

PORTFOLIO COMMITTEE :

FINANCE

Chairperson :

**Deputy Executive Mayor
Ald D Coetzee**

Committee Members :

**Cllr F Africa, K Brice,
S Tebele, X Msweli & B Molefe**

PORTEFEULJEKOMITEE :

FINANSIES

Voorsitter :

**Uitvoerende Onderburgemeester
Rdl D Coetzee**

Komiteelede :

**Rdle F Africa, K Brice,
S Tebele, X Msweli & B Molefe**

**FINANCE PORTFOLIO COMMITTEE
FINANSIES PORTEFEULJEKOMITEE**

14 FEBRUARY 2017

I N D E X

ITEM

**PAGE
NUMBER**

OPENING

APPLICATIONS FOR LEAVE OF ABSENCE

**STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE
CHAIRPERSON**

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**AGENDA of the
Portfolio Committee : Finance & Economic Development
14 February 2017
(Also the agenda for the Mayoral Committee Meeting : 22 February 2017)**

**1.
MASAKHANE: ERF 2037, WRITING OFF OF IRRECOVERABLE DEBT, TAKALANE
CRÈCHE**

7/2/3/2

M Erasmus

(028) 316 3724

Hermanus Administration

12 January 2017

1. Executive Summary

The purpose of the report is to request Council to approve the writing off of the debt for Takalane Crèche that has become irrecoverable.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Finance
Department Revenue

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Systems Act, Act 32 of 2000
Customer Care, Credit Control & Debt Collection Policy
Indigent Policy

6. Background/Discussion/Evaluation/Conclusion

Background

The Management of the Takalane Crèche, hereinafter referred to as "Takalane", had a lease agreement with the Municipality for Erf 2037 Masakhane, Gansbaai, for the purpose of managing the Takalane Crèche. The last agreement expired on 30 November 2014.

Shortly after the expiration of the said lease agreement Takalane stopped paying the municipal account. The only payments since then came from auxiliary deductions when Takalane bought pre-paid electricity. To date the

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amount of R22,613.76 (TWENTY TWO THOUSAND SIX HUNDRED AND THIRTEEN RAND AND SEVENTY SIX CENT) is in arrears in respect of the use of the said property, which amount consists of rental and services charges.

As Takalane indicated that they would like to renew the lease agreement and was still in possession of the property, the rental and service charges were still being levied on the account. Various attempts were made to renew the lease agreement but due to the numerous changes in the Management of Takalane as described below, an agreement could not be reached with the Management of Takalane. However, due to the dire need for child care facilities, we were of the opinion that it will not be in the best interest of the community to just close the facility. Hence the attempts to assist Takalane.

In 2012 the Social Development Department, with the assistance of an ECD consultant, evaluated crèches operating from municipal buildings to ascertain the level and standard of services being provided to the children. The consultant summarised the situation at Takalane as the poorest project they have ever seen. Takalane has come a long way since 2012, there was changes to the principal, staff and the management. Conditions at the crèche have improved significantly and the children are receiving the appropriate care and stimulation. This has been mainly achieved because of the initial support of the ECD consultant and the continued support provided by Flower Valley Conservation Trust and Grootbos Green Futures Foundation. Since April 2015 Flower Valley Conservation Trust has addressed some of the maintenance issues at the crèche. It can further be confirmed that the Municipality now has a valid lease agreement with Grootbos Green Futures Foundation for the management of the Takalane Crèche and that a new municipal account was opened for the said organisation. Grootbos Green Futures Foundation has the necessary finances, processes and structures in place to improve the capacity and management of Takalane. They have an effective administration in place and there is more certainty that the municipal account will be paid every month.

Discussion

A request was received for the writing off of Takalane's debt as Grootbos Green Futures Foundation, as the new lessee, cannot be held responsible for the debt of the previous Management of Takalane and further since the Management of Takalane, which was responsible for the debt, no longer consists of the same group of people. The Takalane crèche provides an essential service in an impoverished community where there is a desperate need for safe and healthy child care facilities and thus it is of utmost importance that the Takalane Crèche still be available to the community.

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In view of the above background and discussion it is recommended that the debt of R22,613.76 (TWENTY TWO THOUSAND SIX HUNDRED AND THIRTEEN RAND AND SEVENTY SIX CENT) be written off as it is apparent that the then day-to-day management of Takalane do not have the necessary funds to settle the debt and neither can Grootbos Green Futures Foundation, as the new lessee and assisting in the management of Takalane, be held responsible for the debt occurred by the previous management.

7. Financial Implications

A total amount of R22,613.76 (TWENTY TWO THOUSAND SIX HUNDRED AND THIRTEEN RAND AND SEVENTY SIX CENT) will be written off.

8. Staff Implications

N/A

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

that the arrear municipal account in the amount of R22,613.76 (TWENTY TWO THOUSAND SIX HUNDRED AND THIRTEEN RAND AND SEVENTY SIX CENT) of Takalane Crèche levied in terms of their lease agreement for the lease of Erf 2037, Masakhane, Gansbaai, be written off as irrecoverable debt.

RESPONSIBLE OFFICIAL :

M ERASMUS

TARGET DATE FOR IMPLEMENTATION :

31 MARCH 2017

**AGENDA of the
Portfolio Committee : Finance
14 February 2017
(Also the agenda for the Mayoral Committee Meeting : 22 February 2017)**

**1.
MASAKHANE: ERF 2037, WRITING OFF OF IRRECOVERABLE DEBT,
TAKALANE CRÈCHE**

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12 January 2017

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
14 FEBRUARY 2017, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

that the arrear municipal account in the amount of R22,613.76 (TWENTY TWO THOUSAND SIX HUNDRED AND THIRTEEN RAND AND SEVENTY SIX CENT) of Takalane Crèche levied in terms of their lease agreement for the lease of Erf 2037, Masakhane, Gansbaai, be written off as irrecoverable debt.

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