ORDINARY COUNCIL MEETING MINUTES

MINUTES OF AN ORDINARY COUNCIL MEETING HELD ON WEDNESDAY, 27 MARCH 2024 AT 10:00 IN THE COUNCIL CHAMBERS, RHENIUS STREET, SWELLENDAM.

PLEASE RETAIN THIS DOCUMENT FOR RECORD PURPOSES AS IT WILL NOT BE CIRCULATED AGAIN.

Yours sincerely

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J.R. VAN SCHALKWYK **DATE**

SPEAKER

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MINUTES OF AN ORDINARY MEETING OF THE MUNICIPAL COUNCIL OF SWELLENDAM MUNICIPALITY HELD ON WEDNESDAY, 27 MARCH 2024 AT 10:00 IN THE COUNCIL CHAMBERS, RHENIUS STREET, SWELLENDAM.

PRESENT:	**Councillor**	J.R. van Schalkwyk	Speaker
		H.F. Du Rand	Executive Mayor
		E.J. Lamprecht	
		F. Kees	
		A. Bokwana	
		D. Julius	
		J.A. Matthysen	
		G. Libazi	
		D.J. Julius	
		M.T.A. Swart	(until 11:10)
		I.H. Ferguson	

IN ATTENDANCE:	A. Vorster	Municipal Manager
	E. Wassermann	Director: Financial Services
	W. Treurnicht	(Acting: Director of Infrastructure Services)
	K. Stuurman	Director: Community Services
	J. Etzebeth	(Manager: Administrative Support

SECRETARIAT:

K. Opperman

RECORDING OFFICER:

K. Opperman

ALSO PRESENT:

Mr I. Fourie (AGSA) (10:09 – 10:30)
Mrs G. Schultz (AGSA) (10:09 – 10:30)

2 members of the public

1. OPENING AND WELCOME

At 10:00 the Speaker, Councillor J.R.van Schalkwyk welcomed everyone at the Council meeting and declared the meeting duly constituted with a quorum present. He then read from the scripture, Isaiah 45 verse 2. Counillor F. Kees rendered an opening prayer.

He addressed a word of welcome to the Executive Mayor, members of the Mayoral Committee, fellow Councillors, the Municipal Manager and her team as well as members of the public in attendance.

2. ELECTION OF ACTING SPEAKER, IF NECESSARY

None

3. APPLICATION FOR LEAVE OF ABSENCE

RESOLVED

that leave of absence from the meeting be granted to Councillor M.T.A. Swart from 11:10.

4. MOTIONS OF JOY AND SORROW

4.1 Announcement of birthdays and congratulations:

Municipal Manager: Mrs A. Vorster	5 March
Councillor Elna J. Lamprecht	18 March
Councillor D. Julius	6 April

The Speaker congratulated the Committee Clerk, Mrs K. Opperman on her marriage on 24 February 2024 and wished her all the best.

4.2 Announcements of deaths by Municipal Manager

<u>February 2024</u>

SWELLENDAM	
Eden Pieterse	Swellendam
Anna Witbooi	Swellendam
Julie Pieterse	Swellendam
Karools Fillias	Swellendam
Andrew Hendricks	Swellendam
Mien Elizabeth Rossouw	Swellendam
Mariaan Esmarelda Prins	Swellendam
J. Booysen	Swellendam
Margaret Taute	Swellendam
Nonceba Angelina Qomoyi	Swellendam
Johanna Maria Groenewald	Swellendam
Jacoba Smit	Swellendam
Margaret Seboboe	Swellendam
Willem Plaatjies	Swellendam
BARRYDALE	
Priscille Pokwas	Barrydale
Elsie September	Barrydale
Dorothea Klaassen	Barrydale

The Municipal Manager, Mrs A. Vorster requested that a minute of silence be observed and rendered a prayer in tribute to those who passed away.

5. SPEECHES AND SUBMISSIONS

<u>Presentation by Mr I Fourie, Auditor General South Africa</u>

Mr I. Fourie from the Auditor General South Africa's Office reflected on the Auditor General's audit strategy for 2030 and reported on three matters within the Audit Report including the municipality's Financial Statements, Annual Performance Report and Compliance to Laws and Regulations. He presented the audit outcomes in the Audit Report in terms of those three aspects as submitted to Council ***(the presentation is attached to the minutes).***

Councillor J.A. Matthysen raised concern with regard to unauthorised, irregular, fruitless and wasteful expenditure and said that he did not understand how no one was ever held accountable for such findings whereby Mr Fourie responded that the AG did not find any issues or findings on consequence management as far as those matters were concerned.

Councillor Matthysen also raised concern with regard to the revision of the Supply Chain Management Policy to which Mr Fourie responded that the policy and practices of the municipality had to be updated to align to the PPR.

The Executive Mayor, Councillor H.F. Du Rand thanked the Auditor Generel for taking the time to present to Council the outcomes of the municipality's Audit Report.

6. STATEMENTS AND COMMUNICATIONS BY THE SPEAKER

The Speaker requested that if Councillors could not attend SALGA Provincial Working Group meetings, they should notify the organisers accordingly, otherwise the Speaker would receive a report on who did not go. He asked that Councillors took the meetings more serious as it was about networking on topics other municipalities may have found solutions to challenges Swellendam Municipality was still facing.

The Speaker shared that the upcoming strategic session was moved to 17-18 April 2024 due to the one day in March not being enough time to go through all the agenda items. He asked that any other urgent items to be added to the agenda must be communicated to his office before the finalisation of the agenda.

The Speaker further shared that there will be a Ward Committee report one month after the end of every quarter. He added that it was Councillors's job to give feedback on what was happening in Council as things were mentioned in Council that could be feedback to Ward Committees that could inform the community of decisions that were made that could potentially affect them. He said that if Ward Councillors did not hold their Councillor feedback sessions, it would be a Code of Conduct violation.

The Speaker highlighted the SA Tug-of-War results for the schools in and around Swellendam and congratulated Buffeljagsrivier Primary School for obtaining six out of six gold medals at the South African Tug-of-War Championship, VRT Pitt obtained two bronze and 2 silver medals. He also congratulated two young children (Janko and Ruben) who received gold and bronze playing in Boland Bowls. He further shared that Alexander Syster would be representing Western

Cape Kickboxing at the Western Cape Kickboxing Championship during the following weekend and wished him all the best.

7. STATEMENTS AND COMMUNICATIONS BY THE EXECUTIVE MAYOR

None

8. DISCLOSURE OF INTERESTS BY COUNCILLORS

None

9. MATTERS FOR CONSIDERATION

9.1 Items tabled by officials were considered by Council as reflected:

9.1.1

Item number A38. 27.03.2024

SUPPLY CHAIN MANAGEMENT MONTHLY REPORT – FEBRUARY 2024

Report by the Director Financial Services:	Ms. E Wassermann
Department	Financial Services
Section	Supply Chain Management
File number	9/2/1/5

PURPOSE OF REPORT

The SCM monthly report is prepared to inform Council on key SCM monthly activities and adhere to the reporting requirements in terms of the Legislative Framework.

FACTS AND BACKGROUND

In terms of section 6 of the Supply Chain Management Regulations, Council has a responsibility to maintain oversight over the implementation of the Supply Chain Management Policy.

Section 36(2) of the Supply Chain Management Regulation requires that the accounting officer must record the reasons for any deviation from the procurement process and report it to the next council meeting.

DISCUSSION

The SCM monthly report for February 2024 is attached **as Annexure A** to enable the council to fulfil its oversight role. The report informs on the following matters:

- Procurement Statistics for the month
- Awards made above R 100 000 which was reported to National Treasury
- SCM deviations

There are no material problems with the implementation of SCM policy.

LEGAL IMPLICATIONS

- Municipal Finance Management Act, 2003
- Municipal Supply Chain Management Regulations, 2005
- Municipal Supply Chain Management Policy, 2022

FINANCIAL IMPLICATIONS

None

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

None

This item served on the Corporate and Financial Services Portfolio Committee meeting held on Wednesday, 13 March 2024.

This item served on the Mayoral Committee meeting held on Tuesday, 19 March 2024.

RECOMMENDED TO COUNCIL

1. that Council takes cognisance of the Supply Chain Management Report for February 2024, attached **as Annexures A.**

RESOLVED **Item A38/27/03/2024**

1. that Council takes cognisance of the Supply Chain Management Report for February 2024, attached **as Annexures A.**

9.1.2

Item number A39. 27.03.2024

STS ELECTRICITY PRE-PAID METERS CONVERSION PROGRESS

Report of the Director Financial Services: Ms E. Wassermann

Department	Financial Services
Section	Finances
File number	16/2/3/1

PURPOSE OF REPORT

The purpose of the report is to inform Councill on the progress of the STS electricity pre-paid meters token change in Swellendam Municipality.

FACTS AND BACKGROUND

The Standard Transfer Specification (STS) is the global standard for the transfer of electricity and other utility prepayment tokens. It secures message protocol that allows information to be carried between a point-of-sale (POS) and a prepayment meter and is currently finding wide application in electricity metering and payment systems. Municipalities use the STS technology in their electricity and water utilities business to measure and charge water and electricity. The STS was first introduced in South Africa in 1993 and subsequently published by the International Electro-technical Commission as the IEC62055 series of specifications. The application of the technology is licensed through the STS Association, thus ensuring that the appropriate key-management encryption practices are applied to protect the security of the prepayment transactions of utilities.

The STS provides the facility of generating (e.g. credit transfer) tokens which can only be used by the intended meter, and furthermore in the case of credit tokens, can only be used once in that meter. Each credit token has a unique token identifier (TID) encoded into the 20 digits to prevent token replay at the meter. The TID is a 24-bit field, contained in STS-compliant tokens, that identifies the date and time the token was generated.

All pre-payment meters based on STS technology will stop dispensing electricity on **24 November 2024**, thus presenting a significant risk to the service levels, sales and revenue collection of all municipalities to end-user customers in the electricity utilities business.

Therefore, the prepayment meters will stop accepting new credit tokens, and will then stop dispensing electricity after the existing credits are used up. Any tokens generated after this date and utilizing the 24-digit TID, calculated on the base date 1993, will be rejected by the meters as being old tokens as the TID value encoded in the token will have reset back to zero (0).

DISCUSSION

The municipality has appointed a service provider who will be visiting every household or business where pre-paid electricity meters are installed to enter the special key change tokens.

The service provider commenced with the token change from October 2022.

The service provider inspected all properties with pre-paid meters to allow the team to do the following:

- Determine the correctness of the meter
- Accuracy of the metering equipment
- Do the TID token change
- Confirm if the meter accepts the TID token change
- Ensure that the resident will be able to vend after the token change
- Confirm and update the pre-paid metering system and database.

Various consumer awareness campaigns were done from October 2022 on this matter. To date, the status of the token change in Swellendam is as follows:

Number of pre-paid meters	8001
Number of meters reset	4965 i.e. 62%
Number of outstanding meters	1722

Since October 2023 last year, the process significantly slowed down and very few meters were reset. It was then decided to halt the process temporarily as it is uneconomical to keep teams on site if they do not gain access to convert the meters to STS6.

Problems experienced with the conversion process are:

- No access to houses.
- If clients make appointments, the appointments are not always honoured or done in the agreed time frame.
- Tenants in houses do not want to provide access to service providers.
- No access houses are visited more than once without success.
- Letters are left at the premises, but no appointments are made.
- Residents complaining that phones are just ringing and are not answered.

It is proposed that one last effort be made to convert the outstanding meters. The following methods are proposed:

- Targeted approach in specific areas which is widely advertised. This process may include:
  - Email final demand letters to owners by municipality, if available.
  - Setting up of call centre for appointments between the municipality and service provider. Dedicated persons from the service provider and municipality are to be identified.
  - Municipality to hand deliver letters to properties – Use of EPWP workers.
  - Service provider to provide one team until 30 June 2024 to complete the process.
- If all fails, consider blocking of meters to force the resident to make contact with the municipality to make arrangements.

- Introduce a fee for the conversion from 1 September 2024 if meters are not converted by 31 August 2024.

LEGAL IMPLICATIONS

Electricity Act,
Electricity By-Laws
Local Government: Municipal Systems Act
Local Government: Municipal Finance Management Act

FINANCIAL IMPLICATIONS

An amount of R250,000 was budgeted for the remaining TID token change.

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

None

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

The item is supported.

This item served on the Corporate and Financial Services Portfolio Committee meeting held on Wednesday, 13 March 2024.

<u>This item served on the Mayoral Committee meeting held on Tuesday, 19 March 2024.</u>

RECOMMENDED TO COUNCIL

1. that the contents of the report on the STS electricity prepaid meters conversion progress be noted.
2. that the remaining consumers be made aware of the TID token change on all pre-paid meters and that lists of the remaining households be submitted to Ward Councillors and Ward Committees to assist the process.
3. that Council implements a targeted approach for the remaining meters.
4. that Council considers soft blocking the remaining meters as a final resort after June 2024, to force the clients to contact the municipality.
5. that should a client contact the municipality for a token change after the cut-off date of 31 August 2024, a fee for the conversion be implemented as from 1 September 2024.

<u>DISCUSSION</u>

Councillor M.T.A. Swart asked what alternative measures would be used to ensure that the message regarding the conversion of meters reached every household as many community members did not receive communication from the municipality in due time due to working circumstances. She also asked what the fee would be for conversions done after the due date.

The Municipal Manager, Mrs A. Vorster indicated that the normal notification would be done in the press and on social media. She said that Ward Committees would also be utilised for this purpose to be the contact with the community. She added that the Finance Department could identify who did not change and would provide the list of names to target specifically those households before the end of June 2024. She said that the amount payable after the due date would be determined during the budget process. She added that this process would also be used as a meter audit.

The Director of Financial Services, Ms E. Wassermann shared that the process already started and that there were about 1700+ meters left to complete. She said that her department sent notifications via news letters and urged the public to make appointments, however, there have been challenges with the process which led the Credit Control division to personally call each individual to make an appointment for the conversion of the meters because after 1 November 2024 the old meters would not be working anymore.

Ms Wassermann shared that she would do another update report by the end of June 2024 on the progress of the process.

Councillor G. Libazi suggested that the municipality used loud hailing as it was proven to be a very effective method of communication.

The Executive Mayor, Councillor H.F. Du Rand proposed that the recommendation be accepted as-is.

The Speaker confirmed that all Councillors were in support of the recommendation as-is.

UNANIMOUSLY RESOLVED **Item A39/27/03/2024**

1. that the contents of the report on the STS electricity prepaid meters conversion progress be noted.

2. that the remaining consumers be made aware of the TID token change on all pre-paid meters and that lists of the remaining households be submitted to Ward Councillors and Ward Committees to assist the process.
3. that Council implements a targeted approach for the remaining meters.
4. that Council considers soft blocking the remaining meters as a final resort after June 2024, to force the clients to contact the municipality.
5. that should a client contact the municipality for a token change after the cut-off date of 31 August 2024, a fee for the conversion be implemented as from 1 September 2024.

Councillor A. Bokwana was excused from the Chambers from 10:58 to 10:59.

