

12.

ACKNOWLEDGEMENT: SERVICE LEVEL AGREEMENT WITH THE DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM (DRLDR)

5/6/1/4

S Madikane

(028) 313 8066

Hermanus Administration

20 October 2017

1. Executive Summary

The purpose of the report is for Council to acknowledge the contents of the Service Level Agreement with reference to conditions of funding related to municipal financial responsibilities.

2. Service Delivery and Budget Implementation Plan - IGNITE

Economic Development and Tourism
Infrastructure Development and Planning
Management Services
Community Services

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services
Creation and maintenance of a safe and healthy environment
Promotion of tourism, economic and social development

4. Delegated Authority

None

5. Legal Requirements

Division of Revenue Act (Dora)
Service Level Agreement between the municipality and Department of Rural Development and Land Reform (DRDLR)

6. Background/Discussion/Evaluation/Conclusion**Background**

Following a presentation by the Department of Rural Development and Land Reform the Economic Development and Tourism Directorate, through a Council resolution: Item 10, page 87 of the Mayoral Committee meeting of 25 August 2017, resolved that the submission of the funding proposals to the Department of Rural and Land Reform (DRDLR) as per the identified and prioritised projects indicated in Annexure B 2/6 to the item and derived from the IDP wish-list, be supported. This resolution paved the way for the DRDLR to

consider our request and this has resulted in the Service Level Agreement stipulating projects to be considered for funding including budget allocation and year of implementation.

Discussion

DRLDR evaluated the projects and considered them based on their linkage with the Agri-Parks project of which we as the municipality participate in. Thereafter the projects were presented to the District Joint Operation Committee (DJOC) for support. A site visit was conducted and staff from the respective Directorates provided technical support. From the site visit it transpired that the budgets request submitted for the various projects was insufficient for such projects. A revised cost was then resubmitted by the municipality providing a more realistic budget.

Annexure A of the Service Level Agreement and of this report outlines the projects to be considered for funding. Budgeting for the planning, design and implementation of the projects will be the responsibility of the municipality including maintenance of the asset when handed over to the municipality after completion. Affected Directorates provided their comments (see section 9 of the report).

7. Financial Implications

1. No funds will be transferred to the municipality but the projects will be jointly implemented wherein the Department of Rural Development and Land Reform will procure services of an Implementing Agency through its internal SCM process and the municipality will oversee the implementation.
2. Budgeting provision for the planning, design and implementation of these projects are to be made by the directorates involved.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Director Roderick Williams – Community Services

Refer to grant funding for projects to the value of R77 500 000. I hereby inform you that I support the intended new developments. The Directorate Community Services will recommend funding to the Budget Steering Committee in respect of maintenance of infrastructure located in the directorate or consider restructuring where possible.

Director Desiree Arrison – Management Services

The intended developments are supported.

Director Stephen Müller – Infrastructure and Planning

Grant funding for projects to the value of R77 500 000- the intended new developments are supported. The Directorate endeavours to direct a request for funding to the Budget Steering Committee in respect of design and planning in terms of the agreement, inclusive of reallocation of funding where possible.

Director Santie Reyneke-Naudé - Finance

Contents of the report, inclusive of comments and recommendations, are noted and supported.

10. Annexures

Annexure A: Proposed Service Level Agreement (SLA)

Annexure B: Summary of the Initial funding proposal

RECOMMENDATION TO THE COUNCIL:

that the contents of the Service Level Agreement (SLA) be acknowledged and approved.

RESPONSIBLE OFFICIAL :**S MADIKANE****TARGET DATE FOR IMPLEMENTATION :****25 OCTOBER 2017**

Annexure A 1/7

SERVICE LEVEL AGREEMENT

**THE PROVISION OF INFRASTRUCTURE AND COMMUNITY
DEVELOPMENT IN THE OVERSTRAND LOCAL MUNICIPALITY,
WESTERN CAPE**

Between

**THE NATIONAL DEPARTMENT OF RURAL DEVELOPMENT AND
LAND REFORM**

represented by MR JAJ FREYSEN in his capacity as DIRECTOR of the
Department of Rural Development and Land Reform, he/she being duly
authorised thereto
("the Department")

And

OVERSTRAND LOCAL MUNICIPALITY

and represented by:

in his/her capacity as the Municipal Manager and as the authorised signatory for
the:
("the Municipality")

who agree that:

Annexure A 2/7**WHEREAS:**

- A. The Department's functions include the responsibility and accountability for the State's Comprehensive Rural Development Programme (CRDP), for which purpose Parliament has appropriated funds to the Department which it must use to implement that programme in conjunction with the Local Municipality;
- B. There is an urgent need to implement projects that are referred to in this agreement and in related documents, and which falls within the functions and/or mandate of both the Department and the Local Municipality.
- C. The Overstrand Local Municipality is willing to co-implement the projects (as indicated in annexure "A") in accordance with this agreement.
- D. The Municipality will be providing funding and resources to ensure that the relevant projects are properly designed, planned and implemented whilst the Department will be responsible for the Capital expenditure and the supply chain processes of the projects.
- E. On completion of the projects, the assets will be handed over to the Overstrand Local Municipality, which will assume responsibility for the future maintenance thereof.

Annexure A 3/7

Payment of funds

1. The Department shall pay from its budget vote the required capital for the projects as in para 2 hereunder within the financial years as stipulated. The Municipality will pay for the design, planning and oversight of the implementation of the projects mentioned in paragraph 2 underneath. This amount (being the project funds, hereinafter referred to as "the funds") or any part of it will be paid strictly for the purposes and in terms of the conditions stated or referred to in this agreement.

