss.

— Achieve good governance which will improve performance measurement and accountability through the involvement and support from top management and the alignment of strategic goals.

— Improved integration throughout the business and ICT systems, improving business process effectiveness and efficiency.

28. ICT Strategic Objectives

This section outlines the ICT strategic objectives and sets out the ICT initiatives that will ensure that the ICT function achieves its vision of providing credible, capable and adaptable ICT support and services to become a strategic enabler for Kouga Municipality. The ICT strategic objectives must be aligned to the municipal IDP, performance indicators and KPIs.

The first three objectives are considered to be enabling objectives that have been formulated taking into consideration the current ICT capability and the objective of creating an enabling environment in which ICT can operate to become the strategic enabler for business. These three objectives aim to strengthen the ICT department to achieve the desired maturity levels set out in the ICT maturity assessment, section 4 of this strategy.

The fourth objective is considered to be a core strategic objective for ICT that will ultimately support the accomplishment of the core strategic objectives of the municipality's strategy. This fourth objective was developed taking into consideration the current municipal IDP.

6.1. Implementation of Corporate Governance of ICT

Objective Statement: A Corporate Governance of ICT framework and procedures are implemented and maintained as part of the organizational governance to govern and support the ICT decision making process and ICT operations.

This strategic objective focuses on implementing and utilizing governance frameworks and procedures for ICT decision making. Proper governance frameworks and procedures will enable optimal management of daily ICT activities and aid in the prioritization of new ICT initiatives. This will facilitate transparency of ICT spend and the value that is realized for business.

In addition, this creates a solid platform from which ICT can implement new regulatory and legislative requirements that currently exist, as well as ones that will manifest in the future.

The ICT steering committee will ensure successful monitoring and implementation of business and ICT initiatives. The committee will be the responsible body for ensuring that there are appropriate project management methodologies and processes in place to ensure the successful initiation, tracking, management and reporting of projects.

6.2. Value Delivery

Objective Statement: Improve the alignment of ICT initiatives to maximize business value and empower the ICT function to support the business.

This strategic objective focuses on strengthening the ICT function to deliver business value where it is needed most. ICT management and its processes must be strengthened so that ICT initiatives are properly planned, managed and implemented. Examples include the introduction of an ICT portfolio management, and performance management frameworks.

Collectively, this will ensure that ICT's operations add to the strategic objectives of the municipality and that such value is known to key decision makers. It should improve the standing and current view held about ICT within the municipality.

6.3. Strengthen IT Capabilities

Objective Statement: Improve the current status of the ICT infrastructure such that it amply support any future ICT initiatives, minimizes incidents and problems, and maximizes available capabilities for the municipality.

This strategic objective focuses on upgrading the existing ICT infrastructure to ensure it support the future growth of the municipality and any ICT initiatives. Further, that it facilitates technology transformation throughout the municipality, ensuring that manual processes are automated where possible.

This strategic objective also focuses on strengthening the ICT function's resources to ensure the staff can optimally perform their respective job functions. In some cases, the training and certifications may extend beyond the immediate ICT staff. Examples include those responsible for the upkeep of the physical and environmental security controls; and those involved in the ICT disaster recovery plan(s).

If optimally implemented, this objective will ensure that the ICT function is adequately staffed and skilled to sufficiently support all activities and duties that the function may be required to perform.

6.4. Municipal Enablement through Technology

Objective Statement: Transforming ICT from a support unit to becoming a strategic enabler that improves the efficiency and effectiveness of municipal processes primarily through system integration, system expansion and alignment with business requirements.

This strategic objective focuses on the ICT department acting as a strategic enabler for the municipality to effectively achieve its objectives. This includes initiatives such as increasing accessibility to ICT systems when off municipal premise, the integration of existing systems to lessen paper usage and manual processes, and the development of systems that empower business to make better decisions e.g., fleet management, document management, cemetery management.

It is important to note that this objective can only be fully achieved if the earlier 'enabler' objectives are adequately addressed. Consequently, municipal management must emphasize spending and tracking of progress in these earlier objectives; only then can the enablement objective be achieved.

6.5. Alignment of ICT Strategic Objectives

To ensure that the defined ICT strategic objectives meet the Council's overall strategic objectives, the ICT strategic objectives, that underpin the ICT initiatives, have been mapped to the municipal IDP and are set out below:

As stated above, the first three objectives should be viewed as enabling objectives (building blocks) and the final objective, Business Enablement through Technology is the core ICT strategic objective.

ICT strategic objectives	ICT initiatives	Municipal strategic objectives
Corporate Governance of ICT	— Implement Corporate Governance of ICT Framework — Monitor Effectiveness of the ICT Steering Committee — Expand ICT Strategy to Short/Long-Term ICT Plans	• To ensure a municipality that is committed to an innovative approach, prudent management of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery.
Value Delivery	— Define ICT Performance Monitoring Process — Establish Vendor Management Process — Establish ICT Service Level Agreements — Establish ICT Portfolio Management Process	
Strengthen IT Capabilities	— Implementation of Risk Management Processes for ICT (Framework & Risk Register)	

	— Approve and Implement Disaster Recovery Strategy — Define Incident and Problem Management Procedures — Define Change Management Procedures — Strengthen IT Security (Access Control, Backups) — Upgrading of ICT Infrastructure (Servers, Computers, Internet, Networks) — Integration of Municipal ICT systems — Technical Training and Certification for ICT Staff	
Municipal Enablement through Technology	— Improvement\Upgrading of SAMRAS System (Module Activation, Training, Integration) for mSCOA — Implementation of Document Management System — Implementation of Paperless System(s) — Improvement of Printing Services and Monitoring — Replacement of Excel Driven Municipal Processes — Implementation of Fleet Management System — Improvement of Cemetery Management System — SAMRAS & Excel Training for Municipal Staff	

29. ICT Initiatives per ICT Strategic Objective

7.1. Corporate Governance of ICT

Kouga Municipality vouches to implement adequate Corporate Governance of ICT structures and processes across the municipality to effectively manage operational ICT activities and facilitate the prioritization of new ICT initiatives.

Adequate Corporate Governance of ICT will help ensure that strategic alignment, value delivery, risk management, resource management and performance management are achieved for all ICT initiatives.

The key ICT initiatives that are addressed in this area is the implementation of the Corporate Governance of ICT framework, the implementation of ICT risk management, the review of the ICT organizational structure, monitoring of the ICT steering committee, and the expansion of this ICT strategy into more detailed short and long-term ICT plans.

7.1.1. Corporate Governance of ICT

Corporate Governance of ICT is a subset of Corporate Governance and entails a system in which all stakeholders, including the Council and internal departments, provide input into the ICT decision making process.

Kouga Municipality has adopted a Corporate ICT Governance (CGICT) Policy based on COBIT 5 as guided by the Department of Public Service and Administration (DPSA) and the rollout of the Corporate Governance of ICT Framework will further help to strengthen the governance of decision-making.

The implementation of the Corporate Governance of ICT Framework must be carried out for successful compliance to the Corporate ICT Governance Policy Framework (CGICTPF). The following activities will need to be performed for the implementation of the Framework:

— The ICT manager must send the draft IT governance policy (which includes the list of ICT policies and ICT reporting template) to the ICT

Steering Committee for review. The framework should be updated according to the recommendations obtained from this review.

— Thereafter, the draft Corporate Governance of ICT policy (which includes the list of ICT policies and ICT reporting template) must be forwarded to the Council and approval obtained

— The draft Corporate Governance of ICT policy makes provision that various stakeholders will hold key responsibilities within the municipality for ICT decision making and oversight. It is vital that municipal management ensure such responsibilities are duly assigned, exercised and that ownership is taken by these individuals.

— Municipal management will also have to monitor the effectiveness and performance of the governance of ICT on a continual basis. This should include the assessment of whether the governance system and implemented mechanisms are operating effectively and provide appropriate oversight of ICT.

7.1.2. Monitor the Effectiveness of the IT Steering Committee

To enable optimal ICT decision making, and ensure visibility and transparency of ICT throughout the rest of the municipality, the ICT steering committee must be fully functional in performing its role to support ICT decision making.

The ICT steering committee have recently been established and is still in its founding phases. Therefore, the effectiveness of the ICT steering committee should be monitored and evaluated bi-annually. This evaluation will determine if the committee is performing its roles and responsibilities as stipulated in its charter.

7.1.3. Expand the ICT Strategy into Short/Long-Term ICT Plans

This ICT strategy merely aims to provide a high-level framework within which to structure the initiatives of the ICT function at Kouga Municipality. Based upon the recommendations from DPSA, it is vital that the municipality establishes more detailed strategic and operational plans to further strengthen and align its ICT initiatives to maximize business value and alignment with the existing municipal objectives.

One such plan includes the long-term ICT Implementation Plan, which should be developed to reflect the current state of affairs, the target ICT architecture and a structured roadmap to migrate from the current to the ideal state. It must structure and prioritize the projects and expected work effort to achieve the migration process. These prioritized projects should be reflected in the municipality's expenditure plans and in its reporting frameworks. The ICT Implementation Plan also should quantify and describe the ideal ICT organizational structure, competency, capacity and resource requirements of the migration plan.

Ensuring that the implementation plan is adequately approached, the ICT function should also establish more short-term operational plans. These plans must breakdown the larger initiatives into manageable yearly ICT projects, ICT operations and ensure that such elements are measured for successful implementation and conformance. Key consideration will need to be given to:

— The internal ICT operational policies required

— Stakeholder analysis

— Current year business enabling ICT programmes and projects as defined in the target ICT architecture

— Optimisation planning for operations, infrastructure and systems

— ICT continuity and risk management

7.2. Value Delivery

This strategic objective focuses on balancing the costs incurred by ICT for its daily operational activities with process and technology effectiveness to improve ICT support to municipal processes in achieving its objectives.

This objective focuses on both cost optimization for the ICT function as well as ensuring that value from ICT is provided to the business. To achieve this, ICT shall define a performance monitoring process, establish vendor management processes, both review existing ICT service level agreements with vendors and establish inter-departmental SLAs, and launch proper ICT portfolio management processes.

7.2.1. ICT Service Level Agreements

Organizations should approach service level agreements from two different perspectives. Firstly, any arrangements with third party vendors to provide ICT services to the organization must be adequately documented. Secondly, agreements must be established internally between business departments and the ICT function. These ensure that service levels are understood, and that such levels are adequately documented and monitored.

While Kouga Municipality has duly established SLAs with its third party vendors, no departmental ICT agreements have been implemented. Consequently, departments currently hold the view that ICT is not delivering them much business value.

The ICT function will have to establish inter-departmental SLAs going forward. These SLAs will have to define the level of ICT service expected from each department according to the following criteria:

— The expected up-time of the ICT systems

— ICT infrastructure requirements

— The response time for incidents and problems (ICT support)

— The security requirements for data

Details around the above given criteria must be based on input received from both end-user staff and operational management, to ensure such criteria is accurate and representative of true business requirements. The demands that departments make will have to be managed and agreed to, while keeping in mind the resource supply and capacity that the ICT function has.

It is critical that the SLAs specifically state what services are to be provided to each department, how their performance will be measured, as well as any penalties that may arise from non-performance. Regular reporting both between the department and ICT function, and the municipal management should take place.