9.1.3

Item number A40. 27.03.2024

DRAFT SWELLENDAM COASTAL ACCESS LAND BY-LAW, 2023, IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: INTEGRATED COASTAL MANAGEMENT ACT, 2008 (ACT NO.24 OF 2008)

Report by	Manager Town Planning and Building Control
Department	Corporate Services
Section	Town Planning and Building Control
File number	1/1

PURPOSE OF REPORT

To table the draft Swellendam Coastal Access Land By-law, 2024, provided for in terms of Section 12 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), for adoption and proclamation.

FACTS AND BACKGROUND

On 5 May 2023 Council resolved as follows:

UNANIMOUSLY RESOLVED **Item A54/08/05/2023**

1. That the content of this report be noted.
2. That the draft Swellendam By-law on Coastal Access Land be advertised for public comment, in terms of Section 12(3)(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).
3. That the draft Swellendam By-Law on Coastal Access Land and any public comment received in terms of (2) above, be submitted to Council for consideration in terms of Section 12(2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

The draft By-law was duly advertised on 6 July 2023, with a closing date for comment of 11 August 2023. No comment or objections were received during the provided period.

A copy of the proposed Swellendam Coastal Access Land By-law, 2024, is included **as Annexure B.**

DISCUSSION

As noted previously, the proclamation of the full suite of draft model by-laws, will require of the Administration to take various actions additional to the functions already being carried out in relation to the Breede River Estuary, including, inter alia:

- Establishment of a Coastal Access Committee
- Preparation of a Coastal Access Land Audit
- Delineation of Coastal Access Land
- Provision of facilities within the Coastal Access Land
- Generation of Rules for the use of Coastal Access Land
- Making available law enforcement officers to enforce the provisions of the by-laws
- Budgeting for all of the above

Given the above it was resolved at the meeting of 5 May 2023 to proceed only with the By-Law on Coastal Access Land. The remaining 4 draft model by-laws, namely:

- the By-Law on the Designation of Coastal Access Land;
- the By-Law on the Amendment of Designation of Coastal Access Land;
- the By-Law on the Withdrawal of Designation of Coastal Access Land; and
- the By-Law of the Determination (or Adjustment) of Boundaries of Coastal Access Land

were agreed to be dealt with at a future time, and specifically only once the Coastal Access Land Audit and the actual delineations of applicable Coastal Access Land has been completed.

LEGAL IMPLICATIONS

Publication of the adopted By-Law in the Provincial Gazette.

FINANCIAL IMPLICATIONS

Publication of the adopted By-Law in the Provincial Gazette.

PERSONNEL IMPLICATIONS

None at this stage.

COMMUNICATIONS IMPLICATIONS

Publication of the adopted By-Law in the Provincial Gazette.

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

No further comment received.

Director: Community Services

No further comment received.

Director: Financial Services

No further comment received.

Director: Infrastructure Service

No further comment received.

Municipal Manager

No further comment received.

This item served on the Corporate and Financial Services Portfolio Committee meeting held on Wednesday, 13 March 2024.

This item served on the Mayoral Committee meeting held on Tuesday, 19 March 2024.

RECOMMENDED TO COUNCIL

1. that the content of this report be noted.
2. that the draft Swellendam By-law on Coastal Access Land be advertised for public comment again in terms of Section 12(3)(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) whereafter it be tabled for Council for Consideration.

<u>DISCUSSION</u>

Councillor G. Libazi was excused from the Council Chambers at 11:06 until 11:08.

Councillor M.T.A. Swart was excused from the Council Chambers at 11:07.

The Executive Mayor, Councillor H.F. Du Rand proposed that the recommendation be accepted as-is.

The Speaker indicated that the recommendation was adopted unopposed with two Councillors absent with permission.

RESOLVED **Item A40/27/03/2024**

1. that the content of this report be noted.
2. that the draft Swellendam By-law on Coastal Access Land be advertised for public comment again in terms of Section 12(3)(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) whereafter it be tabled for Council for Consideration.

Councillor M.T.A. Swart requested to be excused from the Council meeting due to urgent personal matters.

The Speaker granted leave of absence for the remainder of the meeting to Councillor M.T.A Swart at 11:10.

9.1.4

Item number A41. 27.03.2024

APPLICATION TO PURCHASE A PORTION OF STREET RESERVE, ODENDAAL STREET, SWELLENDAM

Report by	L. Baransky
Department	Municipal Manager
Section	Property Management
File Number	7/2/R

PURPOSE OF REPORT

To consider selling municipal property adjacent to a residential property *(Erf 758),* in Swellendam.

FACTS AND BACKGROUND

The owners of Erf 758, Swellendam, Mr Raymond and Ms Coreen Kral, are planning to erect a double garage on their premises, but the space and entrance to the property is very limited. A portion of the garage *(approximately 8 metres in length)* will encroach on the municipal street reserve in Odendaal Street. The encroachment measures approximately 170 square metres.

The owners therefore applied to buy a portion of the street reserve, adjacent to their property, and are prepared to subdivide, rezone and consolidate the mentioned portion with their property, Erf 758, Swellendam.

The application and site map are attached **Annexure C.**

DISCUSSION

Erf 758, Swellendam, is situated on the corner of Lind- and Odendaal Streets, and is a very busy area, because of a creche and a school situated near the mentioned property. The only entrance to Mr Kral's property is from Lind Street, on the corner, which makes it very difficult for them to enter their premises during the day.

The municipal offices and stores are also located down the street, which increases the traffic in the residential area.

Odendaal Street accommodates less traffic than Lind Street, but the entrance will also be located on the corner, as it is the only area where Mr Kral can erect a garage on the premises.

LEGAL IMPLICATIONS

The following legislation regulates property management:

- The stipulations of Section 14 of the Municipal Finance Management Act, 2003, (Act 56 of 2003) (MFMA);

- The By-Law relating to the Management and Administration of Immovable Property, 2018.
- The Asset Transfer Regulations, 2008.
- Land Disposal Policy, 2018

FINANCIAL IMPLICATIONS

None

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

Traffic Chief: Ms C. Saaiman

Odendaal Street is not that busy. However, the intersection at Lind and Odendaal Street is very busy which could delay the owner when entering his premises. Traffic Services could consider painting a red line at the turn of Lind and Odendaal Streets to keep the corner clean of traffic at all times.

COMMENTS FROM DEPARTMENTS

Corporate Services

Town Planning & Building Control – Mr R. Brunings

No objection from a land use perspective; provided the property is subdivided, rezoned and consolidated with Erf 758 – at the applicant's cost. This process must be completed prior to consideration of the building plan to the NBRs.

Director: Community Services

None

Director: Financial Services

None

Acting Director: Infrastructure Services

The sale of part of the road reserve in Odendaal Street on the corner with Lind Street is not supported or recommended.

The sale of the road reserve will reduce visibility on the intersection, especially if the proposed enlargement of the building is carried out. The particular location is close to creches with heavy traffic in the early morning, lunchtime and late afternoon. Good visibility here is therefore extremely important to ensure the safety of road users and pedestrians. The owner is already encroaching on the road reserve with a formal fence. The effect of the fence is limited because there is good transparency through the fence.

Municipal Manager

That, as there is concern about the visibility at the corner of the property, the application is not supported.

<u>This item served on the Corporate and Financial Services Portfolio Committee meeting held on Wednesday, 13 March 2024.</u>

<u>This item served on the Mayoral Committee meeting held on Tuesday, 19 March 2024.</u>

RECOMMENDED TO COUNCIL

1. that as there is concern about the visibility at the corner of the property, the application for the purchase of a portion of the street reserve in Odendaal Street adjacent to Erf 758 Swellendam, to build a garage received from Mr R. and Ms C. Kral, be not approved.
2. that the applicants in 1 above be advised to apply for the necessary encroachment agreement in respect of the existing encroachment where a fence has been erected, which will be tabled to Council for consideration.

<u>DISCUSSION</u>

The Executive Mayor, Councillor H.F. Du Rand proposed that the recommendation be accepted as-is.

The Speaker confirmed that all Councillors were in support of the recommendation as-is.

UNANIMOUSLY RESOLVED **Item A41/27/03/2024**

1. that as there is concern about the visibility at the corner of the property, the application for the purchase of a portion of the street reserve in Odendaal Street adjacent to Erf 758 Swellendam, to build a garage received from Mr R. and Ms C. Kral, be not approved.
2. that the applicants in 1 above be advised to apply for the necessary encroachment agreement in respect of the existing encroachment where a fence has been erected, which will be tabled to Council for consideration.

9.1.5

Item number A42. 27.03.2024

ALIENATION OF MUNICIPAL PROPERTY IN RAILTON – ERF 4301

Report of	L. Baransky
Department	Municipal Manager
Section	Property Management
File Number	7/2/R

PURPOSE OF REPORT

To reconsider selling a municipal property, that was already discussed at a previous Council meeting.

FACTS AND BACKGROUND

Erf 4301, Railton is zoned for public open space in a residential area. We did receive a request to alienate this property in 2022, for a residential development, erecting flats. The request was tabled to Council and the following decision was made on 27 January 2022:

UNANIMOUSLY RESOLVED ***Item A5/27/01/2022***

1. *"that Council on reasonable grounds resolves that Erf 4301, Swellendam is not needed to provide the minimum level of basic municipal services.*
2. *that the sale of Erf 4301 Swellendam be advertised in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the By-Law relating to the Management and Administration of Immovable Property, 2018, the Asset Transfer Regulations, 2008 and the Land Disposal Policy, 2018."*

The principle of selling this land were advertised in March 2022, for public comments, but no input was received.

DISCUSSION

Our office receives daily complaints about littering, unlawful activities, and problems on this property. The adjacent owners really struggle to have a hygienic lifestyle in their house and surrounding property. The request to alienate the property was discontinued due to a lack of response from the applicant.

The property has two entrances, from Iris Cresent and Petunia Streets, and a pathway (Erf 4748) from and to Kosmos Street, that is part of the problem for the adjacent owners. The pathway (Erf 4742) on the other side of the property, is not in use, due to the adjacent owners that closed it over time, with vegetation and buildings encroachment. Due to the complaints received about vandalism, noise, illegal littering and dumping, there is a request to purchase the open space.

The following valuation reports was received:

- M. Heyns – R35.00 per square metres, excluding VAT
- C. van Wyk – Erf R36.54 per square metres, excluding VAT

Average: R35.77 per square metres, excluding VAT.

Find a site map attached **as Annexure D**.

LEGAL IMPLICATIONS

The following legislation regulates property management:

- The stipulations of Section 14 of the Municipal Management Act, 2003, (Act 56 of 2003) (MFMA);
- The By-Law relating to the Management and Administration of Immovable Property, 2005.
- The Asset Transfer Regulations, 2008.
- Land Disposal Policy, 2018

FINANCIAL IMPLICATIONS

None

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Corporate Services

Town Planning & Building Control – Mr R. Brunings

Erf 4301 was specifically created as public open space when this portion of Railton was subdivided for residential purposes. The property is easily accessible from 4 directions, and doubles-up as a pedestrian link between different sections of the adjoining residential area. The fact that some people dump there in an ad-hoc and informal manner ought not to form the basis for alienating well located public open space for (private) residential development. Rather, effort should be made to make the land parcel more user friendly for children and to take action against unauthorised vehicular access etc. through the erection of bollards etc. It is suggested that public representatives co-ordinate the establishment of a local park committee to elevate surveillance of the property and to pass on information of persons transgressing its use as a park property. The sale of the land for residential purposes is not supported from a town planning perspective.

Director: Community Services

This property is currently used as a dumping site and add to the insightfulness in Railton and the alienation of the site is supported

Director: Financial Services

The alienation must follow the Disposal Policy and all applicable financial legislation.
Acting Director: Infrastructure Services

Neighbourhoods becomes congested with no public open spaces available. Children play in the roads which unnecesarily increases safety risks.

A suggestion would rather be to create a sprot project around the piece of land to formalize the area into a formal park or small playing field to the benefit of the surrounding community.

Municipal Manager

Though a public open space within neigbourhoods are a much needed commodity and should not be alienated easily. The walk-through across the premises as well as the illegal littering is however not manageable for the Municipality. The alienation of the property will result in a closing off of two walk-ways that will have to be highligthed during the public participation process. As the area is not needed for essential services, Council may resolve to alienate the erf via a competitive bid process.

<u>This item served on the Corporate and Financial Services Portfolio Committee meeting held on Wednesday, 13 March 2024.</u>

<u>This item served on the Mayoral Committee meeting held on Tuesday, 19 March 2024.</u>

RECOMMENDED TO COUNCIL

1. that it be noted that Erf 4301, Railton, is still not needed to provide the minimum level of basic municipal services;
2. that Council have no objection to alienate Erf 4301, Railton, on an open tender basis, subject to the completion of the necessary land use processes, as well as compliance to the relevant asset transfer regulations;
3. that Council's intention to alienate the property be advertised for public participation;
4. that if the mentioned property is not sold per tender process, it be included as part of the municipal inventory of land that can be alienated out of hand, on a first-come-first-serve basis;
5. that the reserve price for Erf 4301, Railton be R35.77 per square metres *(VAT excluded),* as set as the average of two official valuation reports;
6. that Erf 4301 be rezoned by the purchaser according to the land use principles.
7. that Council's attorney be delegated to draft the applicable documents for the transfer;
8. that the Municipal Manager be mandated to sign the Transfer Agreement, according to her delegated powers.

<u>DISCUSSION</u>

The Executive Mayor, Councillor H.F. Du Rand proposed that the recommendation be accepted as-is.

The Municipal Manager, Mrs A Vorster indicated that the community should be advised during the public participation process that the alienation of the erf could result in the closing of the 2 passage ways.

The Speaker confirmed that all Councillors were in support of the recommendation as-is.

UNANIMOUSLY RESOLVED **Item A42/27/03/2024**

1. that it be noted that Erf 4301, Railton, is still not needed to provide the minimum level of basic municipal services;
2. that Council have no objection to alienate Erf 4301, Railton, on an open tender basis, subject to the completion of the necessary land use processes, as well as compliance to the relevant asset transfer regulations;
3. that Council's intention to alienate the property be advertised for public participation;
4. that if the mentioned property is not sold per tender process, it be included as part of the municipal inventory of land that can be alienated out of hand, on a first-come-first-serve basis;
5. that the reserve price for Erf 4301, Railton be R35.77 per square metres *(VAT excluded)*, as set as the average of two official valuation reports;
6. that Erf 4301 be rezoned by the purchaser according to the land use principles.
7. that Council's attorney be delegated to draft the applicable documents for the transfer;
8. that the Municipal Manager be mandated to sign the Transfer Agreement, according to her delegated powers.

9.1.6

Item number A43. 27.03.2024

RESUBMISSION: ALIENATION OF ERF 842, BARRYDALE

Property Management	L. Baransky
Department	Corporate Services
Section	Property Administration
File Number	7/2/R

PURPOSE OF REPORT

To resubmit an application to buy a municipal plot, Erf 842, Barrydale.

FACTS AND BACKGROUND

Extract: Corporate and Financial Services Portfolio Minutes: 18 September 2023

RESOLVED ***Item A120/18/09/2023***

1. *"that the item be **WITHDRAWN** to engage in further discussion with Mr G.S. van Niekerk on the idea of contributing in the development of a new Informal Trade Centre in Barrydale."*

DISCUSSION

A meeting was scheduled with the applicant to inform him of the discussion and decision of the Portfolio Committee. It is not currently supported to sell Erf 842, because there are public ablutions situated on the premises and it is used for hawking purposes. The only way the municipality could consider selling the property, is if the new owner keeps and maintains the public ablutions or erect new public ablutions on another property of the municipality. All the relevant costs will be for the new owners' account.

The applicant did confirm that he is willing to move the public ablutions, at his cost, to another property of the municipality. The Municipality must decide if they want public ablution facilities on the municipal property, where the municipal offices are placed. Erf 842 Barrydale is also used for informal trading and there are no other premises available for informal trading. There are no hawking sites on the streets of Barrydale. It is not supported that informal trading sites be accommodated on the same erf as the municipal office due to the increased risk in terms of security.

LEGAL IMPLICATIONS

The following legislation regulates property management:

- The provisions of Section 14 of the Municipal Finance Management Act, 2003, (Act 56 of 2003);
- The By-Law relating to the Management and Administration of Immovable Property, 2018.

- The Asset Transfer Regulations, 2008.
- Land Disposal Policy, 2018

FINANCIAL IMPLICATIONS

Revenue will be received through the sale of land.

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

As per resolution.

COMMENTS FROM DEPARTMENTS

Town Planning & Building Control – Mr R. Brunings

A similar / suitable alternative space for hawking purposes, with ablution facilities, located within the defined central business district still has to be identified. The specifications and anticipated cost for constructing said ablutions facilities will have to be determined.

Director: Community Services

We don't have any alternative available sites to use as site for informal businesses and the relocation is not supported

Director: Financial Services

No further comment.

Infrastructure Services

Accommodating hawkers at the municipal office will congest the area and make it difficult for regular clients that need to visit the municipal office and library. Limited space and parking are available at the municipal office street front.

Municipal Manager

There is concern about accommodating public ablutions next to the municipal office as it will lead to congregation of the public, increasing the security risk around the buildings. The further concern is accommodating informal trading within the road reserve/ pavements of Barrydale, that are not wide.

This item served on the Corporate and Financial Services Portfolio Committee meeting held on Wednesday, 13 March 2024.

This item served on the Mayoral Committee meeting held on Tuesday, 19 March 2024.

RECOMMENDED TO COUNCIL

1. that due processes be followed in the alienation of Erf 842 Barrydale, subject to all legal requirements and that the successful tenderer undertake the responsibility of the costs involving the re-allocation of the informal trading hub and ablution facility.
2. that a full study on the optimal placing for the re-allocation of the ablution facility and the informal trading hub inclusive of the taxi rank, be conducted by the administration.

DISCUSSION

The Executive Mayor, Councillor H.F. Du Rand proposed that the recommendation be accepted as-is.

The Speaker confirmed that all Councillors were in support of the recommendation as-is.

UNANIMOUSLY RESOLVED **Item A43/27/03/2024**

1. that due processes be followed in the alienation of Erf 842 Barrydale, subject to all legal requirements and that the successful tenderer undertake the responsibility of the costs involving the re-allocation of the informal trading hub and public ablution facility.
2. that a full study on the optimal placing for the re-allocation of the public ablution facility and the informal trading hub inclusive of the taxi rank, be conducted by the administration.

9.1.7

Item number A44. 27.03.2024

SUPPLY CHAIN MANAGEMENT: PROCUREMENT ACTIVITIES: NEW SCM REGULATIONS EFFECTIVE FROM 14 DECEMBER 2023 UNTIL THE APPROVED AMENDMENT OF THE SCM POLICY

Report by the Director Financial Services:	Ms. E Wassermann
Department	Financial Services
Section	Supply Chain Management
File number	1/2/1/119
Attachments	None

PURPOSE OF REPORT

To inform the Council on the procurement activities since the implementation of the new SCM Regulations effective 14 December 2023 until approval of the amended SCM Policy for 2023.

FACTS AND BACKGROUND

On 14 December 2023 the Minister of Finance published in the Government Gazette no: 49863 amendments to the Regulations published under General Notice No. 868 of 30 May 2005, as amended by Government Notice No. R.31 of 20 January 2017 regarding supply chain management.

The main change affecting the Municipality is the omittance of written or verbal quotations which in fact means that all procurement above R2 000 to R300 000 must be procured through a formal written price quotation process which resulted in additional administration.

The other change is that a tender process can now start at R300 000 instead of R200 000.

DISCUSSION

The problem with these amendments was that it became effective with immediate effect and therefore it prevented municipalities to change its SCM Policies within time. This resulted that procurements from that period were done in terms of the amended regulations but not in line with the Municipality's SCM Policy.

Below is a summary of transactions made from 14 December 2023 to 31 January 2024:

Procurement Type	No of transactions	Value
0 – R2 000	208	R 197 758.62
R2 001 – R300 000	136	R3 754 351.60
Above R300 000	7	R9 382 452.97

Most of the transactions between R2 001 – R300 000 were procured through existing contracts, however the following were procured via obtaining ad hoc quotations:

Order date	Order No	Supplier	Value
2024/01/29	116124	Devac (Pty) Ltd	R4 376.26
2023/12/20	117564	Temmers Algemene Dienste (Pty) Ltd	R9 747.35
2023/12/20	117572	Swellendam Meubelmark	R14 670.00
2024/01/02	117603	GG Meyer	R2 900.00
2024/01/04	117610	AH Marais Seuns (Pty) Ltd	R3 944.50
2024/01/11	117646	SSK	R2 193.00
2024/01/12	117650	JM Carelse	R3 816.00
2024/01/12	117664	LSL Enterprises (Pty) Ltd	R3 330.00
2024/01/19	117726	Karel Mokate	R13 000.00
2024/01/24	117780	DHG Swanepoel	R6 120.00
2024/01/25	117808	SSK	R5 099.91
2024/01/25	117811	Cumax 232 CC	R2 900.00
2024/01/30	117835	Worcester Flight Centre	R3 531.00
2024/01/31	117852	Arc Con (Pty) Ltd	R26 910.00
2024/01/31	117853	SWD Elektries (Pty) Ltd	R13 817.93
		Total	**R116 355.96**

LEGAL IMPLICATIONS

- Municipal Finance Management Act, 2003
- Municipal Supply Chain Management Regulations, 2005
- Municipal Supply Chain Management Policy, 2023

FINANCIAL IMPLICATIONS

None

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

None

<u>This item served on the Mayoral Committee meeting held on Tuesday, 19 March 2024.</u>

RECOMMENDED TO COUNCIL

1. that Council takes cognisance of the procurement transactions which was not in line with the SCM Policy, but in line with the new SCM Regulations.

<u>DISCUSSION</u>

Councillor J.A.Matthysen indicated that he was concerned that Council was obligated to follow and adhere to approved policies, however, it seemed that the administration made decisions outside the amendment of the Supply Chain Management Regulations.

The Speaker, Councillor J.R. van Schalkwyk indicated that the regulations were enforced before Council had time to update the SCM Policy and had to address the matter in this way.

The Director of Financial Services Ms E. Wassermann shared that an Item would be tabled for Council's approval on the Auditor General's finding that had to address the period from 1 July 2023 to December 2023 based on the new SCM Regulations which would also have consequences in terms of irregular expenditure.

The Speaker confirmed that all Councillors took cognisance of the recommendation as-is.

RESOLVED **Item A44/27/03/2024**

1. that Council takes cognisance of the procurement transactions which was not in line with the SCM Policy, but in line with the new SCM Regulations.

The Executive Mayor, Councillor H.F. Du Rand was excused from the Chambers at 11:23 to 11:25.

9.1.8

Item number A45. 27.03.2024

MONTHLY REPORT FOR FEBRUARY / MARCH

OFFICE OF THE MUNICIPAL MANAGER

The following matters for the month of February and March 2024 is provided:

ORGANISATIONAL DESIGN

The organisational design for Swellendam Municipality was drafted and is ready to be tabled to the Local Labour Forum and Council. Engagements with the unions took place with senior management to allow for the tabling of the organisational design with the draft budget in March 2024.

VACANCIES

The vacancy for the position of Technical Director will be advertised over the long weekend of 23 March 2024. It is recommended that Mr Joost Bester be considered by Council for the acting position. The position of PA: Executive Mayor was advertised and a new appointee takes office on 1 April 2024.

The interviews for the vacancy of administrator in the property management division is taking place in the week of 18 March 2024 for appointment on 1 May 2024.

A temporary relief official in Building Control has been appointed on 18 March 2024.

DISCIPLINARY PROCESSES

Councillors

The consultant appointed for the investigation of councillors resigned and a new process for procuring a service provider for the investigator has commenced. The bid for the advisor to the Disciplinary Committee of Council on legal matters was circulated twice, with non-responsive tenders being submitted. This process has to be repeated.

Public Participation Workshop

Discussions with Provincial Government took place on the proposed public participation workshop and ward committee policy. The public participation workshop will be held in three towns on 3 and 4 April 2024.

Staff

The Municipal Manager held a meeting with staff in the water purification and reticulation division on challenges with the operations and employee performance. It was found that there is a breakdown in communication within the division and therefor a report on challenges within the division has been requested. Instruction for monthly minuted meetings to monitor progress with the challenges identified, was issued.

IDP Outreaches

The IDP and Budget, as well as Performance Management and Spatial Development Framework review is scheduled to be approved in draft format at the end of March 2024. The administration is preparing for the compilation of these documents. This included internal departmental meetings on capital and operational budgets, the attendance of Budget Steering Committee meetings and several public engagements. As the IDP is a five-year plan, the needs identified during the initial round still remain as priorities. The review process includes feedback on progress made and the inclusion of new needs and developments that is identified through various public participation methods such as the Link App complaint system, stakeholder meetings, ward committee and feedback meetings and other sector engagements, including one-on-one engagements with the public. This need identification is not limited to a one meeting engagement but is a continuous process. IDP open days were held in each ward. This is a new concept that allows the administration to reach people that do not normally attend public meetings and allows for an extended discussion with the members of the public by senior management. The Administration aims to host these events twice a year, in the hope to cultivate a better understanding of the operations of the Municipality. Standing meetings with the Malagas Ratepayers Association and the Infanta Rate Payers Association took place. The First Thursday initiative of the Mayor in Barrydale was attended in both Smitsville and Barrydale Village. The Municipal Manager also attended the Ward 2 feedback meeting.

MUNICIPAL MANAGERS FORUM AND IDP MASTERCLASS

The Municipal Manager attended the MM forum in Mosselbay on 9 February 2024. The Municipal Manager attended an IDP and budgeting Masterclass in Stellenbosch on 11 and 12 March 2024. The Provincial Government indicated that they will assist the Municipality with the compilation of a Capital Expenditure Framework for our Spatial Development Framework. This is something that our SDF is lacking and must be prioritised.

FINANCIAL STATEMENTS and AUDITOR GENERAL REPORT

The audit by the Auditor-General has been concluded on 13 March 2024. The AG Report and the draft Annual Report will be tabled to the Council at the end of March, after which the Annual Report will be circulated for public participation. It is imperative that the ward councillors discuss the Annual Report highlights with their ward committees and encourage them to provide input, if any on the Annual Report. On receipt of the public inputs, the MPAC will draft an oversight report, which will then be tabled with the final Annual Report to Council.

SALGA: Good Standing

The Municipality paid the outstanding SALGA invoice and is now in good standing with SALGA. Councillors appointed to attend the SALGA working groups are encouraged to provide input and actively participate in the working groups.

Local Economic Development

The Municipal Manager handed over certificates to participants of SEDA training on management on 5 February 2024. The participants were placed at employers during their training and have all successfully completed their training.

The Municipality in partnership with SEDA hosted a contractor training on 5 March 2024 to train contractors on required registrations. The Municipality provided information on the supply chain processes and requirements.

The Municipality partnered with Project Hope on 13 March 2024 to help register unemployed persons. The over 300 attendees received guidance on how to prepare, dress and conduct interviews and the Municipality is busy with the compilation of 300 Curriculum Vitaes for the participants.

The Municipality continues to partner with a local driver's licence company to provide lessons so that the participants can obtain their drivers licences.

The Municipality is undertaking changes to the electricity supply at the container units in Barrydale to allow for improved trading. An intervention is needed to ensure that the beneficiaries of this project can become independent. These engagements will take place in April 2024.

Several engagements with possible investors and developers have taken place in an exploratory manner over the reporting period.

SAHRC Report

The South African Human Rights Commission instructed Swellendam Municipality to engage with a private farm owner and occupants on his farm on the lack of basic services to the occupants' dwellings. Initial engagements took place already, but the Municipality was given 60 days to do a final engagement with Overberg Water, Overberg District Municipality and the relevant parties before a final report is provided to the SAHRC.

A Vorster

MUNICIPAL MANAGER

<u>This item served on the Mayoral Committee meeting held on Tuesday, 19 March 2024.</u>

RECOMMENDED TO COUNCIL

1. that cognisance be taken of the Municipal Manager's report for February – March 2024.
2. that the peak season between 16 December to 5 January, be announced in terms of the Infanta Slipway Operational Plan.

<u>DISCUSSION</u>

<u>Draft Organizational Structure</u>

The Municipal Manager, Mrs A. Vorster shared that the draft organizational design could not be implemented until the budget was approved, however, it seemed that the municipality would not have funding to implement the new draft organizational structure.

<u>Disciplinary processes</u>

Mrs Vorster indicated that the municipality have been advertising twice for an initiator and advisor in respect of the Councillor disciplinary process, however, the received bids were non-responsive.

She said that she contacted the City of Cape Town's legal division to ask for assistance in providing legal officials to assist in the process. She said that the municipality would hopefully finalize the matter within the coming week.

The Executive Mayor, Councillor H.F. Du Rand asked when the legal assistance would be provided whereby the Mrs Vorster indicated that she would have to engage with the relevant official assigned to assist in the matter, however, approval was granted but a name has not been provided by the City Manager as yet. She said that as soon as she could diarize the engagement with the legal officials of the City of Cape Town, the notice would be issued.

Public Participation

Mrs Vorster shared that the public participation workshops would be held on 3 to 4 April 2024 and then again on 13 April 2024.

She added that quarterly reports on public participation would be tabled henceforth.

IDP Outreaches

Mrs Vorster indicated that the IDP process needed to be explained to the public in detail as the IDP was a 5-year plan and that the projects have already been identified which would now be reviewed.

She said that the budget was extremely challenged this year with the proposed increases in tariffs and would like to invite groups to engage with the municipality before the closing date. She added that the municipality would try to accommodate as many people possible by setting up meetings with ratepayers in every town if there was an existing ratepayers association to discuss the budget in smaller groups.

She shared that the administration was looking for ways to try and reduce the impact of the increased tariffs on the budget and requested Councillors to encourage the community to engage with the municipality and ask the relevant questions in this regard.

Financial Statements and Auditor General Report

She shared that with the conclusion of the AG's report on 13 March 2024, Swellendam Municipality was praised for the way the audit process was managed with the challenges of the building that burned down. She said that Swellendam as a small municipality was hailed as an example to other municipalities on how to manage the audit process in a crisis. Mrs Vorster commended the CFO, Ms E. Wassermann and the Manager: Budget and Reporting, Mrs J. De Jager who took the lead and did an excellent job.