Municipal management, jointly with the ICT manager, will also have to ensure that standard operating procedures and operating level agreements (OLA's) are defined and implemented for the different areas of the ICT department, and that compliance are enforced.

7.2.2. Define Performance Monitoring Process

ICT must have agreed on what services will be provided and the expected levels of those services to be provided. As part of that process appropriate standard operating procedures and operating level agreements should be defined and put in place to ensure that ICT delivers according to the SLAs. However, it is imperative that ICT puts a monitoring process in place to ensure that their performance is regularly evaluated.

The ICT function will need to define ICT performance monitoring procedures and implement appropriate controls to capture performance measuring data from its various systems. Collectively, this will allow performance against the service level agreements to be reported on. However, the procedures will

have to indicate to whom the reporting must be made, how the performance data will be collected and who is ultimately accountable for the entire process.

It is imperative that the accountable person(s) analyze the reasons for any deviations in performance and put appropriate measures and actions in place to ensure that those service levels are met in future. This will include monitoring performance trends of ICT service levels over a period of time.

In addition, it is imperative that proper performance management be implemented and the targeted service levels cascade down into each ICT staff members' performance plan. This will ensure that each person within the ICT department understands his/her responsibility to meet the expected service levels and can be held accountable for not performing.

7.2.3. Enhancement of Vendor Management Process

Vendor management is a discipline that enables organizations to control costs, drive service excellence and mitigate risks to gain increased value from their vendors. It entails establishing several processes, including contract management, performance measurements and cost control.

Kouga Municipality does have much processes in place to support vendor management, however it currently does not adequately address the performance measurement aspect related to ICT SLAs with third parties. The municipality will have to ensure that the performance of its vendors are closely monitored. This should involve tracking the availability of their services, recording faults with any vendor-supplied software, and holding periodic meetings with the vendors to discuss any problems being experienced.

7.2.4. Establish ICT Portfolio Management Process

Whereas the municipality has vouched to establish a Corporate Governance of ICT framework, and an ICT strategy with extended long and short term

plans; these merely suggest the start of improvement for the ICT function and ICT decision making.

To enhance these activities, it is vital that the municipality establish proper portfolio management processes. That is, it will need to start systematically managing the investments, projects and activities of the ICT function. The ICT portfolio should align with the municipal IDP, and will need to include all initiatives as outlined within this strategy.

The municipal management, jointly with the ICT steering committee, will need to ensure that the portfolio is regularly reviewed, updated and expanded to keep abreast with the latest technological advancements and business wishes. Added hereto, it will have to provide ample funding and support to all initiatives in the portfolio.

7.3. Strengthen IT Capability

This strategic objective focuses on strengthening the ICT function to improve ICT service support. ICT management, its processes and the infrastructure must be strengthened so that the ICT function is run more efficiently and effectively.

This objective will ensure that ICT risks are adequately identified, recorded and managed; that incidents, problems and service requests are addressed on a timely basis; and that IT disruptions are kept to a minimum. It includes the reinforcement of the IT security measures and the change control processes, to ensure integrity of systems, and confidentiality of data.

7.3.1. Implementation of Risk Management Processes for ICT (Framework & Risk Register)

ICT exhibits many risks that may adverse impact upon the going concern of any municipality. Consequently, key ICT risks must be identified, measured and managed.

Within Kouga Municipality, an ICT risk management framework shall be established to form part of the larger enterprise wide risk management processes. That is, ICT risks shall be considered within the larger municipal context, be both recorded in an ICT-specific risk register, and be aggregated into the larger municipal risk register as well.

The ICT department, as part of its ICT risk management responsibilities shall address safeguarding of ICT assets, disaster recovery and continuity of operations. The ICT department shall establish necessary policy, plans and processes to allow for this.

7.3.2. Approve and Implement Disaster Recovery Strategy

Undoubtedly, both natural and man-made disasters may occur that could adversely impact upon the operations of the ICT function (if not the municipality as a whole). It is thus important for the municipal management to device strategy as to ensure that operations may continue in such unforeseen situations.

The ICT management at Kouga Municipality has duly established an ICT disaster recovery policy and plan, however these will have to be approved by municipal management and the Council, and ultimately implemented through the adoption of a disaster recovery strategy.

Taking into consideration the fact that there may be significant changes that will take place in the near future within the ICT environment, management will have to regularly conduct a business impact analysis and risk assessment to ensure that the most current risks and impacts are catered for.

For example, the responsible persons as well as the roles and responsibilities must be regularly updated and this must be communicated to the responsible persons. Regular tests of the ICT disaster recovery plan must be conducted to assess the adequacy and efficacy of the plan in order to make improvement where necessary.

Management must ensure that all necessary documentation is stored offsite in a secure location that can be made readily available to Kouga Municipality in the case of a disaster.

7.3.3. Define Incident and Problem Management Procedures

The most recent Auditor General (AG) report of the 2014/2015 financial year reported the municipality had not established incidence and problem management procedures. This introduces the risk that incidents and problems with the ICT infrastructure and systems would not be promptly reported to the ICT function. This may result in severe consequences, such as downtime, and performance degradation.

The municipality has established a help desk to act as a central point of contact for the municipal departments. It is vital that the help desk be properly staffed, and that an adequate ICT system exist to keep track of incidents and problems. A dedicated employee should be assigned for proper call resolution and monitoring to be performed. Service call thresholds should be defined and agreed on by both business and ICT for calls to be closed within the required time and benchmarked accordingly.

Incident management aims to restore normal operations as quickly and at the lowest cost possible after an incident disrupting operations has occurred. Proper incident management is a cornerstone to the ICT function creating a better perception of its capabilities within the municipality. If users cannot perform their jobs properly due to unresolved ICT incidents, this has an adverse effect on the trust users have in ICT. It is important that incidents are

thus resolved as quickly as possible with as little disruption to daily job functions as is feasible.

Kouga Municipality must implement sound incident and problem management processes to ensure that operations are returned to normal as quickly as possible after an incident has occurred. Procedures to discover the root cause of the incident must be implemented to ensure that potential problems are identified early and future reoccurrences are prevented.

Elements of a sound incident and problem management procedures include the following:

— Define incident, problem and service request classification and prioritization schemes

— Outline an incident escalation procedures for major incidents

— Define a process for recording, classifying and prioritizing incidents, problems and service requests

— Define a process for fulfilling the service request

— Define a process for investigating and diagnosing incidents and/or problems

— Perform a root cause analysis for problems and provide resolution to prevent reoccurrence

— Close the incident, problem and service request and perform surveys to get feedback from users

— Establish and continuously update a known errors database to assist with efficient and effective resolution of errors

— Monitor and track incident escalations and call resolutions.

— Analyse incidents to identify recurring issues and/or SLAs that have not been met.

Incident and problem management processes must be implemented and the performance thereof reported on as part of the monthly performance monitoring process. In addition to this, the ICT function will have to make full use of appropriate ICT service desk software. The existing use of the SAMRAS system for this purpose may be ill-advised, as the helpdesk function may be voided if the system is disrupted.

7.3.4. Define Change Management Procedures

The implementation of the ICT initiatives listed within this ICT strategy, will undoubtedly result in several changes being introduced to the existing ICT infrastructure, the ICT systems and even the ICT function's organogram.

The municipality's ICT management must ensure it establishes adequate change management procedures. The objective of change management in this context will be to ensure that standardized methods and procedures are used for efficient and prompt handling of all changes to the ICT infrastructure, to minimize the number and impact of any related incidents upon service.

Defining adequate change management procedures will require the introduction of change control forms, testing procedures, and approval mechanisms (e.g., a change control committee). It is important that these deliverables be carefully planned and implemented, and that they operate effectively.

7.3.5. Strengthen ICT Security (Access Control, Backups)

For Kouga Municipality to safeguard its systems and the information stored on them, proactive information security processes and controls will have to be implemented, monitored and reviewed on a periodic basis. This will help

ensure that potential security risks and vulnerabilities are identified in a proactive manner before they manifest.

Several activities will need to be performed in realizing improved ICT security at the municipality:

1 Assign responsibility for ICT security management

Roles and responsibilities for Information Security Management must be formally documented and assigned to a specific individual or team within the ICT function. This individual/ team will be tasked with the development and rollout of an Information Security Management System (ISMS). Additionally, the responsibilities of a security officer will have to be formally defined.

2 Define and Implement Security Awareness Training Programmes

Security awareness training must be provided on a periodic basis to end users to ensure that information security awareness is instilled in their daily job routines. This will aid in mitigating the risks of phishing and social engineering. Not to mention, but it will assist with their alertness to laptop theft and the misuse of thumb (USB) drives.

In addition, staff must also be provided with training and awareness of the ICT security policy, which will ensure all staff members are aware of it and comply. While staff would have signed compliance agreements forms, these do not necessarily imply understanding by the staff members. Consequently, workshops will assist staff understand the ICT security policy and the wishes of municipal management.

3 Review ICT Security Policy

The newly adopted policy framework prescribes several changes to be made to the content of the ICT security policy. Not to mention, but the Auditor

General (AG) report of the 2014/2015 financial year mentioned several shortcomings.

To address these shortcomings, ICT management will have to review the ICT security policy and implement appropriate changes to enhance the protection of municipal information and to ensure ICT is used for the correct purposes.

4 Conduct Periodic Security Reviews

Information security policies, procedures and controls must be reviewed on a periodic basis by external service providers (including internal audit) to provide an objective assessment of the state of information security controls and practices within the municipality.

Information security reviews must also be conducted internally on a regular basis by the ICT department to ensure that potential vulnerabilities are identified as soon as possible.

7.3.6. Upgrading of ICT Infrastructure (Servers, Computers, Internet, Networks)

The existing ICT infrastructure has become somewhat dated, and limits the future capability of the ICT function to offer improved business value to the municipal departments.

To alleviate these limitations, the ICT function will need to upgrade and renew the current ICT infrastructure to coincide with modern technology. This undoubtedly will warrant much investment from municipal management. Key to this is that investments be carefully coordinated with proper business cases, and careful deliberations with municipal departments.

Key ICT infrastructure that are in need of updating and improvement includes:

— The server infrastructure

— The microwave network throughout the district

— The desktop infrastructure

7.3.7. Integration of Municipal ICT systems

Due to the lapse of time, many ICT systems have been introduced into the municipal environment. Since stringent procedures were not in place at the time, much of these systems were introduced in isolation. Consequently, municipal staff often are limited by how much information they can obtain from the systems and the interchange of information between systems.

The ICT function will need to integrate the ICT systems and ensure that they all contribute to the main objectives of the municipality. Examples include the integration of the GIS system with the financial system.

Collectively, the ICT function must ensure that information can be easily retrieved and reported on throughout the ICT systems; and that municipal staff seldom have to print physical documentation – allowing a paperless environment to materialize.

7.3.8. Technical Training and Certification for ICT Staff

Training for municipal staff is critical in ensuring that they keep abreast with the latest developments, procedures and understand their assigned responsibilities and duties.

Given staff movement within the municipality's ICT function, many roles have taken on additional responsibilities and duties over the past few years. However, this has not been fully accompanied by adequate training for the said staff members.

Municipal management must thus ensure going forward that adequate training and certification opportunities are made available to the staff within the ICT function. Keeping in line with the other ICT initiatives highlighted in this strategy, staff training should focus on Corporate Governance of ICT, change management, problem and incident management, and security.