The Speaker indicated that other municipalities had MPAC outreaches where the MPAC went out and met with the community to provide feedback on the Annual Financial Statements, Annual Report and AG's report to get the community inputs. He then asked whether the same process could be followed by the MPAC members who had more knowledge and understanding on the matter. The Municipal Manager said that it could be implemented, however, it was decided that a short video with a synopsis of the Annual and AG Report be made for better understanding by the public and distributed through social media platforms. She said that if the MPAC members were to sit with the community it could be organised as an open day on a specific site.

Local Economic Development

Mrs Vorster said that if there was any organisation within the community who wanted to partner with the municipality it was encouraged if it was possible in terms of logistics and availability, if it was to benefit the community at large.

The Executive Mayor, Councillor H.F. Du Rand praised the administration for facilitating LED in Swellendam and providing opportunity to the community.

The Speaker asked whether due diligence was applied by the municipality when partnering with organisations to make sure they were registered and in good legal standing whereby the Municipal Manager said that they did not look for NPO registration, however, the municipality would look at the organisation's project proposal initiative and whether it would benefit the community at large.

Infanta

The Municipal Manager indicated that there were engagements with the Infanta Ratepayers Association with regard to their Slipway Operational Plan and a peak season where parking was reserved for boats only was determined.

The Speaker confirmed that all Councillors accepted the recommendation as-is.

UNANIMOUSLY RESOLVED **Item A45/27/03/2024**

1. that cognisance be taken of the Municipal Manager's report for February – March 2024.
2. that a peak season reserving parking for boats only between 16 December to 5 January, be announced in terms of the Infanta Slipway Operational Plan.

9.1.9

Item number A46. 27.03.2024

APPROVAL OF MICRO ORGANISATIONAL STRUCTURE

Report by the Municipal Manager Mrs A. Vorster

Department	Corporate Services
Section	Human Resources
File number	4/8/R

PURPOSE AND BACKGROUND

This project entails the review and design of the organisational structure at the Swellendam Municipality (hereafter "SDM") in accordance with legislative prescripts and specifically the Municipal Staff Regulations (hereafter "MSR"), promulgated as GN. R890, published in GG 45181 dated 20 September 2021, effective from 1 July 2022.

Legislative obligations require that a Municipal Manager review the organisational structure of the Municipality, guided by specific directives, and submit it to Council. In addition, the Municipal Staff Regulations requires a municipality to align its organisational structure to a functional operating model relating to its municipal service delivery mandate within its unique local circumstances.

The WC-DLG has commissioned AGITOMINDS (PTY) LTD, as service provider, in terms of WCG: DLG Bid Number: LG-01 2022-2023, which entails to Review & Design the Organisational Structures of four (4) different capacity municipalities according to the prototype structures proposed in the Municipal Staff Regulations.

The SDM requires this assistance with the alignment and review of its organisational structure because its new Council elected in November 2021 has adopted a 5-year Integrated Development Plan, as well as to align the structures with the requirements of the Municipal Staff Regulations mentioned supra.

SCOPE OF WORK AND PROJECT IMPLEMENTATION PLAN

Based on the project delivery requirements and the Scope of Work for this project, a work breakdown structure (WBS) and a comprehensive project implementation plan (PIP) were developed for project management purposes. The phases of the PIP are the following:

a) Phase 1: Planning & Inception
b) Phase 2: Assessing Current Status
c) Phase 3: Design & Align Organisation Structures
d) Phase 4: Project Change Management & Communication
e) Phase 5: Implementation Support & Close-Out
f) Phase 6: Project Management & Governance Meetings

DISCUSSION AND MOTIVATION

The review of the municipality's organisational structure is an important strategic objective. It is essential that the structure of a municipality is reviewed for effectiveness to ensure that it can deliver on its service delivery mandate.

Project Planning and Inception (Phase 1) for this intervention started on 20 January 2023 and was concluded on 17 February 2023. Essential information sets were requested on 26 January 2023 and the basic sets of information were received until 2 February 2023.

Executing Phase 2: Assessing Current Status, the service provider started by analysing the sets of information to prepare for engagements with municipal stakeholders. The information was analysed with the following in mind:

a) To engage with stakeholders regarding the project's aims, approach, and methodologies and to answer any questions in this regard;
b) To attain insight into the current functionality of the municipality's structure, roles and responsibilities and staff establishment;
c) To gather statistical and other information of relevance to the project; and
d) To solicit inputs regarding organisational anomalies and challenges in the current staff establishment.

Formal analytical Interviews with focus groups were conducted from 3 to 13 April 2023. During the interview sessions with HOD's and managers additional information were requested, and these were received until 2 May 2023.

The Service Provider team analysed and examined these information sets in terms of legislative provisions, official strategic documents, current organisational functional configurations, key policy documents and relevant reports of current operations in each directorate. The objective was to determine and formulate focus areas in terms of which the current organisational structure of the SDM must be re-designed to improve its ability to render services to its communities and to comply with the provisions of the MSR.

Phase 2: Assessing Current Status was concluded with the present Organisation Structure Report (COSR), dated 12 May 2023, and submitted to the Municipal Manager.

Phase 3: Design & Align Organisational Structure commenced on 12 May 2023. This phase involved inter alia designing and developing macro and micro functional/organisational structures and a proposed staff establishment. Statutory prescriptions, other key policy documents and reports were also scrutinised to ensure that the organisational structuring process is properly informed by legislative, institutional, functional and policy guidelines. The current SDM organisation structure, the assigned Constitutional powers and functions of the SDM, the IDP, SDBIP, budgets, annual reports, Auditor General's reports and various other relevant Council reports / policies were also studied. Interviews sessions were held with the Executive Mayor, Restructuring Committee, LLF, Municipal Manager, Directors, and Managers / Functional Heads. Formal design interviews and focus groups were conducted from 12 June to 16 June 2023.

Best practices and benchmarks regarding functional structuring were studied and applied to collaboratively invent optimal solutions to identified problem areas. The legislative and strategic environment of local government and organisational design approach and principles, as described in the COSR of 12th May 2023, were applied in the design of the macro and micro-structures and staff establishment.

Subsequently draft macro and micro-structures versions were developed and discussed at various times with, amongst others, the Restructuring Committee (7 August 2023) and Senior Management Team (SMT) up to 10 October 2023. The First Draft Proposed micro-structure was submitted on 9 June 2023, the Second Draft Proposed micro-structure on 12 July 2023, the Third Draft Proposed micro-structure on 4 August 2023, the Fourth Draft Proposed micro-structure on 12 September 2023 and the Fifth Draft Proposed micro-structure on 10 October 2023. The SMT and trade unions however had further engagements, and their inputs were received during December 2023. A Final Draft Proposed micro-structure was delivered on 29 January 2024.

Further engagements between stakeholders took place after the January-structure were submitted and the HR Team submitted SMT's decisions on a regular basis. The Final Draft/ Proposed micro-structure is hereby submitted to Council for approval. This proposal will have to be phased in, with cognisance of the municipal budget and the affordability of the community. It is important to note that the community's ability to pay for services, also determines the level of services that can be provided.

DRAFT / PROPOSED MICRO-STRUCTURE

The Final Draft Proposed micro-structure dated 18 March 2024 is **attached hereto as Annexure E.1**. Also see SDM Proposed Staff Establishment **attached as Annexure E.2.** New, Abolished, Major and Minor Changed posts and Implementation plan **attached as Annexure E.3**.

FINANCIAL IMPLICATIONS

Please see the SDM Current vs Proposed Structure staff and cost comparisons **attached as Annexure E.4.**

The total cost of the Final Draft / Proposed micro-structure (all posts) is costed (based on salary scale averages) will result in a 22% increase in the salary budgets which will require a 22% increase in tariffs, which is unaffordable. A phased approach will have to be considered with the implementation of the reviewed organogram.

RECOMMENDED

that Council approve the final proposed micro-structure with accompanying documentation and submit the latter to the MEC as per the Municipal Staff Regulations.

<u>DISCUSSION</u>

The Executive Mayor, Councillor H.F. Du Rand proposed that the recommendation be amended as follows:

that Council approve the <u>draft</u> proposed micro-structure with accompanying documentation and submit the latter to the MEC as per the Municipal Staff Regulations.

UNANIMOUSLY RESOLVED

that Council approve the draft proposed micro-structure with accompanying documentation for further consultation.

The Speaker announced a 10-minute recess at 12:09.

The meeting reconvened at 12:22.

9.1.10

Item number A47. 27.03.2024

ACTING DIRECTOR: INFRASTRUCTURE SERVICES

Report of the Municipal Manager: A. Vorster

Department Corporate Services

Section Human Resources

File number 4/3/3/4

PURPOSE OF REPORT

To appoint an acting Director: Infrastructure Services to the vacancy of Director: Infrastructure.

FACTS AND BACKGROUND

The position of Director: Infrastructure is still in the process of being filled. The Provincial Government Western Cape was approached to avail a suitably qualified person to act in the position as Director: Infrastructure until the vacancy has been filled. The Provincial Government does not have any official to allocate to Swellendam Municipality.

DISCUSSION

The Senior Manager: Infrastructure Services, Mr W Treurnicht, acted in the position as Director: Infrastructure for an initial period of three months, with a further three-month period following that. This is the maximum period that, with the concurrence of the MEC for Local Government, can be acted in by one person.

Mr J Bester, Manager of the PMU unit, is the only other official in the Infrastructure Services Department, that is qualified to act in the position of Director: Infrastructure Services. Mr Bester's CV is attached **as Annexure F**. Some administrative review of delegations will be required and will be arranged by the Municipal Manager to ensure the optimum functioning of the Technical Department.

LEGAL IMPLICATIONS

1. Constitution of South Africa, 1996 (Act no 108 of 1996).
2. Section 55 and 56 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);
3. Local Government: Municipal Staff Regulations, 2021,
4. Employment Equity Act, 1998 (Act no 55 of 1998);
5. Basic Conditions of Employment Act, 1997 (Act no 75 of 1997);
6. Labour Relations Act, 1995 (Act no 66 of 1995);
7. Minimum competency requirements for Senior Managers as laid down in Government Notice R493 dated 15 June 2007, as amended by Government Notice 1146 dated 26 October 2018
8. Regulations on the Appointment and Conditions of Employment of Senior Managers as promulgated in Government Gazette 37245 dated 17 January 2014
9. The Upper Limits of total remuneration packages payable to Municipal Managers and Managers directly accountable to Municipal Managers

FINANCIAL IMPLICATIONS

As per the Upper Limits of total remuneration packages payable to Municipal Managers and Managers directly accountable to Municipal Managers as well as Council's acting policy.

PERSONNEL IMPLICATIONS

As per discussion above.

COMMUNICATION IMPLICATION

Advertising in a national newspaper.

COMMENTS FROM DEPARTMENTS

Director: Community Services

None

Director: Financial Services

None

Municipal Manager

Mr J Bester is suitably qualified to act in the vacancy of the Director: Infrastructure.

RECOMMENDED

1. that Mr. J Bester be appointed to act as Director Infrastructure Services for a period of three months with effect from 1 April 2024.
2. that should the vacancy not be filled within the three-month acting period it be approved that the MEC of Local Government be approached to extend the acting period of Mr. J Bester with a further three months or until the vacancy is filled.

<u>DISCUSSION</u>

The Municipal Manager, Mrs A. Vorster said that she engaged with the Department of Local Government due to the high pressure on the Infrastructure Services Department. She said that the municipality was pleased with Mr Bester being one of the best Project Managers in the Western Cape as he was the reason for many of the good feedback on MIG expenditure.

She said that the feedback from the Department of Local Government was that they did not have the capacity themselves to assist the municipality but suggested that the municipality considered appointing an external candidate on a contract period of 3 months or until the position was filled.

She said that the Department of Local Government sent four CV's of possible candidates and to alleviate the pressure on the Infrastructure Department while the recruitment process was being finalised she suggested that a suitable candidate be appointed for a period of three months.

The Municipal Manager suggested the following amendment to the recommendation:

1. *that Mr. J Bester be appointed to act as Director Infrastructure Services for a period commencing 1 April 2024 until a contract appointment can be made.*
2. *that while the recruitment process of filling the vacancy in 1 above is in process the candidates supplied by the Department of Local Government be invited to an interview process to be conducted by the selection panel already appointed by Council to identify a suitable candidate for consideration for appointment on a three-month contract, whereafter it be tabled to Council for approval.*

The Speaker confirmed that all Councillors were in support of the amended recommendation.

UNANIMOUSLY RESOLVED **Item A47/27/03/2024**

1. that Mr. J Bester be appointed to act as Director Infrastructure Services for a period commencing 1 April 2024 until a contract appointment has been made.
2. that while the recruitment process of filling the vacancy in 1 above is in process, the candidates supplied by the Department of Local Government be invited to an interview process to be conducted by the selection panel already appointed by Council to identify a suitable candidate for consideration for appointment on a three-month contract, whereafter it be tabled to Council for approval.

9.1.11

Item number A48. 27.03.2024

REPORT ON THE 2022/23 ANNUAL REPORT AND OVERSIGHT ARRANGEMENTS

Report by the Municipal Manager: Ms. A Vorster

Department	Office of the Municipal Manager
Section	Developmental Services
File number	9/1/1

PURPOSE OF THE REPORT

The purpose of the report is to table the 2022/23 Draft Annual Report for adoption to Council.

FACTS AND BACKGROUND

Section 127(2) of the MFMA stipulates that the annual report must be tabled in the municipal council within seven months after the end of the financial year.

Section 121 of the MFMA stipulates that every municipality must for each financial year prepare an annual report in accordance with Chapter 12 of the MFMA. The Council must within 9 months after the end of the financial year deal with the annual report.

DISCUSSION

2022/23 Draft Annual report

*The Draft Annual Performance Report for **2022/ 2023** as **audited is attached as Annexures G.1-4.***

The Draft Annual Report needs to be adopted and referred to the Municipal Public Accounts Committee (MPAC) to draft the Oversight Report.

The final Annual Report will be tabled to Council together with the Oversight Report during **April or May 2024** for final approval and will include the oversight report from APAC as well.

Oversight Report

The Oversight Report on the Annual Report needs to be compiled by the Municipal Public Accounts Committee (MPAC). MPAC will meet to discuss the annual report for **2022/ 2023**. MPAC's primary functions include the consideration and evaluation of the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report.

LEGAL IMPLICATIONS

Sections 121 and 129 of the of the MFMA.

FINANCIAL IMPLICATIONS

None

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

The annual report will be advertised in the local newspapers and on the municipal website and distributed to all municipal offices and ward committees for scrutiny and comments.

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

None.

RECOMMENDED

1. that the Draft Annual Report for the 2022/ 2023 financial year be adopted and that Council through the Municipal Public Accounts Committee (MPAC) develop and adopt an Oversight Report within two months pursuant to the tabling of the Draft Annual Report.

2. that, as prescribed by Section 127(5) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Accounting Officer ensures that the annual report be made public in accordance with Section 21A of the Municipal Systems Act and that the local community be invited to submit representations in connection with the annual report, and that the annual report be submitted to the Auditor-General, the relevant Provincial Treasury and the provincial department responsible for local government.

3. that the Municipal Public Accounts Committee also considers the inputs from the Audit- and Performance Audit Committee relating to the Annual Report.

DISCUSSION

The Municipal Manager, Mrs A. Vorster shared that there would be a link available on the municipal website and at the different libraries for the public to access the Draft Annual Report.

The Executive Mayor, Councillor H.F. Du Rand proposed that the recommendation be accepted as-is.

The Speaker confirmed that all Councillors were in support of the recommendation as-is.

UNANIMOUSLY RESOLVED **Item A48/27/03/2024**

1. that the Draft Annual Report for the 2022/ 2023 financial year be adopted and that Council through the Municipal Public Accounts Committee (MPAC) develop and adopt an Oversight Report within two months pursuant to the tabling of the Draft Annual Report.

2. that, as prescribed by Section 127(5) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Accounting Officer ensures that the annual report be made public in accordance with Section 21A of the Municipal Systems Act and that the local community be invited to submit representations in connection with the annual report, and that the annual report be submitted to the Auditor-General, the relevant Provincial Treasury and the provincial department responsible for local government.

3. that the Municipal Public Accounts Committee also considers the inputs from the Audit- and Performance Audit Committee relating to the Annual Report.

9.1.12

Item number A49. 27.03.2024

REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED ON 30 JUNE 2023

Report of the Municipal Manager	Ms. A Vorster
Department:	Municipal Manager
Section:	Municipal Manager
File number:	5/15/1/1

PURPOSE OF THE REPORT

The purpose of the report is to inform the Council of the audit outcome for the 2022/23 financial year.

FACTS AND BACKGROUND

In terms of section 121(3) of the MFMA the Auditor-General's audit report must be tabled with the Annual report within seven months after the end of the financial year.

The Auditor-General's report includes the audit outcome on the financial statements, annual performance report, compliance with legislation, and other legal and regulatory requirements for the year ended 30 June 2023.

Council must note the confidentiality of information as per the audit engagement and must be observed at all times.

In terms of section 50 of the Public Audit Act (PAA) and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (including International Independence Standards), the AGSA, or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the **final auditor's report**, to any third party unless this is to a legislature or internal committee of a legislature or a court in a criminal matter and the disclosure has been approved by the auditee and the Auditor-General.

Until the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and is therefore treated as confidential.

Annexures.

DISCUSSION

The external audit by the Auditor-General commenced in September/October 2023, culminating in the issuing of a final report on 12 March 2024 as per **Annexure H.1 to Annexure H.5.**

LEGAL IMPLICATIONS

Municipal Finance Management Act, No 56 of 2003

Public Audit Act, 2004

FINANCIAL IMPLICATIONS

None

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

This was an extremely difficult audit due to the fact that the administrative headquarters were burned down in the civil unrest of August 2023. This put the compilation of the Annual Financial Statements behind with one month. The audit also took an extended time as it took longer to produce the supporting and source documents for the audit, which unfortunately translates to an increase in audit fees. Even under extreme difficult circumstances, Swellendam Municipality was complimented on a national level for the way they managed the audit process. A heartfelt word of thanks is extended to all staff involved in the audit process, especially to the Chief Financial Officer and the Manager: Expenditure, Budget and Reporting.

RECOMMENDED

1. that Council takes note of the audit outcome for the 2022/23 financial year.
2. that the audit report is included in the draft Annual Report to be submitted to Council for oversight.
3. that an Audit Corrective Plan be compiled and tabled to Council for quarterly monitoring.

DISCUSSION

The Executive Mayor, Councillor H.F. Du Rand proposed that the recommendation be accepted as-is.

UNANIMOUSLY RESOLVED **Item A49/27/03/2024**

1. that Council takes note of the audit outcome for the 2022/23 financial year.
2. that it be noted that the audit report is included in the draft Annual Report to be submitted to Council for oversight.

3. that an Audit Corrective Plan be compiled and tabled to Council for quarterly monitoring.

9.1.13

Item number A50. 27.03.2024

2024-2025 DRAFT INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW

(Please note that the draft IDP circulated with this item, must still be aligned with the draft budget that will be finalised on Monday. This affects the financial tables in the document, that will be circulated to you on Monday. The draft IDP, however is circulated with the item, to allow you sufficient time for perusal.)

Integrated Development Officer:	D Jonas
Department:	Office of the Municipal Manager
Section:	Integrated Development Planning
File number	12/3/33

PURPOSE OF REPORT

The purpose of the report is to present for approval, to Council the 2024-25 Draft Integrated Development Plan (IDP) Review – 2nd Review of the 2022-2027 IDP, which includes the approved Swellendam Municipal Spatial Development Framework (SDF) as a core component of the IDP.

FACTS AND BACKGROUND

In complying with relevant legislation, Council adopted the 5th Generation IDP for the period 2022-2023 to 2026-2027 on 31 May 2022 (Item A79/31/05/2022). The 5-year Plan contains key municipal plans and priorities for the current political term of office. It is confirmed that the existing SDF was approved by Council on 31 May 2022.

The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) states:

Section 34: *"A municipal council must review its integrated development plan annually in accordance with an assessment of its performance measurements and to the extent that changing circumstance so demand..."*

Section 26(e): *"An integrated development plan must reflect a spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality."*

DISCUSSION

The Second Review of the 2022-2027 IDP will contribute to the review of the Municipality's 5-year Plan, as well as inform the Service Delivery and Budget Implementation Plan (SDBIP), the Budget and Risk Register for the 2024-2025 financial year.

It is noted that the approved SDF will be revised in 2025/2026 in order to ensure alignment with the next 5-year IDP development cycle.

It is therefore imperative that the 2024-2025 Draft IDP Review be read in conjunction with the 5-year Plan adopted on 31 May 2022, as the Review does not constitute a new IDP.

The approved 2024/2025 Draft IDP Review will be advertised for public comment/input until 15 May 2024, following which the Final 2024-2025 IDP Review will be tabled to Council for adoption on 30 May 2024.

The 2024-2025 Draft Integrated Development Plan (IDP) Review, Second Review of the 2022-2027 IDP **is attached as Annexure I.**

LEGAL IMPLICATIONS

1. Municipal Systems Act 32 of 2000
2. Local Government Municipal Systems Act – Chapter 5
3. Section 20 of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013)
4. Section 10 of the Western Cape Land Use Planning Act, 2014 (Act 3 of 2014
5. Section 10(2) of the Swellendam Municipal By-Law on Municipal Land Use Planning, 2020;
6. Municipal Finance Management Act 56 of 2003
7. Municipal Planning and Performance Management Regulations, 2001
8. Municipal Budget and Reporting Regulations, 2009

FINANCIAL IMPLICATIONS

None

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENT FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Comment from Municipal Manager

The recommendation is supported.

RECOMMENDED

1. that Council adopts the 2024-2025 Draft Integrated Development Plan (IDP) Review, Second Review of the 2022-2027 IDP
2. that the 2024-2025 Draft Integrated Development Plan (IDP) Review be published for comment/input until 15 May 2024.
3. that Council note the existing Swellendam Municipal Spatial Development Framework (SDF), approved by Council on 31 May 2022, will be revised in 2025/2026 in order to ensure

alignment with the next 5-year IDP development cycle.

DISCUSSION

The Executive Mayor, Councillor H.F. Du Rand emphasised that the review of the IDP did not mean that the priorities would be changed as it was a five-year approach. He asked whether the SDF could be changed every year whereby the Municipal Manager, Mrs A. Vorster indicated that the SDF could not be changed, however, if major changes were to be made it would be an amendment in the 2024-2025 financial year which would be another comprehensive and costly process. She said that only minor changes could be accommodated under the review process.

UNANIMOUSLY RESOLVED **Item A50/27/03/2024**

1. that Council adopts the 2024-2025 Draft Integrated Development Plan (IDP) Review, Second Review of the 2022-2027 IDP.
2. that the 2024-2025 Draft Integrated Development Plan (IDP) Review be published for comment/input until 15 May 2024.
3. that Council takes note that the existing Swellendam Municipal Spatial Development Framework (SDF), approved by Council on 31 May 2022, will be revised in 2025/2026 in order to ensure alignment with the next 5-year IDP development cycle.

9.1.14

Item number A51. 27.03.2024

DRAFT SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN FOR 2024/2025

Report of the Municipal Manager: Mrs A. Vorster

Department	Office of the MM
Section	Performance Management
File number	5/1/1

PURPOSE OF REPORT

The Service Delivery and Budget Implementation Plan (SDBIP) is a detailed annual financial plan for implementing services using the approved budget for 2024/2025. This annual service delivery plan called the SDBIP is based on the approved IDP and Budget. The SDBIP serves as a contract between the municipality and the community on the services that the municipality commits to deliver over the twelve (12) months. It also helps to hold the municipality and its management accountable for the performance on the mentioned programmes and projects.

FACTS AND BACKGROUND

The Municipal Finance Management Act (MFMA) No 56 of 2003 requires that municipalities prepare a Service Delivery and Budget Implementation Plan (SDBIP) as a strategic financial management tool to ensure that budgetary decisions that are adopted by municipalities for the financial year are aligned with their strategic planning tool, the Integrated Development Plan (IDP). The SDBIP is a contract between Council, administration & community. It gives effect to the IDP and budget of the municipality. The municipal budget shall give effect to the strategic objectives contained in the IDP. The SDBIP shall contain details on the execution of the budget & information on programmes & projects. There should be regular reporting on progress on the programmes or projects hence the performance evaluation has been indicated in the document. The SDBIP intends to empower councilors to perform their oversight responsibility better.

Section 69(3)(a) of the Municipal Finance Management Act, Act 56 of 2003(MFMA) requires the Accounting Officer to submit a draft Service Delivery and Budget Implementation Plan (SDBIP) to the Mayor:

- no later than 14 days after the approval of the Budget and drafts of the performance agreements as required in terms of Section 57 (1) (b) of the Municipal Systems Act, Act 32 of 2000.
- The Mayor must subsequently approve the SDBIP no later than 28 days after the approval of the Budget in accordance with section 53(1)(c)(ii) of the MFMA

Section 1 of the MFMA defines the SDBIP as:

“a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality's delivery of services and the execution of its annual budget and which must include the following:

- Projections for each month
- Revenue to be collected by source; and
- Operational and capital expenditure by vote
- Service Delivery targets and performance indicators for each quarter.

The SDBIP is a one – year detailed implementation plan which gives effect to the IDP and Budget of the Municipality. It is a contract between the administration, Council and community expressing the goals and objectives set by Council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis of measuring the performance in service delivery against end year targets and implementing budget.

Financial components of the SDBIP include the (but will be circulated separately as part of the budget items):

1. Monthly projections of revenue to be collected for each month
2. Monthly projections of expenditure (operating and capital) and revenue for each vote
3. Quarterly projections of service delivery targets and performance indicators
4. Ward information for expenditure and service delivery
5. Detailed capital works plan broken down by ward over three years

DISCUSSIONS

The Draft SDBIP 2024/25 is required to be tabled with the draft budget and opened for public comments.

The Draft SDBIP 2024/25 is **attached as Annexure J.**

LEGAL IMPLICATIONS

Section 53(1)(b) of the MFMA

FINANCIAL IMPLICATIONS

None

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

None

RECOMMENDED

1. that Council approves the tabling of the draft top layer SDBIP 2024/25 for public participation.
2. that the public be invited to provide inputs to the draft top layer SDBIP for 2024/25.
3. that Council notes that the draft top layer SDBIP 2024/25 information is aligned to the Draft Budget and IDP.
4. that the tabled draft top layer SDBIP 2024/25 be placed on the municipal website.

The Speaker confirmed that all Councillors were in support of the recommendation as-is.

UNANIMOUSLY RESOLVED **Item A51/27/03/2024**

1. that Council approves the tabled draft top layer SDBIP 2024/25 for public participation.
2. that the public be invited to provide inputs to the draft top layer SDBIP for 2024/25.
3. that Council notes that the draft top layer SDBIP 2024/25 information is aligned to the Draft Budget and IDP.
4. that the tabled draft top layer SDBIP 2024/25 be placed on the municipal website.

9.1.15

Item number A52. 27.03.2024

ELECTRICITY COST OF SUPPLY

Report of the Director Financial Services: Ms E. Wassermann

Department	Financial Services
Section	Finances
File number	5/5/2/2

PURPOSE OF REPORT

The purpose of the report is to inform the Councill on the cost of supply study for electricity tariffs which was done in line with the NERSA requirements. **See Annexure K.**

FACTS AND BACKGROUND

In terms of the National Electricity Pricing Policy, the following should be noted:

- All tariffs should be set as close as possible to the cost of supply.
- Indigent customers as registered in terms of the Indigent Policy.
    - o These customers are limited to 20 Amps with no fixed charges.
    - o The current Inclining Block Rate Tariff (IBT) energy rates be retailed.
    - o Free Basic Electricity (FBE) of 50 kWh/m offset by equitable share.
    - o The cost of FBE is based on the second block price, the first block should be removed.

- Cross-subsidisation of low-usage domestic customers (poor but not indigent) customers should be done as follows:
    - o Customers are limited to 20 Amps with no fixed charges.
    - o The current Inclining Block Rate Tariff (IBT) energy rates are retailed but the first block price is set equal to the second block.
    - o No FBE is granted.

- All small customers (domestic / business) > 20 Amp should have a fully cost-reflective tariff:
    - o A basic charge to reflect the fixed metering, billing, revenue collection, and customer services costs.
    - o A capacity charge is based on the installed / limited capacity of the customer. In other words, the total network costs as calculated for that tariff before (using the relevant demand allocation method), are now divided by the customers' actual capacity.
    - o An energy charge that covers the full energy cost, losses, and surplus markup.

- All large customers should be charged on a Time-of-Use (TOU) tariff with structure and TOU slots as per the Eskom Megaflex tariff applicable to Swellendam including changes over time:
    - o Basic charge.
    - o Capacity charge based on the highest of the following:

- Notified demand or highest annual maximum demand to cover Eskom Access charge plus dedicated municipal network costs.
    - o Maximum demand charge based on monthly highest maximum during Peak and Standard Periods only.

- Energy charges for:
  - High Demand (June, July and August) and Low demand (all other months)
  - Peak, Standard, and Off-peak (See diagram below) Reactive energy charge based on vary more than 30% of kWh during all peak and Standard periods for both seasons.
  - Public holidays are treated as the day they fall on.
  - The tariffs should be different for small consumers (<100 Kilo-Volt-Ampere(kVA), Low Voltage (LV) and Medium Voltage (MV).

  This means that each customer will pay an average price depending on its own TOU ratios and load factor. This is the same as applied by Eskom on its TOU tariffs.

- Co-generation charges. (Small Scale Embedded Generation (SSEG) tariff)
  - The standard Access / Capacity charges remain.
  - Energy purchased by the customer be charged at the relevant standard tariff charges.
  - An additional basic charge be levied to cover the additional metering/billing costs.
  - The energy purchased from the customer be credited on the TOU period based on 90% of Eskom TOU energy rates (excluding non-TOU energy charges such as levies). The municipality proposes to reduce this to 50% despite the fact that the current rate is very close to 80%)

DISCUSSION

Key findings on the tariff levels and structures:

- Indigent customers are extremely subsidised. This is due to the lack of fixed charges, the low first 2 blocks energy rates and FBE.
- Household alternatives are also extremely subsidized due to the same reasons as for Indigent consumers.
- Other domestic consumers are close to cost or slightly overcharged on the highest blocks.
- Commercial customers without basic charges are overcharged when average consumption is high and undercharged when low.
- All other commercial tariffs are extensively overcharged.
- Bulk consumers at LV and LV undercharged but municipal supplies overcharged due to bad load factors.
- TOU at MV and LV customers are slightly overcharged.
- Streetlight tariffs are too low and do not cover the fixed maintenance costs.