7.4. Municipal Enablement through Technology

This section outlines the strategic technology enablement areas for Kouga Municipality. Essentially these are the key initiatives that will elevate ICT's current position of being a support function to becoming a strategic enabler for the business. The success of these initiatives are key and will be supported by the first three enabling objectives (building blocks, i.e. section 7.1 to 7.3).

The first key initiative is to ensure the upgrading of the SAMRAS system to align with the newest mSCOA regulations. Added hereto, to ensure that all modules within the SAMRAS system is operational and fully functioning. This project will most significantly assist in supporting the accomplishment of the municipality's strategic objectives, and will ensure that regulatory penalties are avoided.

Other 'value-adding' ICT initiatives will include the implementation of a document management system, which will directly assist the municipality in its wishes to become a paperless institution. Further, introduction of a fleet management system will greatly help the municipality in managing, maintaining and safeguarding its fleet vehicles. Lastly, activities around the reinstatement of the cemetery system, and the proper enforcement of printing services; will allow the municipality to reduce overhead costs and improve operational management.

It is important to note that these strategic-oriented initiatives may commence whilst stabilizing the municipal ICT environment through the establishment of a strong ICT governance and management function. Hence, they should not be viewed as linear activities; but instead as activities that could be addressed jointly with the other ICT initiatives already highlighted in this strategy document.

7.4.1. Improvement\Upgrading of SAMRAS System (Module Activation, Training, Integration) for mSCOA

The SAMRAS financial system continues to be critical to the successful operations of the municipality. To this extent, arrangements have been made to ensure the system conforms to the latest national regulatory rules, namely the new standard chart of accounts (mSCOA).

Despite these efforts, much of the functionality of the SAMRAS system remains unused and, at times, non-functional. The ICT function's first priority will be to ensure the activation and utilization of all modules in the SAMRAS system. Where difficulties are experienced, these should immediately be reported to the service provider; per the municipality's vendor management procedures – see earlier, section 7.2.3.

Beyond this, the ICT function will need to ensure that municipal staff are properly trained to utilize the system. Such activities may include weekly workshops, information sessions, and availability of program documentation. Note that these activities will need to be coordinated with the vendor, as the ICT function alone will not have sufficient knowledge of the system's functionality.

Lastly, the ICT function have to ensure that adequate integration exists between the system modules and the other ICT systems that is being employed by the municipality. This integration coupled with an electronic document management system, will greatly assist the municipality and its departments in being more responsive and informed about municipal activities.

7.4.2. Introduction of Electronic Document Management and Paperless System

Municipal management has expressed its wishes for the municipality to become a paperless institution; or at least to minimize the amount of paper wastage that is currently being observed. To facilitate this, an effective

document management system will have to be developed to track, manage and store documents. This will alleviate the need of storing large amounts of paper, allow for scanned documents to be stored digitally and assist in sharing information throughout the municipality.

It is important for comprehensive planning to take place before acquiring the document management application. The following questions will have to be considered as part of the planning process and as part of understanding the business processes:

— Which documents will be stored?

— Who will create those documents and who will have access to them?

— What information will need to be stored of each document?

— How long will each document need to be stored for?

— How will the documents be secured?

— How will performance issues be managed?

— What training will be provided?

Beyond these questions, confidentiality, integrity and availability of documentation will become critically important. As such, the ICT function will need to assist the municipal management in establishing adequate policy to ensure the document management processes are properly governed. Dedicated risk-mitigating controls will also have to be implemented.

7.4.3. Improvement of Printing Services and Proactive Monitoring

At present the municipality is spending significant amounts of capital expenditure on printing equipment, and printing accessories e.g., paper, toner cartridges. While the document management system will aid tremendously in reducing these costs; some printing may be unavoidable.

To curb unnecessary printing, and better manage the printing services; the ICT function will have to investigate mechanisms by which it can track printing activity. The introduction of centrally managed printing services may also help significantly.

7.4.4. Expansion of ICT Systems Offering

The municipality has established that its SAMRAS system and office functionality will be hosted externally using a cloud computing vendor. While introducing risks, which the ICT function will need to address as part of its risk management processes, it also allows the ICT function to expand its system offering.

At present, many of the municipal processes are conducted manually and/or by means of Microsoft Excel. The ICT function could provide business value, by investigating systems to replace these manual activities. It is critical that the ICT function expand beyond the SAMRAS system, and starts supporting the other municipal departments in their day-to-day activities. Detailed business process analysis and walkthrough could greatly assist the ICT function in achieving this.

Recent news have placed significant emphasis on the municipality's fleet management processes. In particular, that the whole fleet will need to be replaced. Although a municipal problem, it does depend on the ICT function procuring and implementing an adequate fleet management system to track the status of the fleet going forward. It is vital that this system be able to integrate with the existing financial system.

Lastly, the municipality has implemented a cemetery management system; however municipal departments are reported that it is not functioning as expected. The ICT function will need to investigate the exact cause of these claims, and either replace the system or ensure that municipal staff are properly trained to use it.

It should be noted that the above points merely suggest starting points whereby the ICT function could better align itself to add business value to the municipal departments. These should not be seen as an exhaustive listing. Instead, the ICT function jointly with the ICT steering committee and executive management should table all ‘value-adding’ possibilities and make informed decisions. To this extent, the introduction of adequate ICT portfolio management processes will be vital.

KOUGA MUNICIPALITY (EC108)

ORIDINARY COUNCIL MEETING

CORPORATE SERVICES

DATE: 28 FEBRUARY 2018 **ITEM NO: 18/02/CORP4**

PORTFOLIO COMMITTEE MEMBERS TO COUNCIL

1. Introduction

The purpose of the item is to report the changes regarding the Portfolio Committee Members to Council.

2. Changes

The following member changes to the Portfolio Committees is proposed:-

PORTFOLIO COMMITTEE MEMBERS:
Infrastructure & Engineering

Portfolio	Committee	Functions
Chairperson	F. J. Campher	• Infrastructure • Civil services • PMU • Electrical Services • Fleet Management
	B.F. Rheeder	
	W.P.D. Gertenbach	
	C. Matroos	
	W. Coenraad	
	B. Williams	
	E. February	
	P. Nkwalase	
Ex-Officio	EC van Lingen	

Planning, Development and Tourism
SUB-DIRECTORATE: Planning and Development

Portfolio	Committee	Functions
Chairperson	B. Dhludhlu	• Economic Development • Human Settlements • Town & Regional Planning • MPT
	F Campher	
	L. Vorster	
	C.H. Bornman	
	A. Nkomo	
	M. Dayimani	
	1 ANC	
	1 ANC	
Ex-Officio	EC van Lingen	

Sub-Directorate: Tourism & Special Programmes

Portfolio	Committee	Functions
Chairperson	F. Baxter	• Tourism • Creative Industries • Mayoral Special Programmes • Crèches • Events Committee
	B. Williams	
	H. Bornman	
	F.J. Louw	
	B. Rheeder	
	V.A. Camealio-Benjamin	
	S. Jujwana	
	S. Mandeka	
Ex-Officio	EC van Lingen	

Corporate Services

Portfolio	Committee	Functions
Chairperson	H. Bornman	• Administration • Human Resources • Strategic Institutional Projects • Legal Services
	N.S. Botha	
	D. Biggs	
	D. Benson	
	F. Louw	
	P. Nkwalase	
	S. Vumazonke	
	S. Jujwana	
Ex-officio	EC van Lingen	

Finance

Portfolio	Committee	Functions
Chairperson	B.J. Williams	• Budget & treasury • Revenue • Expenditure • Assets Management • Supply Chain Management • Information, Communication & Technology • MSCOA
	C.H. Bornman	
	B. Dhludhlu	
	L. Vorster	
	V.A. Camealio-Benjamin	
	M. Dayimani	
Ex-Officio	EC van Lingen	

Community Services

Portfolio	Committee	Functions
Chairperson	D. Benson	• Environmental Management • Community Amenities & Environmental Health • Protection Services • Beaches
	B. Rheeder	
	F.J. Campher	
	W. Gertenbach	
	W. Coenraad	
	T. Meleni	
	M. Peters	
	Z. Mayoni	
Ex-Officio	EC van Lingen	

MPAC

Portfolio	**Committee**	**Functions**
Chairperson	C. Carstens	• Exercise oversight Evaluate annual report – recommendations In-year reports: quarterly and mid-year also Examine financial statements and audit reports – consider improvements -evaluate content • To promote and ensure good governance, transparency and accountability of municipal resources • Investigations • Other functions assigned by council
	B. Rheeder	
	W. Gertenbach	
	L. Vorster	
	D. Biggs	
	F. Louw	
	E. February	
	S. Jujwana	
	M. Peters	
	H. Thiart	
	L. Mostert	
Ex-Officio	EC van Lingen	

4 Recommendation

4.1 That the proposed changes to the members of the Portfolio Committees be accepted.

Item prepared by: Acting Manager: Corporate Services: H Hammes

REPORTS BY THE PORTFOLIO CHAIRPERSON: INFRASTRUCTURE & ENGINEERING

KOUGA MUNICIPALITY (EC 108)

ORDINARY COUNCIL MEETING

INFRASTRUCTURE AND ENGINEERING

DATE: 28 FEBRUARY 2018 **ITEM NO: 18/02/I&E2**

REPORT ON THE TRIP TO ISRAEL: 26 NOVEMBER 2017 to 1 DECEMBER 2017

1. Introduction

The purpose of this report is to give an overview of the visit to Israel to gain knowledge and understanding in the efficient use of water and the technology used to build and operate desalination plants as Israel is the world leader in this regard.

2. Background

The persistent drought conditions in the South Africa and especially in the Eastern Cape have necessitated the investigation of alternative sustainable sources of potable water supply. Desalination, being considered to be a main source, was earmarked for further investigation. In view hereof the 15 ML desalination plant in Mossel Bay was visited to familiarize the delegation with local conditions prior to their visit to Israel. This was to discern the difference between local and international implementation standards.

The delegation consisted of the Portfolio Councillor for Finance, Portfolio Councillor for Infrastructure, Planning and Development, and the Manager Technical Services.

3. Brief overview: Desalination.

A desalination plant takes sea or brackish water and pumps it through RO (reverse osmosis) membranes at a very high pressure in order to remove impurities and "salt" from the water.

Desalination plants are infamous for their high electrical consumptions. However, the use of Energy Recovery Devices (ERDs) has shown to reduce the energy consumption of desalination plants by 20-40%.
The streams (water) exiting the membrane are still at a very high pressure. This pressure needs to be lowered before the water can be further treated or distributed.

Energy Recovery Devices (ERDs) use the pressure in the exit streams to recover energy and lowers the stream's pressure at the same time. The recovered energy is transferred to the incoming water feed.
Brine is then discharged back into the ocean with minimal impact on the environment.

4. Content

4.1 Visit to Mossel Bay Municipality

The delegation visited the Mossel Bay Municipality on Friday 17 December 2017 and met with the Director Technical Services, Mr Dick Naidoo and the Head of Mechanical Services, Mr Dawie Zwiegelaar at their offices. They then took us on a guided tour of the desalination plant.
The plant is owned by the Mossel Bay Municipality. The construction of the plant was financed by the Municipality, PetroSA, and the National Treasury (Disaster funds).

The project cost was R 204m and was funded as follows:

I. R 94 million from National Treasury(Disaster Funds)
II. R 80 million from PetroSA
III. R 30 million from Mossel Bay Municipality via a loan.

The duration of the project from inception to commissioning of the plant in September 2011, was 401 days in total.
The plant has a design flow of 15Ml per day of which the Municipality uses 10 Ml per day and PetroSA 5 Ml per day. The plant is located near the coast in an area which is zoned for Industrial/Commercial use and the footprint of the plant covers 500m2.

The plant was implemented as a Turn-key project (Design/Build/Operate) by Veolia Water. The initial proposal was for Veolia Water to operate the plant for a 20 year period. However, this was reduced to 3 years, after which the municipality took over the operation and maintenance of the plant.
At the time of our visit the plant was in "*Idle mode*" and is only fully operational as and when required.

Currently the plant is operated by four full time staff members (This is the minimum number of staff required to keep the plant in idle mode.);

- 1 x Plant Manager
- 2 x Process Controllers
- 1 x Fitted and Turner.

When the plant is fully operational additional process controllers are seconded to assist with the operation of the plant from other water and waste water treatment works operated by the Municipality.

The estimated monthly operational and maintenance cost of the plant is R150 000-00.

The main plant components consist of:

- A 900mm diameter intake pipeline which extends 1km into the ocean
- A 630mm diameter brine discharge pipeline which extends 400m into the ocean.
- The plant uses six filters for pre-treatment. The filters are multimedia filters.
- There are six RO units using 20 membranes each.
- There are 78 electric motors and pumps of various sizes within the plant.
- Energy is recovered using hydraulic turbines to transfer the concentrated pressure to the feed water.

Potable water produced by the plant is pumped into a storage reservoir located approximately 5km away for distribution.

4.2 Visit to Israel

The State of Israel is characterized by desert and semi-desert climatic conditions. Israel relies on the approximately 4 sporadically rainy months for the annual replenishment of all of the nation's natural water sources.

Limited water resources that characterized the climatic conditions in the State of Israel have necessitated innovative government plans, initiatives, and policy-regulations for efficient water use in all sectors (domestic, agriculture, industry). Israel's national goal is the sustainable supply of water to all consumers according to approved requirements for quality, quantity, efficiency, and economic reliability.

The Israeli Water Authority supplies 2 billion m3 of potable water to 8, 3 million residents annually, of which 600 million m3 is obtained from desalination.

4.2.1 Israel's Institutional Framework for Water Governance

The foundational law for water governance in the State of Israel is the Water Law, which was passed in 1955. It stipulates that all water resources are the property of the public. There is no private ownership of water resources in Israel, and virtually all water consumption is metered. Israel's national administrative system has full responsibility for the sustainable use of all of the nation's water resources. All decision-making and management of the water supply in the State of Israel is accomplished at the national level. Sub-national level (Local) government entities do not take part in this process at all. For example, municipalities are not decision-makers regarding water use. Rather, they are consumer-liaisons who provide water to their constituents.

The primary governmental organization responsible for the planning, regulating, and policy creation relating to water is the Israeli Water Authority (a Department of the Ministry of Infrastructure). Its mandates are:

1. To sustainably supply water to consumers based on approved requirements for quality, quantity, efficiency, and economic reliability

2. To treat sewage effluents according to required standards.

4.2.2 Israel's National Strategy to improve water-use efficiency in each sector: agricultural, domestic, industry and tourism

Israel's National plans for improvements in water consumption-efficiency between 2010 and 2050 include the following;

- Decrease reliance on potable water for irrigation in the agricultural sector from 42% currently, to 26% by 2050.
- Increase reliance on effluent for irrigation.
- More than double the quantity of effluent provided for irrigation in the agricultural sector by 2050.
- Continue national investments in research, development, training, and demand management incentives to increase conservation and use-efficiency in the agricultural sector.
- Maintain or decrease the domestic per capita water consumption at or below 100m3/person/year (as of 2009, it was 90 m3 per capita).
- Maintain natural potable water consumption rates at or below the average natural supply rate.
- Replace natural potable water use with alternative sources: desalinated sea water, effluent, and brackish water. Increase reliance on these alternative water sources. Supply more than half of the country's water requirements by 2015 with these alternative water sources.
- More than double the contribution of desalinated water to the national potable water supply from 20% (307 million m3) in 2010 to 46% (809 million m3) in 2020.
- Increase water recycling in the industrial sector by approximately 10% by 2035.

4.2.3 Securing a sustainable source of water Via Desalination

In 2000 the Israeli governmental agency Water Desalination Administration (WDA) launched the Desalination Master Plan, comprising large-scale seawater plants along the Mediterranean and envisaging a total volume of approximately 650 million m3/year by the year 2020.

Israel's long-term construction program of large-scale sea water desalination began contributing potable water to the national potable water supply in 2005. The three large-scale seawater desalination facilities were built at a cost of US $750 million. The large scale seawater desalination facilities, together with several smaller brackish water desalination facilities currently (as of 2010) provide water for approximately 42% of the domestic requirements. In addition to the desalination facilities themselves, the construction of a pipe/pumping conveyance system is required to transport this water throughout the State of Israel. The pipe-conveyance system that has supplied potable water from the Sea of Galilee and the aquifers for several decades, moves water predominantly from the north towards the south and west. With the advent of the desalinated water supplies, a new piping system has become necessary, to transport the desalinated water in the opposite direction

(predominantly towards the north and east). Construction of this new pipe infrastructure is a 10-year project which will be completed by 2020.

4.2.4 Energy and Cost-Efficiency

A myriad of policy-based, technological, mechanical, architectural, and managerial factors contribute to making Israel's large-scale desalination facilities among the most energy-efficient and cost-efficient in the world. Currently, the national average energy use and financial cost of production per cubic meter of desalinating water in Israel is 3.5 kilowatt hours and US $0.54 (respectively).

The Israeli Water Authority (IWA) uses its tender-bidding process to maximize efficiency and promote energy conservation in the desalination process. For example:

- Scores on the bidding system favor natural gas power generation rather than coal generators. Natural gas power generation is approximately 7 to 8% cheaper than the energy provided by the national (coal-driven) power system. This savings reduces the cost of producing the desalinated water, thereby raising the bid-score further (since cheaper water scores higher).

- Developers of the desalination facility in Israel are permitted to build a power facility that not only provides power supply to the facility, but also provides additional energy that can be sold to the national power grid, at a profit to the developer. This allows further reductions in the bid-costs of the desalinated water-product (thereby increasing the bid-score further).

Two examples of the many other important factors responsible for the energy and cost-efficiency of Israel's large-scale desalination facilities are:

- Efficient technological energy recovery systems that re-use energy in the midst of the desalination process
- A government policy for dividing all risks between the private companies that receive the tender, and the government. For example, the take-or-pay policy ensures that the government will pay for the agreed-upon volume of water that is supplied by the desalination facility each year, even if less than that volume is actually required or consumed.

Upon completing construction of each large-scale desalination facility, water tariffs are raised. Each of these increases in tariffs is expected to cause a concomitant reduction in water-demand (a natural demand-management mechanism).

4.3 IDE Technologies

The developer IDE Technologies is a world leader in water treatment solutions, IDE specializes in the development, engineering, construction and operation of enhanced desalination facilities, and industrial water treatment and water reuse plants. Founded in 1965, IDE has established itself at the forefront of the global water industry with some of the world's largest thermal and membrane desalination plants, based on the most advanced technologies. Over 5 decades, IDE has

installed more than 400 plants of various types and capacities, in over 40 countries worldwide.

IDE Technologies is jointly owned by two of Israel's largest industrial enterprise groups: ICL - one of the world's leading fertilizer and specialty chemical companies, and Delek - a leading energy and infrastructure group.

Recognized for developing some of the most advanced thermal and membrane technology, IDE Technologies has designed, built and currently operates some of the world's largest desalination facilities, (e.g. in China, India, US, Australia and Israel). IDE also provides modular solutions that allow for growth, and IDE PROGREEN, a chemical-free reverse osmosis 'plant in a box'. In addition, IDE has proven experience in ground-breaking industrial water treatment plants.

IDE Technologies designed, constructed and operates the following leading SWRO plants in Israel;

- Ashkelon(2005) : 392,000m3/day
- Hadera (2009) : 456,000m3/day
- Sorek (2013) : 624,000m3/day

And outside Israel:

- Cape Preston Australia : 140,000m3/day
- Carlsbad USA : 204,412m3/day
- Santa Barbara : 180,000m3/day
- Vasilikos Cyprus : 140,000m3/day

4.3.1 Sorek desalination plant

Our group visited the plant on Tuesday 28 November 2017.

Pursuant to an extensive bid process launched in January 2009 (preceded by a pre-qualification stage in 2008), the State of Israel, through the Water Desalination Administration (WDA), awarded on the 14th December 2009, the 25 year Build-Operate-Transfer (BOT) Project in Sorek to *Sorek Desalination Company Ltd.* (SDL), a single purpose company created especially for this project and led by IDE Technologies Ltd. The BOT contract, at the initial price of New Israel Shekel (NIS) 2.19/m3 (US¢ 58.5/m3), was signed in Jerusalem on January 19, 2010.

Overview of the consortium and the project structure
Sorek Desalination Ltd. (SDL) has 2 shareholders:

• IDE Technologies Ltd. (51%), leading the Joint-Venture;
• Hutchison Water International Holdings Pty. Ltd. (49%);

The Sorek Project encompasses the financing, design, construction, operation and transfer of a seawater desalination facility with guaranteed production capability of 150 Mm3/year for a term of 25 years from the Notice to Operate Date. All the

water produced at the Sorek desalination plant is sold to the Water Desalination Administration (WDA), whose obligations under the BOT agreement are deemed to be the obligations of the State of Israel. On termination of the agreement, the facility will be transferred to the State.

Several factors contributed to the low water price offered by the Consortium:

- Contractual structure with proper risk allocation
- Adaptation of SWRO technology for large-scale plants (pressure centers concept)
- Introduction of large diameter (16") membrane elements
- Innovative design incorporating vertical arrangement of membrane pressure vessels
- Advanced Energy Recovery System (low energy consumption)
- Self-Generating Energy Supply System (low electricity cost)
- Creative structuring of a mixed NIS (New Israeli Shekel) and Euro Financing Plan

Water price structure

The final water price, on submission of the offer by the consortium, was NIS 2.19/m3 (US¢58.5/m3).

The water tariff is composed of a fixed component (to cover capital expenditure, fixed O&M costs and part of the profit) and a variable component (to cover energy costs, variable O&M costs, cost of membranes and chemicals, as well as part of the profit).

Desalinated water volume requirements are within a minimum and maximum range defined for daily, bi-monthly and annual quantities as described below:

The bi-monthly quantities required in the summer months are higher; therefore the facility will be designed to address this particular period.
While the variable price is paid according to the quantity of water actually delivered, the fixed price is paid according to the facility's availability, weighted as follows:

- 50% of the fixed price - related to the daily availability;
- 40% of the fixed price - related to the bimonthly availability;
- 10% of the fixed price – related to the annual availability.

Late Delivery penalties are payable by the consortium for delivery of water quantities lower than 92% of the requirements.

The Sorek desalination plant located about 15km south of Tel Aviv, Israel, and became operational in October 2013 with a seawater treatment capacity of 624,000m³/day. The Sorek Desalination plant is the world's largest and most advanced Sea Water Reverse Osmosis (SWRO) desalination plant, which sets a new standard in the desalination industry.