The current tariff structure needs major changes to implement the findings of the cost of supply. It is proposed that it be phased in over three years. The major tariff changes are:

- All residential accounts will be charged with a capacity charge as well as basic charge.
- The block tariffs will be phased out over a three-year period to a single rate per kWh used.
- All bulk consumers will be moved to time-of-use tariffs as follows:
  - The basic, capacity, and demand charges remain the same.
  - The energy charges are set with the same c/kWh markup on each Eskom TOU energy charge.

The purpose of the cost of supply is to ensure the revenue is distributed more fairly between the consumer groups. At all times the baseline revenue for electricity must be obtained.

Based on the cost of supply the impact on certain customer groups is severe. Furthermore, the cost of supply tariffs was done on the 2022/2023 actuals and statistics. The finance department has run some scenarios on the proposed tariffs and it is felt that the impact should be widely presented to all players through a public participation process. It is therefore proposed that the existing tariff structure remain in place until the public participation process is concluded which is anticipated to be effective in the 2025/2026 financial year.

LEGAL IMPLICATIONS

Electricity Pricing Policy
Electricity By-Laws
Local Government: Municipal Systems Act
Local Government: Municipal Finance Management Act

FINANCIAL IMPLICATIONS

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

None

RECOMMENDED

It is recommended:

1. that Council notes the report.
2. that the cost of supply be submitted to NERSA for consideration.
3. that an extensive public participation process be followed on the cost of supply study for electricity tariffs.

The Speaker confirmed that all Councillors were in support of the recommendation as-is.

UNANIMOUSLY RESOLVED **Item A52/27/03/2027**

1. that Council notes the report.
2. that the cost of supply be submitted to NERSA for consideration.
3. that an extensive public participation process be followed on the cost of supply study for electricity tariffs.

9.1.16

Item number A53. 27.03.2024

TABLED BUDGET FOR 2024/2025

Report of the Director: Financial Services: Ms E. Wassermann

Department	Financial Services
Section	Financial Services
File number	5/1/1

Annexures
Annexure A – Annual Budget report and budget schedules.

PURPOSE OF REPORT

The purpose of the report is to present the tabled budget for the 2024/2025 MTREF to be submitted for public input.

FACTS AND BACKGROUND

The economic outlook has experienced the past few years weak economic growth and forecast a moderate improvement of 1.4 per cent over the medium term. The GDP has averaged only 0.8 per cent since 2012, resulting in high levels of unemployment and poverty.

According to the National Treasury, power cuts and operational problems in freight rail and ports continue to disrupt economic activity and limit the country's export potential. Comprehensive reforms are underway in these sectors, although it will take time to see a recovery in growth. Household consumption is under pressure from high living costs, and investment remains low due to weak confidence and challenging business conditions linked to structural constraints.

The broad-based slowdown of the global economy in South Africa has decelerated growth prospects for the Western Cape. The Province faces challenges such as weak consumer demand, higher inflation and rising interest rates while also being exposed to national challenges of labour unrest and power outages.

According to the National Treasury, headline inflation is projected to moderate from 6 per cent in 2023 to 4.9 per cent in 2024 and 4.6 per cent in 2025 and 2026 as food and fuel inflation continue to decline. In 2023 food inflation slowed less than expected due to power cuts and rand depreciation, keeping imported food costs high. An avian influenza outbreak also increased the costs for poultry and eggs. These factors are expected to dissipate over the medium term.

The current economic challenges in the country place pressure on households' ability to pay municipal accounts, therefore municipal own revenue generation gets affected.

National Treasury forecast that, over the 2024 MTEF, the local government equitable share and direct conditional grants will be reduced by a total of R15.5 billion, made up of R9.6 billion in the local government equitable share and R5.9 billion in direct conditional grants. Despite reduction, local government equitable share growth remains high with transfers to local government significantly increasing by 5.2 per cent annually, driven mainly by the strong growth of local government equitable share by 6.1 per cent.

National Treasury informs that the Government have a five-year programme of action to improve local governance, as endorsed by the Budget Forum, which includes efforts to improve the funding model for local government. The National Treasury is reviewing a draft report for regulating municipal surcharges on electricity and identifying alternative sources of revenue to replace these. The next step will be consultation with external stakeholders.

The local government equitable share formula is being updated in various ways, including improving its responsiveness to the different functions assigned to district and local municipalities. In addition, the formula will be refined with reforms such as exploring the feasibility of introducing a cost differential model, community services components for health services and firefighting functions, and objective criteria for benchmarking municipalities in relation to their administrative functions.

The Department of Cooperative Governance, the National Treasury, the South African Local Government Association, the Financial and Fiscal Commission and Statistics South Africa are identifying areas for refinement over the 2024 MTEF period.

The municipality has commenced with the implementation of a new 5 year IDP in 2023. This year is the second revision of the adopted IDP in 2022. The emphasis of the next term is infrastructure development and economic growth to achieve a "livable" Swellendam which is focused on the community.

The capital budget reflects consistent efforts to address the backlogs in basic services and the renewal of the infrastructure of existing network services.

DISCUSSIONS

Capital Budget

The capital budget is one of the core service delivery components and reflects proposed capital expenditures of R63,4 million, R29,2 million and R22,9 million over the next three years. Government capital grants from the National Government amount to R26,5 million whilst the Provincial Government grants amount to R20,2 million for the 2024/25 financial year.

The municipality anticipates taking up the last portion of borrowing to the amount of R3 million secured in 2022 and obtaining a new finance lease or short-term borrowings to the amount of R4,2 million to fund a refuse compactor and digger loader.

The cost of the new borrowing included in the operational budget amounts to R564 062 for six months and R1 125 965 for a full year financial year.

The main capital budget projects planned over the next MTREF are:

Description	Fund	2024/2025	2025/2026	2026/2027
Swellendam (Railton): Upgrade of Bakenskop and Railton Pumpstation, completion rising main to Railton reservoir	WSIG	R8 695 652		
Railton sanitation upgrade, street front sewers 2023-2026	CRR	R100 000		
Railton Upgrading of Gravel Roads and Stormwater Phase 3 (CF)	CRR	R1 673 913	R 1909 850	R1 909 693
Railton Upgrading of Gravel Roads and Stormwater Phase 3	MIG	R5 060 138	R4 521 739	R5 092 866
Swellendam Railton 950 erven - Elec Infrastructure	INEP	R4 326 087	R 2 869 565	R2 608 696
Upgrading of Railton Sports Grounds Phase 3	MIG	R3 583 391		
Upgrading of Railton Sports Grounds Phase 3	CRR	R677 478		
Guard hut with toilet for Barrydale and Suurbraak Landfill sites	CRR	R460 000		
21m2 Refuse compactor including lifter	Borrowing (Lease)	R3 200 000		
Railton Road Rehabilitation	CRR	R521 739	R521 739	R521 739
Railton Road Rehabilitation	MIG	R2 086 957	R2 086 957	R2 086 957
Replacement of street lights in Swellendam Municipal Area	EEDM	R2 608 696	R3 478 261	
Rehabilitation of Bronn Street	BOR	R1 000 000		
Digger loader	Borrowing (Lease)	R1 200 000		
Klipperivier Tractor 65kw 4x4	CRR	R650 000		
Design and installation of scum baffles on Klipperivier WWTW settlers	BOR	R600 000		
Upgrade of Buffeljags Sewer pump station	BOR	R1 000 000		
Service erven in Industrial area	CRR Land	R900 000		
Upgrade Barrydale sewer pump station	BOR	R400 000		
Raised intersection of Berg and Swellengrebel Street	CRR	R170 000		
New water, sewerage and road services to 32 Erven in Railton	Hum	R10 075 000		
Upgrading of Gravity Main from Grootkloof Dam	MWRG	R869 565		
Railton Informal Settlement upgrade (Water, Sewer and Roads)	ISUP	R8 638 000	R5 660 000	R2 000 000
Barrydale (Smitsville) Upgrade of WWTW	CRR		R1 011 043	R1 180 816
Barrydale (Smitsville) Upgrade of WWTW	MIG		R4 044 174	R4 723 265
New Sports project	MIG		R591 826	
Total		**R56 990 616**	**R26 695 154**	**R20 124 032**

Full description for the capital abbreviations are:

Description	Abbreviation
Borrowing	BOR

Description	Abbreviation
Borrowing / Lease	BORL
Emergency Municipal load shedding relief grant	ELRG
Energy Efficiency and Demand-Side Management Grant	EEDM
Human Settlement Development	HUM
Informal Settlement Upgrading Partnership Grant	ISUP
Integrated National Electrification Grant	INEP
Joint District and Metro Approach Grant	JDMA
Municipal Disaster Recovery Grant	MDRG
Municipal Infrastructure Grant	MIG
Municipal Intervention Grant	MITG
Municipal Replacement Fund	MRF
Municipal Service Delivery and Capacity Building Grant	MSDG
Municipal Water Resilience Grant	MWRG
Overberg District Safety Forum Grant	ODM
Provincial Contribution Towards The Acceleration of Housing Delivery	PAHD
Regional Socio Economic Project Programme	RSEP
Water Services Infrastructure Grant	WSIG
Transfer from Operational Revenue	CRR
Transfer from Operational Revenue (Land)	CRR LD

To promote local economic development all tenderers will have to comply with the following:

- Unskilled Labour – 100% Local Labour;
- Semi-skilled – 60% Targeted Local Labour and Capacity building;

It further proposed to amend the preference procurement policy to only allocate local points for procurement transactions below R30 000.

The capital budget by funding sources and function are reflected in the table below:

WC034 Swellendam - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding									
Vote Description	Ref	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<u>Capital Expenditure - Functional</u>									
Governance and administration		**2 277**	**2 918**	**2 529**	**2 529**	**1 254**	**1 445**	**835**	**655**
Executive and council		–	8	9	9	7	165	30	20
Finance and administration		2 277	2 910	2 520	2 520	1 247	1 280	805	635
Internal audit		–	–	–	–	–	–	–	–
Community and public safety		**2 573**	**1 218**	**5 843**	**5 843**	**478**	**5 271**	**1 795**	**475**
Community and social services		649	195	463	463	30	105	125	70
Sport and recreation		1 495	332	200	200	137	4 851	1 075	195
Public safety		429	641	687	687	264	315	545	160
Housing		–	50	4 494	4 494	47	–	50	50
Health		–	–	–	–	–	–	–	–
Economic and environmental services		**27 250**	**7 418**	**9 069**	**9 069**	**456**	**18 614**	**9 335**	**10 246**
Planning and development		1 765	783	918	918	29	609	–	–
Road transport		25 485	6 635	8 152	8 152	426	18 006	9 335	10 246
Environmental protection		–	–	–	–	–	–	–	–
Trading services		**29 014**	**34 777**	**57 461**	**57 461**	**25 217**	**38 089**	**17 274**	**10 915**
Energy sources		242	2 914	11 889	11 889	5 569	7 655	6 414	2 676
Water management		18 449	20 698	31 306	31 306	17 399	17 219	2 810	750
Waste water management		9 052	5 963	8 873	8 873	1 972	9 230	7 830	7 294
Waste management		1 271	5 202	5 393	5 393	278	3 985	220	195
Other		–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3,7	**61 115**	**46 330**	**74 903**	**74 903**	**27 405**	**63 419**	**29 239**	**22 291**
<u>Funded by:</u>									
National Government		16 769	16 183	23 846	23 846	16 502	26 522	17 593	14 512
Provincial Government		30 835	8 838	25 163	25 163	6 270	20 191	5 660	2 000
District Municipality		498	–	526	526	99	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**48 102**	**25 021**	**49 535**	**49 535**	**22 872**	**46 713**	**23 253**	**16 512**
Public contributions & donations	5	–	–	–	–	–	–	–	–
Borrowing	6	7 211	3 598	5 717	5 717	1 464	7 700	–	650
Internally generated funds		4 654	17 712	19 651	19 651	3 070	9 006	5 987	5 129
Total Capital Funding	7	**59 967**	**46 330**	**74 903**	**74 903**	**27 405**	**63 419**	**29 239**	**22 291**

<u>Operating Budget</u>

The finance department faces great challenges regarding the compilation of the operational budget, especially to balance the demand for increased expenditure and to keep the budget funded.

New Organisational Structure

A new ideal organisational structure was developed. The impact of the new structure is as follows:

Description	2023/2024	2024/2025	Percentage
Existing Structure Posts	R124 281 268	R134 566 370	8%

Existing Structure Unfunded Posts	R22 327 939	R10 357 322	
New Posts	R1 122 925	R6 682 516	
Total	**R124 281 268**	**R151 606 208**	**22%**

Because of the pressure on tariff increases it is proposed that the new organisational structure be re-visited and scaled down as the proposed structure is unaffordable. A balance needs to be found between critical new posts and vacant unfunded posts. It will not be financially viable to increase the salary budget with the proposed structure. It will further be difficult to even phase it in.

The municipal revenue base is just too small to absorb normal cost increases and for a huge number of new positions. For example:

- The baseline revenue from service charges for water is R26 880 350. If two posts at a total cost of R684 070 are added the tariff increase on the baseline is 2.5% without considering any other costs.

However, by not implementing the structure it will also impact the municipality, for example:

- The municipality is growing and with lesser personal service delivery will suffer in terms of response times, staff morale, delays etc;
- The municipality will never comply with the green and blue drop requirements;
- The municipality will not be in a position to meet all the legislation requirements;
- The standard of services will slowly deteriorate;

It is therefore critical that a balance be struck between implementing a new structure and the cost implications and higher tariff increases.

The new Micro Structure also resulted in some reporting line changes and to implement the new Microstructure, the internal budget votes also need to change.

Attached under Annexure D is the new vote structure proposed to implement the new Microstructure.

Electricity Tariffs and Cost of Supply

A separate item was submitted in this regard. The cost of supply study has serious challenges on the existing tariff structure.

In terms of the National Electricity Pricing Policy, the following should be noted:

- All tariffs should be set as close as possible to the cost of supply.
- Indigent customers as registered in terms of indigent policy.
  - These customers are limited to 20 Amps with no fixed charges.
  - The current IBT energy rates be retailed.
  - Free Basic Electricity (FBE) of 50 kWh/m offset by equitable share.
  - The cost of FBE is based on the second block price, the first block should be removed.

- Cross-subsidisation of low-usage domestic customers (poor but not indigent) customers should be done as follows:

- Customers are limited to 20 Amps with no fixed charges.
  - The current IBT energy rates are retailed but the first block price is set equal to the second block.
  - No FBE is granted.

- All small customers (domestic / business) > 20 Amp should have a fully cost-reflective tariff:
  - A basic charge to reflect the fixed metering, billing, revenue collection, and customer services costs.
  - A capacity charge is based on the installed / limited capacity of the customer. In other words, the total network costs as calculated for that tariff before (using the relevant demand allocation method), are now divided by the customers' actual capacity.
  - An energy charge that covers the full energy cost, losses, and surplus markup.