The Sorek project sets significant new industry benchmarks in desalination technology, capacity and water cost. It provides clean, potable water for over 1.5 million people, comprising 20% of the municipal water demand in Israel, thus alleviating the country's potable water shortage while minimizing the impact on terrestrial and marine environments.

Major components of the facility can broadly be categorised into an intake system, onshore interconnection pipelines, seawater pumping station and the process plant.

Intake System

Feed water for the process is drawn from two (2) open sea intake heads located 1150 m offshore, at a depth with at least 6 m of clear water above their highest point and 4 m above the sea bed. This is to avoid storm induced turbidities. In order to prevent the ingress/intake of marine organisms, the suction heads are designed to assure slow suction velocity (0.15m/sec). In addition, the slow suction velocity also ensures no noise impact on marine life, due to background/echo sounds of water flowing in the pipes.

Off Shore seawater supply and brine outfall pipelines

Utmost emphasis has been placed upon selecting the installation method of the seawater supply pipelines in order to minimize impacts thereof on the marine environment and to assure a longer lifetime of the marine pipelines.

Two intake feed water pipelines was installed. One brine outfall pipeline was installed up to a depth of 20 m, approximately 1850 meters from shore. Special outfall diffusers was installed at the off shore edge of the brine outfall, and at a safe distance from the intake suction structures, thus preventing short-circuits between the brine out and the feed intake suction heads. The diffusers was installed at the deeper end of the pipeline, creating better diffusion and diluting and mixing conditions of the brine with the seawater.

The pipe jacking method, a well proven tunnelling method for the installation of underground pipelines, was used to install the intake and brine pipelines. The pipelines were designed taking into account possible head losses due to barnacles or other marine growth on the internal surfaces of the pipelines. The main consideration in executing the marine works by the pipe jacking method are: minimal impact on the environment (air, land and marine); minimal surface (sea bed) disruption; lower emissions; minimal impact on existing infrastructures; no impact on navigation; longer lifetime of the pipeline.

On Shore Interconnection Pipelines

The majority of the on-shore pipelines were designed to be implemented by pipe jacking and followed the infrastructure corridor route. From the on-shore chamber two concrete feed pipelines was installed up to the intake pumping station, located 2,400 m from the shore line, at the designated desalination plant site. One brine

outfall pipeline was installed, parallel to the feed pipe line. The pipe-jacking approach entirely avoids all the environmental disturbances.

Pre-treatment and post-treatment at the plant

Chemical dosing and a flocculation basin are used for the pre-filtration process. This device keeps the pumps' revolutions each minute (RPM) and flow rate in alignment with the plant's real-time needs.

The flocculation basin facilitates the process to separate suspended solids. Remaining impurities are removed through dual media gravity filtration. The filtered seawater is then pumped by the low pressure feed booster pumps to the reverse osmosis section for desalination. Post-treatment involves re-mineralisation of the desalinated water followed by final disinfection
Sorek Project Highlights include:

- Technological leadership - innovative design incorporating vertical arrangement of 16" membranes in a large-scale facility, resulting in a reduced footprint hence saving costs. Also utilizes IDE's proprietary Pressure Center Design, Double Line Intake and ERS (Energy Recovery System) for increased efficiency and reduced energy consumption

- Competitive pricing - sets a new benchmark for low cost of desalinated water in Build Operate and Transfer (BOT) projects

- Environmental Responsibility - minimized marine, shoreline and land impacts due to pipe-jacking method of long and large diameter intake pipelines and the location of the feed water pumping station on site, 2,5 km inland; reduced electrical and chemical consumption; treatment of media filters and limestone reactor backwashing, as well as sludge treatment for reduced energy and chemical consumption and disposal of sludge to sanitary landfills

- Power source - independent combined cycle electric generation plant – natural gas fired IPP.

- Cost leadership - sets a new benchmark for low cost of desalinated water in BOT projects

Sorek desalination plant overview

- Capacity: Up to 624,000 m3/day
- Project Type: Build-Operate-Transfer (BOT)
- Footprint: 100,000 m2

4.4 Additional meetings

Subsequent to the main purpose of the visit, namely desalination, our delegation also used the opportunity to meet and interact will prospective investors. Below is a list of meetings attended.

- Sunday 26 November 2017 @ 14H30: Meeting Top Management of IDE Technologies at their Head Office in Tel Aviv.
- Monday 27 November 2017@11h30: IMS (International Medical Services). Developers of medical facilities.
- Monday 27 November 2017@ 13h00: Hospital for people with dementia and old age home.
- Tuesday 28 November 2017@10h30: Visit to Sorek Desalination Plant located south of Tel Aviv.
- Tuesday 28 November 2017 @ 18H00: Meeting with Roni Milo ex-mayor of Tel Aviv and minister in Herzliya.
- Wednesday 29 November 2017@ 12H00: Developers of hotels.
- Wednesday 29 November 2017 @13H00: Hotel developer (Astral Hotels Group)
- Wednesday 29 November 2017@14h00: Water Park Developer
- Thursday 30 November 2017@11h00 in Tel Aviv: Israel Tourism Marketing Director.

5. Recommendation

5.1 That the report on the Trip to Israel: 26 November 2017 to 1 December 2017 be noted and accepted.

Prepared by: Manager: Technical Services - E. Oosthuizen

KOUGA MUNICIPALITY (EC 108)

ORDINARY COUNCIL MEETING

INFRASTUCTURE & ENGINEERING

DATE: 28 FEBRUARY 2018 **ITEM NO: 18/02/I&E3**

LONG TERM WATER SUPPLY SECURITY - DESALINATION

1. Introduction

The purpose of the report is to give an update on the progress on the above long term water supply security, namely, desalination.

2. Background

The Kouga Area is currently experiencing the worst drought and has been declared as a disaster area. (Extraordinary Provincial Gazette 3876 dated 12/6/2017).

As a result of the drought, the supply dam levels have dropped substantially and the Municipality needs to augment the potable water supply by using non-surface water sources, such as desalination or sea water, surface water re-use and ground water, to produce a sustainable long term supply.

3. Comments: Director Infrastructure & Engineering

Council resolved on 25 January 2018 Item No. 18/01/I&E1 that consultants be appointed to further investigate desalination as a sustainable source of water supply as a long term measure. Subsequent to this a Desalination plant monitoring committee was established that met on 12 February 2018 to discuss a terms of reference for a prospective service provider.

It was decided that an expression of interest be developed within two weeks and then the procurement process needs to be followed to procure the services of a service provider to design, build and operate these plants. The service provider must investigate all possible sources to augment our current bulk water supply.

Furthermore a terms of reference must be developed for the development of a bulk water master plan.

4. Comment: Chief Financial Officer

The costs of to consult to investigate all possible sources to augment bulk water supply must be funded from the Operational Budget. The report must then be tabled to the Desalination Plant Monitoring Committee for consideration.

5. Comment: Municipal Manager

The initiative to appoint a consultant to lead council in investigating the option of desalination as n strategy to solving future water shortages for future developments is supported.

6. Comments by: Manager Legal Services

Matters to note and consider:

- It is important to identify the skills required for the daily operations of the plant, technical back-up and advice and to identify competencies and training needs and capacity building required on operator and management levels.
- Local environmental legislation governing desalination must be identified and adhered to and the necessary impact studies, needs to be adhered to.
- This is an energy intense project and energy requirements; available resources and the cost of energy must be taken into account.
- The feedwater quality plays a major role in the selection of the most appropriate desalination process.
- A well-designed desalination plant incorporates a well-designed and appropriate pre-treatment system to minimize fouling.
- A thorough knowledge of the feed water chemistry and related seasonal variations are essential.
- The concentrate needs to be disposed of in an appropriate and environmental friendly manner.
- The selection of an optimum location plant in relation to its feed source and tie-in point can be less clear than expected and incorrect positioning can contribute to significant additional capital and operating costs.
- The incorrect selection of materials of construction and inferior equipment can have serious adverse effects on both the maintenance costs and general operating and availability of the plant.
- It is important to ensure that there are clear and unambiguous definitions of the minimum required plant life and construction specifications to avoid plant failure and consequent overhaul after a few years of operation.

Applicable legislation to consider:

- National Environmental Management Act (NEMA)
- Regulation 1182 of the Environmental Conservation Act
- Natural Water Act
- Water Services Act
- Nature Conservation Board for authority for access to beaches and removal of specific plant species.

7. Other implications

None

8. Recommendation

8.1 That the progress on the above project be noted.

Item prepared by: Director: Infrastructure & Engineering

KOUGA MUNICIPALITY (EC 108)

ORDINARY COUNCIL MEETING

INFRASTRUCTURE AND ENGINEERING

DATE: 28 FEBRUARY 2018 **ITEM NO: 18/02/I&E4**

DROUGHT DISASTER AREA IN KOUGA

1. Introduction

The purpose of this item is to submit a comprehensive report on the current status regarding the drought disaster areas in the Kouga Municipal region.

2. Background

The Kouga Local Municipality was declared drought disaster area in May 2017. When the water level in the Kouga Dam fell to its lowest level ever, namely 7,1%, the predicted day zero was 8 March 2018. With the Kouga Dam water level now being 10,4%, day zero is predicted to be 31 March 2018.

As at 5 February 2018, the Churchill dam was at 18,9% of it's full capacity.

Various water augmentation proposals are under investigation such as the drilling of additional boreholes, harvesting of rainwater via the use of rainwater tanks and the provision of desalination plants.

3. Comments: Director I & E

The Kouga Local Municipality's drought crisis report which is attached summarizes the situation under the following headings :

3.1 Capacity of Churchill Dam as at 5 February 2018
3.2 Locality within Sarah Baartman Area
3.3 Rainfall prediction for Gamtoos catchment area (Patensie historical statistics)
3.4 Rainfall prediction – forecast period
3.5 Drought intervention - methodology
3.6 Drought conditions – status quo
3.7 Intergovernmental liaison
3.8 Challenges experienced
3.9 Achievements to date
3.10 Proposed intervention measures – short term
3.11 Proposed intervention measures – medium to long term
3.12 Proposed intervention measures – Hankey and Patensie
3.13 Community drought information session.

It must be noted that the report is set-out in presentation format which provides for a succinct and clear picture of the drought situation within the Kouga Local

municipal area together with the proposed actions required as well as cost estimates to implement them.
We also wish to point out that information regarding the situation with the drought conditions being experienced have been conveyed to the community via meetings held with them specifically for that purpose.

4. Comment: Chief Financial Officer

All short term drought relief interventions should be funded from the current budget.

5. Comment: Municipal Manager

The recommendations in the report be supported and it must also be noted that funding for the short term drought relief be provided.

6. Financial implications

The financial implications can be discerned from the information and cost estimates set-out under the proposed intervention headings. The implementation of intervention measures will have to be prioritized and measurers implemented will be determined by funds made available therefor.

7. Legal implications

None.

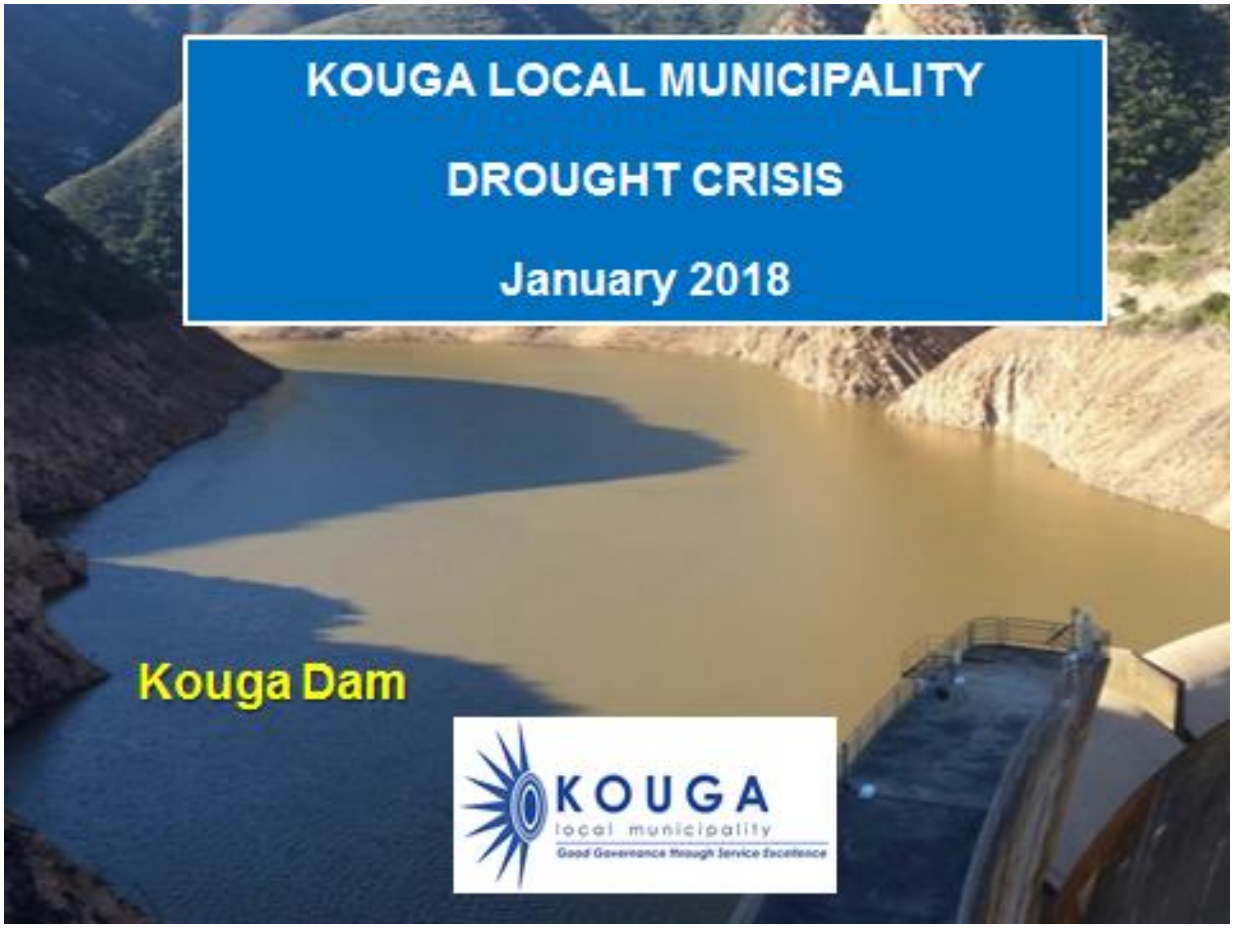
8. Other implications

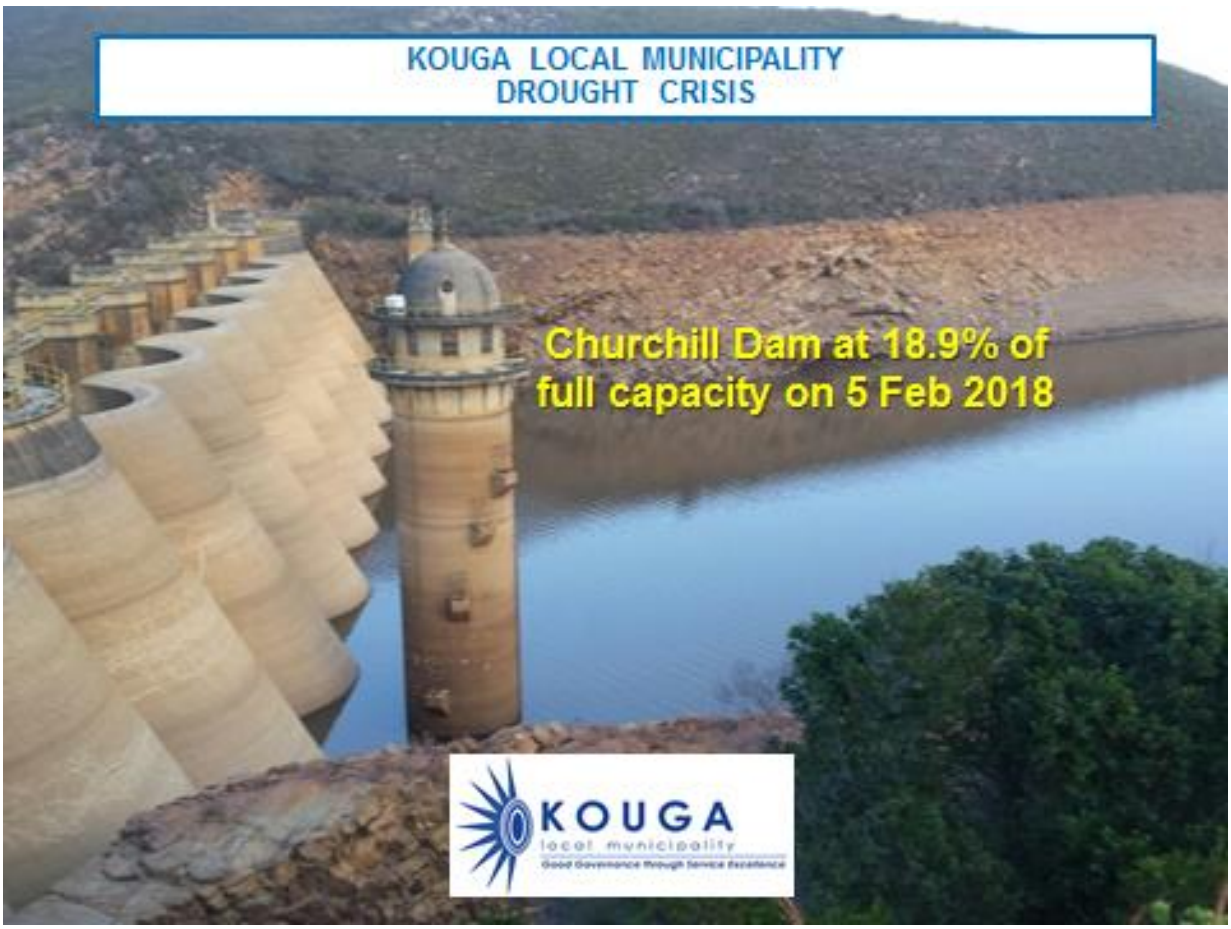
None.

9. Recommendation

9.1 That the report on the Drought Disaster Area In Kouga be noted.

Item prepared by: Director: Infrastructure & Engineering


KOUGA LOCAL MUNICIPALITY
DROUGHT CRISIS
January 2018
Kouga Dam
KOUGA
local municipality
Good Governance through Service Excellence


KOUGA LOCAL MUNICIPALITY
DROUGHT CRISIS
Churchill Dam at 18.9% of
full capacity on 5 Feb 2018
KOUGA
local municipality
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KOUGA LOCAL MUNICIPALITY
LOCATED WITHIN THE SARAH BAARTMAN DISTRICT MUNICIPALITY



KOUGA LOCAL MUNICIPALITY
RAINFALL PREDICTION FOR GAMTOOS CATCHMENT

Patensie – Historical Statistics	
Summary of number of days between 50 mm events	
Average	428
Maximum	2293 (29-Nov-55 to 10-Mar-62)
Last Event	1-Sept-15

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KOUGA LOCAL MUNICIPALITY
RAINFALL PREDICTION FOR GAMTOOS CATCHMENT

The forecast period ends in June 2018 and up until then the rainfall will be normal to below normal.

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KOUGA LOCAL MUNICIPALITY
DROUGHT CRISIS

Drought Intervention Measures - Methodology



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KOUGA LOCAL MUNICIPALITY
DROUGHT CONDITIONS – STATUS QUO



Western part of EC in the grip of a severe drought – worst drought in 100 years



Kouga was declared a drought disaster area in May 2017



Water level in Kouga Dam dropped to lowest level ever (7.1% - Predicted Day Zero 8 March 2018)



Day Zero for Hankey & Patensie: Kouga Dam (10.4% now & predicted Day Zero moves to 31 March 2018)

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KOUGA LOCAL MUNICIPALITY
DROUGHT CRISIS

Intergovernmental liaison

- Member of Algoa Water Supply System (AWSS) Restrictions Monitoring Committee – Monthly with DWS and By-weekly with NMBM
- Participated in drought intervention w/shop hosted by SBDM and attended by Disaster Management Teams (Provincial & National) on 22 Sept 2017
- Stakeholder: DWS AWSS Reconciliation Study - Quarterly
- Met with Gamtoos Irrigation Board (DWS Implementing Agency) on 30 January 2018
- Met with DWS officials on 31 January 2018

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KOUGA LOCAL MUNICIPALITY
DROUGHT CRISIS

Challenges experienced

- Lack of funding by DWS (ACIP & RRU Programmes have been terminated)
- CoGTA only declared a Provincial Disaster in December 2017
- Drought intervention Business Plan submitted by SBDM to CoGTA in July 2017 has not been approved
- Three local authorities are dependent on water from the Kouga River Catchment
- Two local authorities are dependent on water from the Kromme River Catchment
- No RBIG funding from DWS for Kouga projects

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KOUGA LOCAL MUNICIPALITY
DROUGHT CRISIS

Achievements to date

- Funds from capital projects (R21m) diverted to drought intervention initiatives
- PSP & Contractor appointed for groundwater development
- Five new production boreholes drilled since November 2017 (Oyster Bay & Jeffrey's Bay)
- An emergency action plan for Hankey & Patensie (to avoid Day Zero) has been drafted and workshopped with the GIB and DWS (to obtain their input)
- Several short, medium and long term strategies for the Kouga area have been included in the SBDM Drought Intervention Business Plan
- Level C water restrictions are being enforced

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KOUGA LOCAL MUNICIPALITY
DROUGHT CRISIS