- All large customers should be charged on a TOU tariff with structure and TOU slots as per the Eskom Megaflex tariff applicable to Swellendam including changes over time:
  - Basic charge.
  - Capacity charge based on the highest of the following:

- Notified demand or highest annual maximum demand to cover Eskom Access charge plus dedicated municipal network costs.
  - Maximum demand charge based on monthly highest maximum during Peak and Standard Periods only.
  - Energy charges for:
    - High Demand (June, July and August) and Low demand (all other months)
    - Peak, Standard, and Off-peak (See diagram below) Reactive energy charge based on vary more than 30% of kWh during all peak and Standard periods for both seasons.
    - Public holidays are treated as the day they fall on.
    - The tariffs should be different for small consumers (<100 kVA), LV and MV.

  This means that each customer will pay an average price depending on its own TOU ratios and load factor. This is the same as applied by Eskom on its TOU tariffs.

- Co-generation charges. (SSEG-tariff)
  - The standard Access / Capacity charges remain.
  - Energy purchased by the customer be charged at the relevant standard tariff charges.
  - An additional basic charge be levied to cover the additional metering/billing costs.
  - The energy purchased from the customer be credited on the TOU period based on 90% of Eskom TOU energy rates (excluding non-TOU energy charges such as levies). The municipality proposes to reduce this to 50% despite the fact that the current rate is very close to 80%)

Key findings on the existing tariff levels and structures are:

- Indigent customers are extremely subsidised. This is due to the lack of fixed charges, the low first 2 blocks energy rates and FBE.
- Household alternatives are also extremely subsidized due to the same reasons as for Indigent consumers.
- Other domestic consumers are close to cost or slightly overcharged on the highest blocks.
- Commercial customers without basic charges are overcharged when average consumption is high and undercharged when low.
- All other commercial tariffs are overcharged.

- Bulk consumers at LV and LV undercharged but municipal supplies overcharged due to bad load factors.
- TOU at MV and LV customers are slightly undercharged.
- Streetlight tariffs are too low and do not cover the fixed maintenance costs.

The cost of supply study proposed major changes to the current tariff structure to implement the findings of the cost of supply. It is proposed that it be phased in over three years.

The major tariff changes are:

- All residential accounts will be charged with a capacity charge as well as n basic charge.
- The block tariffs will be phased out over three years to a single rate per kWh used.
- All bulk consumers will be moved to time-of-use tariffs as follows:
  - The basic, capacity, and demand charges remain the same.
  - The energy charges are set with the same c/kWh markup on each Eskom TOU energy charge.

The purpose of the cost of supply is to ensure the revenue is distributed more fairly between the consumer groups. At all times the baseline revenue for electricity must be obtained.

It is therefore proposed that the impact of the cost of supply is workshopped with all stakeholders and that an application be made to NERSA to implement the new proposed tariff structure in phases from the 2025/26 financial year.

NERSA approach of using benchmarking and guidelines approach has been reviewed, set aside and declared unlawful by the High Court in the Nelson Mandela Bay Chamber of Business and Others. The judgement afforded NERSA an opportunity to revise the Municipal Tariff Guideline to make it compliant with section 15 of the Electricity Regulation Act.

Subsequently, NERSA has provided municipalities with a simplified tool that shows the link between required revenue and the cost associated with supplying electricity to each category of consumers.

This year NERSA will not provide a guideline increase as the price increase should be subject to the cost associated with the services. NERSA has provided the Bulk purchases increase and expenditure consumptions based on a 4.7% inflation increase.

Based on the NERSA template provided the proposed increase for Swellendam Municipality is 11.42%. It should be noted that the electricity price increases will from 1 July 2024 differ for each municipality based on the cost associated with the services.

The electricity budget is as follows:

Expenditure	**ORGB 2023/2024**	**Febr ADJB 2023/2024**	**March Draft Budget 2024/2025**	**% of Budget**
Bulk Purchases	R 95 136 541	R 97 689 501	R 112 368 281	91.5%
Contracted Services	R 1 177 378	R914 250	R894 064	0.7%
Net Departmental Cost	- R 1 788 903	- R3 202 998	- R5 806 426	-4.7%
Depreciation and Amortisation	R 1 384 022	R1 638 939	R1 688 107	1.4%

Employee Related Cost	R 8 710 945	R8 745 153	R8 878 697	7.2%
Interest, Dividends and Rent on Land	R 379 015	R379 015	R279 463	0.2%
Inventory Consumed	R 2 134 643	R2 020 931	R2 040 564	1.7%
Irrecoverable Debts Written Off	R 254 840	R110 000	R105 683	0.1%
Operating Leases	R 14 320	R23 880	R21 600	0.0%
Operational Cost	R 2 656 073	R16 276 895	R2 334 243	1.9%
Statutory Payments other than Income Taxes	R 66 083	R 31 000	R41 000	0.0%
Grand Total	**R 110 124 957**	**R124 626 566**	**R122 845 276**	**100%**

The baseline revenue before the tariff increase is R117 023 769. The proposed tariff increase of 11.42% is based on the Nersa guidelines and approval.

The cost of electricity for 500 units will increase by R25.36 on average.

The electricity surplus has remained around 5% to 6% and is projected to increase to 6.5%. The new proposed tariff structure will further contribute to the surplus on electricity services are maintained.

The projected electricity income from service charges is R129,4 million including transfers and subisides and is projected to increase to R141,7 million in 2024 and R157,7 million in 2026.

Water Tariffs

The estimated projected revenue loss of +-R2, 7 million for the 2023/2024 financial year affects the revenue projections for 2024/2025 and proposed tariff increases. The revenue baseline for 2024/2025 amounts to R26 880 345.

Just to recover the revenue loss the impact of the proposed tariff increase is 10% without increasing any other cost.

One of the challenges in the water services department is insufficient water process controllers and the outdated water and sanitation master plan. The estimated cost for the master plan amounts to R1,2 million and to appoint four additional process controllers at the waterworks amount to +-R1,3 million.

The impact of these costs on the tariff increase is an additional 10%. Should these costs with the normal operational cost and salary increases be sought the tariff water tariffs should increase with +-28,5 per cent.

It is therefore proposed that the additional posts not be filled at this stage and be phased in over a prolonged period based on the growth in the rates basis of the municipality. The master plan not be updated until grant funding is successfully secured.

The revenue loss however must be recovered from the new tariffs resulting in a tariff increase of 14.5%. The surplus on water services decreases with +-R1 million and will be cross-subsidized from other services.

The cost of water for 25kl will increase by R62.67 on average.

The projected water revenue from service charges is R26,5 million and is projected to increase to R28,8 million in 2025 and R31,4 million in 2026.

Sewerage Tariffs

The baseline revenue before the tariff increase is R20 785 361. This revenue is supplemented by the industrial effluent charges. This remains a risk for the municipality as the industrial effluent quality improves, the revenue will decrease. It is therefore imperative that the municipality does not rely on this revenue.

For the 2024/2025 financial year, the industrial effluent is fully utilized to fund the budget but decreases incrementally over the MTREF.

The proposed tariff increase for sewerage is 7,5%. This translates to an R25.58 increase for residential households.

Sewerage had similar challenges as water. The sanitation master plan must be updated and in addition, four additional process controllers at the wastewater treatment works will cost approximately R1,3 million per annum. The impact of the tariffs will be an additional increase of 6 per cent.

The same is proposed as in the case of water, that the additional posts not be filled at this stage and be phased in over a prolonged period based on the growth in the rates basis of the municipality. The master plan not be updated until grant funding is successfully secured.

The above inflation increase can be attributed to the following cost drivers:

- An additional amount of R200 000 for maintenance at the WWTW such as pumps, aerators, etc
- Increased interest cost on borrowings to the amount of R434 877.

The sewerage revenue from service charges is R21,5 million and is projected to increase to R23,0 million in 2025 and R25,0 million in 2026.

Refuse Tariffs

The municipality experienced huge challenges with the landfill site which is near the end of its lifespan. The remaining lifespan is projected to be 12 – 18 months. To prolong the landfill site lifespan to between 24 to 36 months, more intensive compacting at the site is required.

The impact of the closure of the landfill site will have serious financial implications for the municipality. The immediate alternative is to transport the refuse to Karwydeskraal at an estimated cost of between R7 million and R15 million per annum. This will result in an average tariff increase of between 20% to 35% in the next financial year.

In other words, should the council decide to reduce the impact of the refuse tariff to 9%, consumers must be aware of the envisaged tariff increase in the next financial years to transport the refuse to Karwyderskraal.

To increase the space at the landfill site, waste minimization strategies need to be implemented. The estimated proposed costs included for recycling are:

- R791 000 to pick up recycling items at residents;
- R250 000 additional for clear bags.

To improve the management at the Barrydale and Suurbraak dumping sites it is proposed that two new caretaker positions be funded on the salary budget at a cost of R429 000.

The refuse compactors are between 14 to 27 years old. A new refuse compactor is needed to relieve the pressure due to the breakdown of existing vehicles and to plan for the growth to serve a larger area more reliably. The estimated capital cost to obtain funding for a refuse compactor is +-R816 450 per annum. An amount of R309 500 was included in the budget for the first six months.

The baseline revenue for solid waste disposal is R19 797 141. To fund the increased expenditure to the amount of R1,7 million and operations a tariff increase of 18% is required.

This translates to an R38.88 increase for residential households.

The projected refuse removal revenue from services charges is R17,2 million and is projected to increase to R18,6 million in 2025 and R20 million in 2026.

Property tax

Property tax is the balancing factor when all the other tariffs are determined to balance the budget.

A new valuation roll was implemented for the 2023/2024 financial year. Based on the revenue projections for 2024/2025 a shortfall of R1,1 million will realised due to category changes and objections which must be recovered from the tariffs. This had a 2% impact on the tariffs.

Expenditure increases for rates services were carefully considered to limit the impact on property tax.

However, to balance the budget an increase of 9% is proposed. Considering a house with a value of R700 000, the proposed increase translates to R40,6 for a residential household.

Property Rates increase from R56,3 million to R63,2 in 2024/2025, R69,1 million in 2025 and R75,3 million in 2026.

Summary

The proposed increases in service charges generate additional revenues in the amount of R23,9 million. Considering other revenues and government grants, the proposed operating revenue for the 2025/2026 financial year amounts to R496,7 million and R472,6 and R473,7 million for the outer years.

Government operational grants increase from R117,8-million to R158,8-million which includes an amount of R97,9-million to build the houses in Railton.

Operating expenditure increased to R520,8 million, R495,2 million and R494,5 million for the 2025/2026 MTREF.

The operating expenditure is allocated as follows:

- Employee-related cost at R149,6 million (4.7%);
- Remuneration of councillors at R6,3 million (4%);
- Bulk electricity at R112,4 million (18%);
- Inventory consumed at R11,5 million (-39%);
- Debt impairment and write-offs at R43,5 million (1.3%);
- Depreciation at R21 million (30.4%);
- Financial cost at R8,1 million(29.4%);
- Contracted services at R136,1 million (42.9%);
- Other operational costs at R30,8 million(0,3%);

See Table A 4 for more details.

WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue									
Exchange Revenue									
Service charges - Electricity	2	97 473	113 936	113 655	113 655	74 233	127 465	141 695	157 728
Service charges - Water	2	22 509	25 388	22 415	22 415	15 691	26 492	28 876	31 475
Service charges - Waste Water Management	2	19 386	20 521	20 497	20 497	14 327	21 463	23 027	25 002
Service charges - Waste Management	2	12 749	14 707	14 639	14 639	9 849	17 224	18 602	20 090
Sale of Goods and Rendering of Services		2 900	2 736	2 889	2 889	2 246	3 010	3 148	3 293
Agency services		2 728	3 062	2 817	2 817	1 857	2 955	3 091	3 233
Interest		–	–	–	–	–	–	–	–
Interest earned from Receivables		1 855	1 880	1 709	1 709	1 146	1 802	1 910	2 025
Interest earned from Current and Non Current Assets		7 681	6 660	9 015	9 015	7 790	9 000	7 500	6 500
Dividends		2	2	2	2	–	2	2	2
Rent on Land		–	–	–	–	–	–	–	–
Rental from Fixed Assets		916	867	1 046	1 046	553	616	644	674
Licence and permits		1 300	1 410	1 230	1 230	932	1 187	1 241	1 299
Operational Revenue		4 166	415	2 698	2 698	932	1 412	1 415	1 418
Non-Exchange Revenue									
Property rates	2	50 116	57 462	56 353	56 353	38 757	63 336	69 045	75 269
Surcharges and Taxes		955	994	960	960	638	1 443	1 635	1 924
Fines, penalties and forfeits		42 514	47 744	47 278	47 278	24 227	49 067	51 227	53 483
Licences or permits		–	–	–	–	–	–	–	–
Transfer and subsidies - Operational		55 889	117 848	155 679	155 679	81 236	158 843	107 444	77 352
Interest		325	324	387	387	267	410	435	461
Fuel Levy		–	–	–	–	–	–	–	–
Operational Revenue		3 314	3 487	3 433	3 433	2 278	3 803	3 987	4 210
Gains on disposal of Assets		334	4 399	5	5	2 066	–	–	–
Other Gains		5 080	12 847	13 211	13 211	3 195	7 224	7 729	8 271
Discontinued Operations		–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contribut		**332 192**	**436 688**	**469 921**	**469 921**	**282 218**	**496 753**	**472 655**	**473 708**

WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Ref	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Expenditure									
Employee related costs	2	108 484	142 965	139 191	139 191	89 569	149 627	157 309	168 978
Remuneration of councillors		5 607	6 083	6 083	6 083	4 206	6 326	6 580	6 843
Bulk purchases - electricity	2	79 694	95 137	97 690	97 690	58 684	112 368	125 184	140 132
Inventory consumed	8	16 403	18 928	19 318	19 318	11 396	11 541	11 809	12 215
Debt impairment	3	8 629	29 302	18 996	18 996	12 050	16 021	16 967	17 826
Depreciation and amortisation		16 157	16 178	20 463	20 463	8 108	21 089	21 722	22 373
Interest		8 847	6 301	8 671	8 671	2 063	8 156	8 482	7 748
Contracted services		29 358	95 295	111 816	111 816	52 796	136 177	86 144	55 130
Transfers and subsidies		530	1 185	1 325	1 325	680	1 200	1 200	1 200
Irrecoverable debts written off		26 793	13 613	24 669	24 669	6 500	27 462	28 696	29 916
Operational costs		26 162	30 932	47 456	47 456	23 642	30 852	31 155	32 168
Losses on disposal of Assets		1 052	129	–	–	–	–	–	–
Other Losses		–	12	–	–	–	–	–	–
Total Expenditure		**327 716**	**456 060**	**495 677**	**495 677**	**269 694**	**520 817**	**495 246**	**494 528**
Surplus/(Deficit)		**4 476**	**(19 372)**	**(25 756)**	**(25 756)**	**12 524**	**(24 064)**	**(22 591)**	**(20 820)**
Transfers and subsidies - capital (monetary allocations)	6	47 883	20 240	44 689	44 689	16 917	46 713	25 593	16 512
Transfers and subsidies - capital (in-kind)	6	–	4 781	4 781	4 781	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		52 360	**5 649**	**23 714**	**23 714**	29 441	**22 649**	**3 001**	**(4 308)**
Income Tax		–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		52 360	5 649	23 714	23 714	29 441	22 649	3 001	(4 308)
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		52 360	5 649	23 714	23 714	29 441	22 649	3 001	(4 308)
Share of Surplus/Deficit attributable to Associate	7	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1	**52 360**	**5 649**	**23 714**	**23 714**	**29 441**	**22 649**	**3 001**	**(4 308)**

Impact on Households

The municipality revenue base is just not sufficient to increase expenditures to provide additional for repairs and maintenance to address the backlogs on infrastructure.