Proposed Intervention Measures – short term

Kouga Local Municipality			
Drought Relief Interventions - Short Term			
Settlement	Action	Desired outcome	Cost estimate
Patensie & Hankey	Identify drilling sites for exploration boreholes	Drilling targets with high potential	R 150,000.00
	Drill exploration boreholes, do yield testing & equip boreholes with high yields	Augmentation of existing water supply	R 5,000,000.00
	Locate & repair leaks on municipal reticulation network	Reduce water losses	R 500,000.00
Humansdorp & Kruisfontein	Locate & repair leaks on municipal reticulation network	Reduce water losses	R 800,000.00
	Clearation vegetation in the vicinity of the Eastern & Western Springs	Increase yield from both springs	R 750,000.00
Jeffrey's Bay, Paradise Beach & Aston Bay	Locate & repair leaks on municipal reticulation network	Reduce water losses	R 850,000.00
	Refurbish filters & replace filter media at WTW	Reduction in water losses due to fewer backwashing cycles	R 350,000.00
St Francis Bay & Cape St Francis	Locate & repair leaks on municipal reticulation network	Reduce water losses	R 450,000.00
Oyster Bay	Condition assessment of existing boreholes (x2)	Determine refurbishment needs	R 60,000.00
	Chemical treatment of existing boreholes	Increased yield, less risk of pump failure	R 30,000.00
Loerie	Locate & repair leaks on municipal reticulation network	Reduce water losses	R 450,000.00
Thornhill	Locate & repair leaks on municipal reticulation network	Reduce water losses	R 500,000.00
Subtotal			R 9,490,000.00
VAT (14%)			R 1,328,600.00
Total			R 10,818,600.00

KOUGA LOCAL MUNICIPALITY
DROUGHT CRISIS

Proposed Intervention Measures – medium/long term

Kouga Local Municipality			
Drought Relief Interventions - Medium & Long Term			
Type of intervention	Description	Desired outcome	Cost estimate
Water Conservation Demand Management	Appoint a dedicated WCDM Team to implement all WCDM measures - for a trial period of one year	Reduction in unaccounted for water	R 3,000,000
	Install zone meters to measure effectiveness of WCDM measures	Ability to measure water losses on a month to month basis	R 500,000
	Assistance to the poor (ATTP) programme to fix beyond the meter leaks in low income residential areas (one year trial period)	Reduction in water losses caused by leaking plumbing systems at private residences	R 6,000,000
	Do leak repairs at schools and other public facilities.	Reduction in water losses caused by leaking plumbing systems at schools	R 2,400,000
	Locate & repair leaks on municipal reticulation network	Reduce water losses	R 500,000
Augmentation schemes	Install and commission a 1 Ml/day desalination plant at Paradise Beach	Reduce reliance on water from Churchill pipeline	R 22,000,000
	Install and commission a 1 Ml/day desalination plant at Oyster Bay	Improve security of supply, existing (inadequate) supply from groundwater sources can be retained for back-up.	R 22,000,000
	Re-use treated effluent from Jeffreys Bay WWTW (yield = 2.5 Ml/day)	Reduce reliance on water from Churchill pipeline	R 50,000,000
	Develop new production boreholes in the Elurbon Area (expected yield = 3 Ml/day)	Reduce reliance on water from Churchill pipeline	
	Develop new production boreholes in the Rooihoek Area (expected yield = 3 Ml/day)		
	Develop new production boreholes in the Uitzig Area (expected yield = 3 Ml/day)		R 110,000,000
	Increase capacity of Jeffrey's Bay WTW to treat additional water from new boreholes. Addition & manganese removal processes.		R 23,200,000
Subtotal			R 260,600,000
VAT (15%)			R 37,744,000
Total			R 307,344,000

KOUGA LOCAL MUNICIPALITY
DROUGHT CRISIS

Proposed Intervention Measures – Hankey & Patensie

Patensie & Hankey: Drought Intervention Measures in order of priority				
Priority	**Intervention**	**Settlement**	**Costing (estimate only)**	**Expected yield (kl/day)**
1	Water saving actions	Patensie	R 1,200,000	250
		Hankey	R 500,000	150
2	Supplying water from the Gamtoos Irrigation Board Balancing Dam	Patensie	R 0	1,000
3	Reserving water in the Kouga Dam for domestic use only	Patensie & Hankey	R 0	2,200
4	Groundwater Resource Development	Patensie	R 7,201,216	864
		Hankey	R 21,256,716	518
5	Abstraction of water from the Klein River (requires temporary RO plant)	Hankey	R 3,500,000	1,000
6	Abstraction and treatment of saline water from the Groot River (requires temporary RO plant)	Patensie	R 5,000,000	1,000
7	Carting of water (for a period of 6 months)	Patensie & Hankey	R 5,171,040	192

KOUGA LOCAL MUNICIPALITY
DROUGHT CRISIS

Community Drought Information Sessions







CONFIDENTIAL MATTERS FOR DISCUSSION

CONFIRMATION OF PREVIOUS CONFIDENTIAL MAYORAL COMMITTEE MINUTES

MINUTES OF 'IN COMMITTEE' MAYORAL COMMITTEE MEETING OF THE KOUGA MUNICIPALITY HELD IN THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) ON WEDNESDAY, 22 NOVEMBER 2017 AT 09:00

Present:		
Councillors	EC van Lingen	(Executive Mayor)
	D Benson	
	H Bornman	
	BJ Williams	
	F Baxter	
	F Campher	
	B Dhludhlu	
Councillors:		
as Observers	N Botha	
	W Gertenbach	
	Alderman Rheeder	
Officials	C du Plessis	(Municipal Manager)
	K Moodley	(Director: AME & SP)
	G Louw	(Act. Director: Social Services)
	E Oliver	(Manager: AME&SP)
	S Thys	(CFO)
	V Felton	(Dir: Infrastructure, Planning & Dev)
	E Oosthuizen	(Manager: Technical Services)
	H Hammes	(Senior Admin Officer)
	M Rossouw	(Manager: Auxiliary)
	A Perils	(Manager: PMU)
	S Abrahams	(Manager: Budget & Treasury)
	T Tsemgiwe	(Manager: PMO)
	B Klopper	(Committee Clerk – Scribe)
Treasury	N Jikwana	National Treasury
	W Scott	Provincial Treasury
	T Gwija	Provincial Treasury
	E le Roux	Provincial Treasury

9. **CONFIRMATION OF PREVIOUS CONFIDENTIAL MAYORAL COMMITTEE MINUTES**

9.1 **Minutes of an 'In Committee' Mayoral Committee Meeting held on 19 October 2017**

Resolved: (22 November 2017)

ii) That the Minutes of the 'In Committee' Mayoral Committee held on 19 October2017 be confirmed.

10. **CONFIDENTIAL REPORTS BY THE CHAIRPERSON: FINANCE – (REFER TO ATTACHMENTS AS PER PORTFOLIO COMMITTEE AGENDA DATES 9 November 2017**

10.1 **FINANCE**

17/11/CF1 REVENUE REPORT: SUMMARY OF THE COUNCILLORS' AND EMPLOYEES' ACCOUNTS FOR THE PERIOD ENDING SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the summary of the outstanding debts relating to Councillors' and Employees' accounts for the period ending September 2017, be noted.

17/11/CF2 REVENUE REPORT: THE HIGHEST DEBTORS PER SUBURB: SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the Highest Debtors per Suburb Report for the month of September 2017, be noted.

17/11/CF3 EXPENDITURE ON STAFF BENEFITS: MONTH OF SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the reports on Expenditure on Staff Benefits and Salaries and Wages: EPWP, for the month of September 2017, be noted.

17/11/CF4 OVERTIME REPORT: SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the Overtime report for Salaries and Wages for the month of September 2017, be noted.

17/11/CF5 SALARY & WAGES EXPENDITURE REPORT: SEPTEMBER 2017

Resolved: (22 November 2017)

i) That the Year to date Expenditure Report for Salaries and Wages, for the month of September 2017, be noted.

17/11/CF6 **REVENUE REPORT: THE HIGHEST WATER CONSUMERS PER SUBURB: SEPTEMBER 2017**

Resolved: (22 November 2017)

i) That the report on the Highest Water Consumers per Suburb for the month of September 2017, be noted.

ii) That a list of the top 20 highest water consumers per town/per suburb be compiled and to advise those consumers of possible measures to reduce high water consumption i.e. installation of restrictive value system.

iii) That a list of problematic accounts be compiled and be investigated for authentication purposes.

10.2 **ADMINISTRATION, MONITORING, EVALUATION & SPECIAL PROJECTS**

17/11/CAME-SP2 **REPORT ON LAPTOPS ISSUED TO FORMER SECTON 56 & 57 SENIOR MANAGERS**

Resolved: (22 November 207)

i) That immediate legal action be instituted for non-adherence to the Policies of Council against those who left the institution with municipal assets, be approved.

ii) That the requests by the former Municipal Manager and Director: AME & SP to pay for the laptops that are in their possession, be approved in principle.

iii) That an investigation be undertaken and possible disciplinary action be instituted against staff who failed to retrieve the laptops prior to the former Municipal Manager and Senior Managers leaving the service of the Municipality, be approved.

iv) That the item be referred to Council for approval.

11. **CLOSURE**

The Executive Mayor thanked the Committee for their valuable input and declared the meeting closed.

The meeting terminated at 13:15.

E. VAN LINGEN
EXECUTIVE MAYOR **DATE**

CONFIRMATION OF PREVIOUS CONFIDENTIAL COUNCIL MINUTES

MINUTES OF AN "IN COMMITTEE" SPECIAL COUNCIL MEETING OF THE KOUGA MUNICIPALITY HELD AT THE KOUGA COUNCIL CHAMBER (JEFFREYS BAY UNIT) ON THURSDAY, 1 FEBRUARY 2018 AT 10:00

PRESENT: Councillors	H Hendricks	(Speaker)
	D Benson	
	EC van Lingen	(Executive Mayor)
	H Bornman	
	B Williams	
	F Baxter	
	FJ Campher	
	BF Rheeder	(Alderman)
	DM Nkomo	
	L Vorster	
	FJ Louw	
	B Carstens	
	NS Botha	
	D. Biggs	
	B Dhludhlu	
	WPD Gertenbach	
	M Dayimani	
	VA Camealio-Benjamin	
	TN Meleni	
	P Nkwalase	
	ER Februarie	
	S Jujwana	
	M Peters	
	C Mandeka	
	C Matroos	
	VS Vumazonke	
Officials & Municipal Manager	C du Plessis	(Municipal Manager)
	S Thys	(CFO)
	K Moodley	(Director: AME&SP)
	C Dreyer	(Manager: IDP)
	D de Jager	(Manager: HR)
	H Hammes	(Acting Manager: AME&SP)
	B Klopper	(Committee Services)

16. **CONFIRMATION OF PREVIOUS 'IN COMMITTEE' COUNCIL MEETINGS**

16.1 Minutes of an 'In Committee' Ordinary Council Meeting held on 8 December 2017, be confirmed and accepted.

Proposed: Cllr B Williams Seconded: Cllr H Bornman

17. **MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR**

(The reports by the Executive Mayor, in terms of the provisions of Section 63 of the Local Government Municipal Systems Act, 32 of 2000, on matters dealt with by the Executive Mayor in terms of delegated authority as detailed in the Minutes to be noted).

17.1 Minutes of an 'In Committee' Mayoral Committee Meeting held on 22 November 2017, be referred to the next Mayoral Committee meeting for acceptance.

18. **CONFIDENTIAL REPORTS BY THE MUNICIPAL MANAGER**

18/02/CMM1 SUBMISSION OF PERFORMANCE AGREEMENTS OF SECTION 56 AND SECTION 57 EMPLOYEES: 2017/18 FINANCIAL YEAR

Resolved: (1 February 2018)

i) That the Performance Agreements and supporting Performance Plans for the 2017/18 financial year in respect of the Municipal Manager and Directors be noted.

ii) That in terms of the provisions of Section 53(3) of the Local Government Municipal Finance Management Act 56 of 2003 the Performance Agreements of the Municipal Manager and Directors for the 2017/18 financial year be submitted to the MEC for Local Government.