Therefore, it is proposed that the infrastructure levy be increased to R15 per month per property owner. The revenue through this level increases from R959 750 to R1 442 700.

The benefit of this levy can be seen through improved road reseal programme and maintenance.

Following is an example of the impact on the consumer account. The average increase on the municipal account is between 11.6% to 11.9% pending on the utilities used.

During the public participation process, the affordability of the budget needs to be considered. The tariff increases proposed are what the municipality needs to provide for the current level of services.

DIENS	2023/2024	2024/2025	WAARDE VERSKIL	% VERSKIL
	R222.08	R247.44	-R25.36	-11.42%
	R432.18	R494.85	-R62.67	-14.5%
	R216.00	R254.88	-R38.88	-18.0%
	R341.00	R366.58	-R25.58	-7.5%
	R451.53	R492.17	-R40.64	-9.0%
	R10.00	R15.00	-R5.00	-50.0%
BTW	R183.19	R206.81	-R23.62	
TOTAAL	**R1 855.98**	**R2 077.72**	**-R221.74**	**-11.9%**

Aannames: Water 25Kl
Elektrisiteit 500 Kwh
Valuation R700 000

DIENS	2023/2024	2024/2025	WAARDE VERSKIL	% VERSKIL
	R222.08	R247.44	-R25.36	-11.42%
	R873.19	R999.80	-R126.61	-14.5%
	R216.00	R254.88	-R38.88	-18.0%
	R341.00	R366.58	-R25.58	-7.5%
	R1 308.45	R1 426.21	-R117.76	-9.0%
	R10.00	R15.00	-R5.00	-50.0%
BTW	R249.34	R283.05	-R33.71	-13.5%
TOTAAL	**R3 220.06**	**R3 592.96**	**-R372.90**	**-11.6%**

Aannames: Water 50Kl
Elektrisiteit 1200 Kwh
Valuation R2 000 000

Policies

The following budget-related policies have been reviewed and will be distributed electronically and be available on the municipality website:

- Asset Management Policy – No changes
- Bad Debt Write-Off Policy – No changes
- Cash Management and Investment Policy – No changes
- Restriction Policy (Previously Blacklisting Policy) – No changes
- Borrowing Policy – No changes;
- Budget Implementation and Monitoring Policy – Minor changes;
- Cost Containment Policy – No changes;
- Customer Care Credit Control and Debt Collection Policy – No changes;
- Financial Funding and Reserve Policy – No changes;
- Indigent Support Policy – Revised in total from cosmetic to implementation;
- Petty Cash Policy – No Changes;
- Rates Policy –No changes;
- SCM Policy – Minor and cosmetic changes. Changes are indicated by means of track changes.
- Preferential Procurement Policy – New policy to promote local economic development.
- Tariff Policy – No changes;
- UIFW Expenditure Reduction Policy – No changes;
- Revenue by-law – No changes;
- Infrastructure Procurement Policy – New Policy which was previously included in the SCM policy.

The main policy change is the Indigent Policy. The whole policy was rewritten and included in the budget document. A separate meeting will be arranged with all councillors to discuss the changes in the above policies during public participation.

LEGAL IMPLICATIONS

Chapter 4 of the MFMA and MFMA Circulars No. 128 provide directives and guidelines for submitting municipal budgets to the Council for adoption. The report of the Director Financial Services will represent the documentation in compliance thereof.

In terms of Section 16 (2), the mayor must table the budget at least 90 days before the start of the budget year, and consider the views of the National and Provincial Treasury and the public before it is finally approved before the end of May 2023.

FINANCIAL IMPLICATIONS

As per the report of the Director of Financial Services.

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

None

RECOMMENDED

1. that Council approves the tabled draft Budget for public participation.
2. that the tabled Budget be submitted to the National and Provincial Treasury.
3. that the public be invited to provide inputs to the Draft Budget for the 2024/205 financial year.
4. that Council notes the amended Budget-Related Policies for public participation and Input.
5. that the tabled Budget, Budget-Related Policies and By-laws be placed on the municipal website.
6. that the draft electricity tariffs be submitted to NERSA per the NERSA revenue template.

<u>DISCUSSION</u>

<u>Executive Mayor: Councillor H. F Du Rand Budget Speech:</u>

Honourable Council Members, Esteemed Guests, and Citizens of Swellendam,

I am before you today with a sense of responsibility and commitment to present the draft fiscal year 2024/2025 budget. It is a privilege to outline our municipality's financial plan, which aims to address the needs of our community while ensuring sustainable growth and development.

Economic Overview:

As we navigate through uncertain economic times, both globally and locally, it's crucial to adopt prudent fiscal policies that prioritise stability and resilience. Despite the challenges, Swellendam Municipality continues to show resilience, buoyed by our citizens' and businesses' dedication and ingenuity. This is evident by the recent Ratings Africa report that rates Swellendam Municipality in the top 5 municipalities in the country for financial sustainability and the 8th best-run small town rated by Good Governance Africa.

Although we have regressed from an unqualified audit opinion to an unqualified with matters, the commitment from our CFO and her team to submit our AFS and Annual report under extreme pressure and tremendous challenges to the Auditor General shows the never-say-die attitude that Swellendam Municipality is known for.

Budget Priorities:

Our budget priorities are rooted in the fundamental principles of inclusivity, sustainability, and progress. We are committed to enhancing the quality of life for all residents, fostering economic vitality, and safeguarding our natural environment.

Key Highlights:

1. *Infrastructure Investment: Infrastructure forms the backbone of our municipality. We have allocated significant resources towards maintaining and upgrading our roads, water supply systems, and public facilities. These investments are essential for promoting connectivity, enhancing safety, and supporting economic activities. Our commitment to infrastructure upgrades is also a testament to the fact that Swellendam Municipality's infrastructure development score has improved from 17 points at the end of 2018 to 87 out of 100 at the end of 2023. This is a remarkable achievement.*

2. *Economic Development: Economic development is a cornerstone of our vision for Swellendam Municipality. We are dedicated to creating an environment that fosters entrepreneurship, attracts investment, and promotes job creation. Through strategic initiatives and partnerships, we aim to unlock the full potential of our local economy.*

3. *Environmental Sustainability: Preserving our natural heritage is paramount to our municipality's identity and well-being. We have earmarked funds for environmental conservation, renewable energy projects, and waste management initiatives. By embracing sustainable practices, we can ensure a greener and healthier future for future generations.*

Financial Outlook:

While optimistic about the future, we must exercise prudence in our financial management. Our budget reflects a balanced approach that prioritises essential services while maintaining fiscal discipline. We will continue to explore opportunities for efficiency gains and revenue diversification to safeguard our municipality's long-term financial sustainability.

I want to thank the Administration, especially the Municipal Manager, Anneleen Voster, CFO Elmari Wassermann, Director Keith Stuurman and Acting Director Willem Treurnicht, for their steadfast and resilient approach to moving Swellendam forward.

I would also like to thank the Council for their support in realising our strategic vision for improving our service delivery offering through prudent financial management and infrastructure development.

Conclusion:

In conclusion, today's draft budget represents a blueprint for progress and prosperity in Swellendam Municipality. It embodies our collective aspirations and endeavours to build a *better future for all. I urge all stakeholders to engage constructively in the budget process and contribute towards realising our shared vision. We can overcome challenges, seize opportunities, and chart a course towards a brighter tomorrow.*

Thank you.

The Municipal Manager indicated that the administration realised the impact of the Draft Budget and ensured that they were working hard to try and reduce the proposed tariffs and would not be an easy task. She asked that all Councillors engage with the community to explain the impact of the proposed tariffs and encourage them to attend meetings to provide their inputs.

Councillor J.A. Matthysen raised concern with regard to the involvement and poor performance of the Ward Committee members and asked whether the stipend for the Ward Committee members could be increased to ensure the willingness of Ward Committee members to work in their wards. He was of the opinion that the stipend could be the problem in this regard.

The Speaker indicated that if the effectiveness of Ward Committees were not yet there, then it would be difficult to consider increasing the stipend.

The Speaker confirmed that all Councillors were in support of the Draft Budget for public participation and accepted the recommendation as-is.

UNANIMOUSLY RESOLVED **Item A53/27/03/2024**

1. that Council approves the tabled draft Budget for public participation.
2. that the tabled Budget be submitted to the National and Provincial Treasury.
3. that the public be invited to provide inputs to the Draft Budget for the 2024/205 financial year.
4. that Council notes the amended Budget-Related Policies for public participation and Input.
5. that the tabled Budget, Budget-Related Policies and By-laws be placed on the municipal website.
6. that the draft electricity tariffs be submitted to NERSA per the NERSA revenue template.

9.2 Consideration of matters which require non-disclosure

See In-Committee meeting minutes.

Proposer: Councillor D. Julius
Seconder: Councillor J.A. Matthysen

RESOLVED:

9.2.1 that the minutes of an In-Committee meeting held on Tuesday, 27 February 2024 which was sent to all Councillors within a reasonable time prior to the meeting be taken as read and be hereby confirmed.

No matters arising from In-Committee minutes.

9.3 Consideration of urgent matters

None

10 MINUTES OF COMMITTEES AND AD HOC COMMITTEES

RESOLVED:

10.1 that the minutes of an Ordinary Mayoral Committee meeting held on Wednesday, 21 February 2024 which were sent to all Councillors within a reasonable time prior to the meeting, be taken as read and be hereby noted.

11 CONFIRMATION OF MINUTES

Proposer: Councillor A. Bokwana
Seconder: Councillor H.F. Du Rand

RESOLVED:

11.1 that the minutes of an Ordinary Council meeting held on Tuesday, 27 February 2024 which were sent to all Councillors within a reasonable time prior to the meeting, be taken as read and be hereby confirmed.

12. MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING

12.1 ***Matters arising from the minutes: p.38: Item A28: Provincial, National and Local Government Elections: Proposal to Waive Certain Stipulations of the By-Law on Outdoor Advertising and Signage:***

UNANIMOUSLY RESOLVED ***Item A28/27/02/2024***

1. that the following stipulations outlined in Annexure 11 of the By-Law on Outdoor Advertising and Signage be waived for all provincial, national, and local government elections:

i) Posters, tear-drop banners, and flags may be displayed from the deposit payment date but not earlier than 90 days before the event and must be removed within 14 days from the event date.

ii) No posters, banners, tear-drop banners, or flags may be displayed within 30 metres of a stop sign and may not obstruct the view of any stop sign or hinder pedestrian/vehicular traffic.

iii) Posters, banners, tear-drop banners, and flags, excluding election materials, may only be erected in locations designated by the Municipality, avoiding residential areas and bridges.

iv) Posters and flags must be uniformly erected at a minimum height of approximately 2 meters.

v) Posters measuring a maximum of 120 cm x 100 cm must be mounted on a board and affixed securely with stout string or plastic fastening without damaged caused to the poles. No securing material with a metal content is permitted.

2. that posters be allowed in all areas except where prohibited, such as on traffic signs, central bridges, existing advertising signs, municipal buildings, walls, fences, or over hydrant identification signs or any public infrastructure.

3. that it be confirmed that the following stipulations of the By-Law will still apply in terms of the by-law:

i) The Municipality will levy a tariff to remove unauthorised material.

ii) All materials used for affixing posters must be removed along with the posters.

iii) The Municipality reserves the right to remove indecent, torn, or hazardous posters.

iv) The Municipality is exempt from liability arising from the display of posters.

v) Organisations or individuals must pay a deposit determined by the Municipality before displaying posters.

vi) The Municipality may remove non-compliant posters.

vii) Posters not removed by the due date may be removed by the Municipality, forfeiting the deposit.

i) Only one poster or flag per organization may be erected on every second street light pole.

4. that approval be granted for a rebate of 50% of the deposit fee for the display of election registration posters during all local government, provincial and national elections in respect of the Independent Election Commission, however the stipulations of the Outdoor Advertising Signage By-Law to remain applicable and should they fail to remove the posters within the prescribed time frame, the deposit be forfeited.

The Executive Mayor proposed that wording in the recommendation point 1 be corrected.

The Municipal Manager, Mrs A. Vorster suggested that the wording be amended as follows:

1. *that the following stipulations outlined in Annexure 11 of the By-Law on Outdoor Advertising and Signage be <u>relaxed</u> to apply as follows for all provincial, national, and local government elections:*

The Speaker confirmed that all Councillors were in support of the following amended recommendation:

UNANIMOUSLY RESOLVED **Item A28/27/03/2024**

1. that the following stipulations outlined in Annexure 11 of the By-Law on Outdoor Advertising and Signage be relaxed to apply as follows for all provincial, national, and local government elections:
   i) Posters, tear-drop banners, and flags may be displayed from the deposit payment date but not earlier than 90 days before the event and must be removed within 14 days from the event date.
   ii) No posters, banners, tear-drop banners, or flags may be displayed within 30 metres of a stop sign and may not obstruct the view of any stop sign or hinder pedestrian/vehicular traffic.
   iii) Posters, banners, tear-drop banners, and flags, excluding election materials, may only be erected in locations designated by the Municipality, avoiding residential areas and bridges.
   iv) Posters and flags must be uniformly erected at a minimum height of approximately 2 meters.
   v) Posters measuring a maximum of 120 cm x 100 cm must be mounted on a board and affixed securely with stout string or plastic fastening without damaged caused to the poles. No securing material with a metal content is permitted.

2. that posters be allowed in all areas except where prohibited, such as on traffic signs, central bridges, existing advertising signs, municipal buildings, walls, fences, or over hydrant identification signs or any public infrastructure.

3. that it be confirmed that the following stipulations of the By-Law will still apply in terms of the by-law:

   i) The Municipality will levy a tariff to remove unauthorised material.
   ii) All materials used for affixing posters must be removed along with the posters.
   iii) The Municipality reserves the right to remove indecent, torn, or hazardous posters.
   iv) The Municipality is exempt from liability arising from the display of posters.
   v) Organisations or individuals must pay a deposit determined by the Municipality before displaying posters.
   vi) The Municipality may remove non-compliant posters.
   vii) Posters not removed by the due date may be removed by the Municipality, forfeiting the deposit.
   i) Only one poster or flag per organization may be erected on every second street light pole.

4. that approval be granted for a rebate of 50% of the deposit fee for the display of election registration posters during all local government, provincial and national elections in respect of the Independent Election Commission, however the stipulations of the Outdoor Advertising Signage By-Law to remain applicable and should they fail to remove the posters within the prescribed time frame, the deposit be forfeited.

12.2 ***<u>Matters arising from the minutes: p.72: Item A36: Establishment of a Disciplinary Committee for Ward Committee Members:</u>***

In response to a question raised by Councillor J.A. Matthysen with regard to the progress on the compilation of the Disciplinary Committee for Ward Committee members, the Municipal Manager, Mrs A. Vorster indicated that the process would proceed the following week and will be communicated as indicated.

13. CONSIDERATION OF MATTERS OF EXIGENCY

None

14. GENERAL

None

15. CLOSURE

The Speaker thanked everyone for their time and commitment to attend the meeting.

The meeting adjourned at 13:19.