19. **REPORTS BY THE EXECUTIVE MAYOR**

19.1 **CORPORATE SERVICES**

18/02/CCORP1 ACTING APPOINTMENT: SENIOR MANAGER POSITION: PLANNING, DEVELOPMENT & TOURISM

Resolved: (1 February 2018)

ii) That Mr Kobus Marais, the current Manager: Town & Regional Planning, be appointed to act as Director: Planning, Development & Tourism with effect from the 1st of February 2018 until 30 April 2018.

ii) That should a new incumbent be appointed before 30 April 2018, the acting ceases as at the date of appointment of a new Director.

vi) That it be noted that budget provision has been made for the position of Planning, Development and Tourism and thus sufficient funds are available for the acting period.

vii) That the Municipal Manager be requested to confirm that the appointments made are in line with Equity Plan adopted by Council and that adherence thereto is complied with and that a report be submitted to the next Council meeting.

The meeting closed at 12:40.

_____ _____

H HENDRICKS **DATE**
SPEAKER

CONFIDENTIAL REPORTS BY THE CHAIRPERSON: CORPORATE SERVICES

KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

CORPORATE SERVICES

CONFIDENTIAL

DATE: 28 FEBRUARY 2018 **ITEM NO: 18/02/CCORP3**

ACTING APPOINTMENT: SENIOR MANAGER POSITION: COMMUNITY SERVICES

1. Introduction

The purpose of this item is to request Council to extend the appointment of the incumbent who has been acting in the vacant position of Director: Community Services.

2. Legislative Provisions

Acting appointments of employees in Senior Management positions is regulated through the provisions of the Local Government Municipal Systems Act, as amended.

Section 56 of the Local Government Municipal Systems Amendment Act, 2011 provides as follows:

"Appointment of managers directly accountable to Municipal Managers

56, (1) (a) A municipal council, after consultation with the municipal manager, must appoint-

(i) a manager directly accountable to the municipal manager; or

(ii) an acting manager directly accountable to the municipal manager under circumstances and for a period as prescribed.

(b) A person appointed in terms of paragraph (a)(i) must at least have the skills, expertise, competencies and qualifications as prescribed.

(c) A person appointed in terms of paragraph (a)(ii) may not be appointed to act for a period that exceeds three months: Provided that a municipal council may, in special circumstances and on good cause shown, apply in writing to the MEC for local government to extend the period of

appointment contemplated in paragraph (a}, for a further period that does not exceed three months.

(2) A decision to appoint a person referred to in subsection (l)(a)(ii), and any contract concluded between the municipality and that person in consequence of the decision, is null and void if-

(a) the person appointed does not have the prescribed skills, expertise, competencies or qualifications; or

(b) the appointment was otherwise made in contravention of this Act, unless the Minister, in terms of subsection (6), has waived any of the requirements listed in subsection (l)(b).

3. Discussion

The position of Director: Community Services is currently vacant. The Municipality is actively recruiting a new Director. The position has been advertised and the recruitment process is ongoing. The shortlisting was scheduled to be held on the 13th of February 2018. Ms. N. Machelesi has been acting since 1 December 2017, and the acting is terminating on 28 February 2018.

The Municipal Systems Act as amended is very clear in that a person can only be appointed to act as a Manager directly accountable to a Municipal Manager for a period not exceeding three months. If this period lapses the Municipal Council must apply in writing to the MEC for Local Government to request an extension, but only under special circumstances and on good cause shown. Any such extension/further period may not be for a period that exceeds 3 months.

It is imperative that there is continuity in the Community Services Department whilst the recruitment process is ongoing and that the department remains functional. It is for this reason that Council is requested to extend the period of acting of Ms. Machelesi. To comply with Sect 56(1)(c), the Mayor will address and application to the MEC for Local Government upon Councils resolution to extend the acting appointment.

Such an acting appointment or extension thereof can only be affected by Council, as the right to appoint is vested in Council.

4. Financial Implications

The position of Director: Community Services is a budgeted, vacant post. An acting allowance of the difference in the remuneration of the Manager: Amenities and Environmental Health and 60% of the remuneration package of the Director: Community services, will be paid. The value over 3 months is R 42 596.70 which will be utilized from Vote: 10200209960000.

5. Comments: Director: Corporate Services

The recommendations are supported.

5.2 Comments: Legal Services Manager

The recommendations are supported.

5.3 Comments: Chief Financial Officer

The required budget provision exists on the 2017/18 Operating Budget, to fund the proposed acting allowance.

5.4 Comments: Municipal Manager

The recommendation is supported.

6. Recommendation

6.1 That Ms. N. Machelesi's, (current Manager: Amenities and Environmental Health) appointment as acting Director: Community Services be extended with effect from the 1st of March 2018 until 31st of May 2018.

6.2 If a new incumbent is appointed before 31st of May 2018, the acting ceases as at the date of appointment of a new Director: Community Services.

6.3 That to comply with Sect 56(1)(c), the Mayor address a written Application, to this effect, to the MEC for Local Government, upon Council's resolution to extend the acting appointment.

Prepared by: The Manager: Human Resources: D de Jager

KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

CORPORATE SERVICES

CONFIDENTIAL

DATE: 28 FEBRUARY 2018 **ITEM NO: 18/02/CCORP4**

EMPLOYMENT EQUITY: STATUS QUO REPORT

1. Introduction

The purpose of this item is to report to the Committee on the status of the Employment Equity in the Municipality with reference, more specifically, to compliance.

2. Legislative Provisions

The aim of the Employment Equity Act, No 55, 1998 (as amended) is to facilitate workplace transformation. It incorporates two elements: a) the elimination of unfair discrimination and b) the implementation of affirmative action and measures to enable equitable representation of employees from different race, gender, and disability groups in the workplace.

With regards to Employment Equity Act, the following sections is of critical importance to any employer:

2.1 Affirmative Action measures: Section 15

Affirmative action measures are measures intended to ensure that suitably qualified employees from designated groups have equal employment opportunity and are equitably represented in all occupational categories and levels of the workforce.

2.2 Consultation: Sections 16 and 17

A designated employer must take reasonable steps to consult with representatives of employees representing the diverse interests of the workforce on the conducting of an analysis, preparation, and implementation of a plan, and on reporting to the Director-General.

2.3 Disclosure of Information: Section 18

To ensure meaningful consultation, the employer must disclose relevant information to the consulting parties, subject to section 16 of the Labour Relations Act 66 of 1995.

2.4 Analysis: Section 19

A designated employer must conduct an analysis of employment policies, practices, procedures, and working environment so as to identify employment barriers that adversely affect members of designated groups. The analysis must also include the development of a workforce profile to determine to what extent designated groups are under-represented in the workplace.

2.5 Employment Equity Plan: Section 20

- A designated employer must prepare and implement a plan to achieve employment equity, which must:
- have objectives for each year of the plan;
- include affirmative action measures;
- have numerical goals for achieving equitable representation;
- have a timetable for each year;
- have internal monitoring and evaluation procedures, including internal dispute resolution mechanisms; and
- identify persons, including senior managers, to monitor and implement the plan.

2.6 Report: Section 21

An employer must submit yearly an Employment Equity report to the Department of Labour.

2.7 Publication of Report: Section 22

A summary Employment Equity report must be published in the Annual financial statements of a designated employer.

2.8 Designated employer must assign a manager: Section 24

A designated employer must assign one or more senior managers to ensure implementation and monitoring of the employment equity plan and must make available necessary resources for this purpose.

2.9 Duty to inform: Section 25

An employer must inform its employees of the Act, the EE Report, EE plan, and all employees must have easy access to it.

2.10 Duty to keep records: Section 26

An employer must keep and maintain records in terms of Employment Equity and compliance thereto as prescribed.

3. Discussion

Kouga Local Municipality has an Employment Equity plan that was approved by Council on 31 May 2017, (17/05/AME&SP13) for implementation on 1st of June 2017. On the 8th of January 2018 the Municipality submitted its Employment Equity Report to Department of Labour online as legislated.

During the formulation of this report, the following discrepancies surfaced:

- No Employment Equity Manager was formally appointed in terms of section 24 of the Act.
- Affirmative action measures and barriers thereof were not properly formulated.
- Consultation with employees and organised labour was not done in terms of section 16 and 17 of the Act but reported to have been done
- No separate analysis in terms of section 19 of the Act was done.
- Non- Compliance with section 25 of the Act.

On the 24th of January 2018, the Municipality was notified it will be placed under Director General review in terms of section 43 of the Employment Equity Act. This means the Director General of Labour will scrutinise the levels of compliance by the Municipality in terms of the Employment Equity Act.

The reality is, that due to the non-compliance as mentioned above, the Municipality might face harsh penalties if the Director General does not accept the Municipality's remedial actions.

In order to remedy the situation with immediate effect and mitigate the possibility of a fine, the following actions are proposed:

Action	**Timeframe**
1. Appoint a designated EE manager in terms of section 24	Completed- Director: Corporate Services - K. Moodley appointed
2. Reconstitute the EE committee in terms of section 16 of the Act	End of February 2018
3. Analysis in terms of section 19	End of March 2018
4. Development of a new EE plan in terms of section 20	End of March 2018
5. Consultations with Labour at the Employment Equity Committee and the Local Labour forum in terms of section 17	End of April 2018
6. Approval by Council	End of May 2018

4. Employment Equity Profile

At the Council meeting held on 25 January 2018, the committee requested the current employment Equity figures of the municipality.

The profile below is the status as at 31 January 2018:

STATS AS AT 31 JANUARY 2018

PERMANENT

African Male	Coloured Male	Indian Male	White Male	African Female	Coloured Female	Indian Female	White Female	TOTAL
262	287	0	27	129	112	1	23	841
26%	29%	0%	3%	13%	11%	0%	2%	84%

TEMPORARY

African Male	Coloured Male	Indian Male	White Male	African Female	Coloured Female	Indian Female	White Female	TOTAL	
66	41	0	1	39	14	0	1	162	
7%	4%	0%	0%	4%	1%	0%	0%	16%	
								1003	
33%	33%	0%	3%	17%	13%	0%	2%	100%	TOTAL

4. Financial Implications

If the Director General poses a fine to the Municipality it might range from R 1 500 000 to R 1 800 000 as per Schedule 1 of the Employment Equity Act.

5. Comments: Director: Corporate Services

Non-compliance with the Employment Equity Act is a serious offence and can attract a hefty fine. On the 28 February 2018, the HR Manager will meet with the DOL for the DG review and we will know our fate thereafter. However, in the interim it is important to commence with the remedial action in an attempt to prevent a potential fine.

5.2 Comments: Chief Financial Officer

The imposition and payment of a fine will constitute fruitless and wasteful expenditure and will have to be dealt with in accordance with section 32(2) of the Municipal Finance Management Act.

5.3 Comments: Legal Services Manager

The recommendations are supported.

5.4 Comments: Municipal Manager

The steps to correct shortcomings of previous process is supported.

6. Recommendation

6.1 That the Employment Equity: Status Quo Report be noted.

6.2 That a further report be submitted, at the conclusion of the Director General review, be accepted.

6.3 That the Equity figures as at 31 January 2018 be noted.

Prepared by: The Manager: Human Resources: D de Jager