Purpose and use of funds

2. The Overstrand Local Municipality must co-implement (to its conclusion and within the time and budgetary limit) the projects which are defined in the following documents and which form part of, this agreement:-

- Annexure "A": -
1. Construction of an early childhood development centre in Masakhane, Gansbaai;
 2. Construction of an early childhood development centre in Eluxolweni, Pearly Beach;
 3. Construction of an early childhood development centre in Poppedorp, Kleinmond;
 4. Construction of a multi-purpose taxi rank and high-mast lighting in Kleinmond;
 5. Construction of two early childhood development centres in Hawston;
 6. Construction and upgrade of sewer reticulation system in Hawston.

Annexure A 4/7**Annexure "B": Council Resolution**

3. The project as defined and any other aspect of this agreement may be varied at any time before the final performance of all obligations under this agreement, but only by operation of law or by way of a written variation agreement, which is signed by or on behalf of both parties. No deviation from the project as defined may be carried out until that deviation has been included in a variation agreement.

Cession

22. The Overstrand Local Municipality may not cede or transfer any of its rights and/or obligations under this agreement without the prior written consent of the Department, which the latter may in its sole discretion grant or refuse.

Domicilium

23. The parties choose the following addresses (**not** being postal addresses) as their respective *domicilia citandorum et executorem* at which all notices will validly be given -

23.1 the Department : The Director : Rural Infrastructure Development
14 Long Street,
Cape Town,
8000

23.2 the Overstrand Local Municipality

Annexure A 5/7

Interpretation

24. Should there be any real or apparent discrepancy or contradiction between the contents of this document being the contract form itself and the contents of any of the annexures which form part of the entire agreement, the provisions of the former will prevail over those of the latter.

SIGNED ON BEHALF OF THE **DEPARTMENT** AT _____ ON THE
_____ DAY OF _____ 2017.

As Witnesses:

1. _____

2. _____

DIRECTOR: RID

Annexure A 6/7

SIGNED BY THE OVERSTRAND LOCAL MUNICIPALITY REPRESENTATIVE
AT _____ ON THE _____ DAY OF _____
2016.

As Witnesses:

1. _____

2. _____

AUTHORIZED SIGNATORY

Annexure A 7/7

ANNEXURE "A"

TOWN/AREA	PROJECT TYPE	PROJECT PURPOSE	BUDGET	FINACIAL YEAR
GANSBAAI	Public Amenities	Construction of an early childhood development centre in Masakhane	R3 500 000	2018/19
PEARLY BEACH	Public Amenities	Construction of an early childhood development centre in Eluxolweni	R3 500 000	2018/19
KLEINMOND	Public Amenities	Construction of an early childhood development centre and alterations to existing one in Poppedorp	R3 500 000	2018/19
	One rural ward, one integrated development centre	Construction of a multi-purpose taxi rank and high-mast lighting in Kleinmond	R15 000 000	2018/19 and 2019/20
HAWSTON	Public Amenities	Construction of two early childhood development centres in Hawston	R7 000 000	2018/19
	Provision of Basic services: Sanitation	Construction and upgrade of sewer reticulation system in Hawston	R45 000 000	2019/20 and 2020/21
GRAND TOTAL			R77 500 000	



Enquiries:

Navrae:

Date:

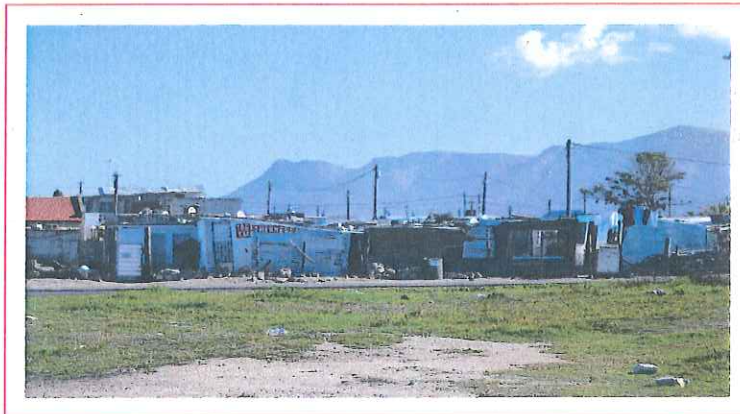
Datum August 2017

**OFFICE OF THE MANAGER:
ECONOMIC DEVELOPMENT**

Overstrand Municipality

Rural Infra-structural Development: Project Funding

Application



The Department of Rural Development and Land

Reform

Tel: 028 313 8066

Fax: 028 312 3779

E-mail: info@overstrand.gov.za

Posbus 20

PO Box 20

HERMANUS, 7200

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2. Projects for Funding
 - 2.1. Construction of Multi-purpose taxi rank Kleinmond
 - 2.2. Early childhood development centres Hawston
 - 2.3. Early childhood development centres Poppedorp
 - 2.4. Early childhood development centres Pearly Beach
 - 2.5. Early childhood development centres Gansbaai
 - 2.6. Sewer reticulation system Hawston
 - 2.7. Construction Taxi rank Eluxolweni
 - 2.8. Construction of community hall Masakhane
 - 2.9. Installation of street lights Zwelihle, ward 5 & 6
 - 2.10. Construction of side-walks Zwelihle, wards 5 & 6
 - 2.11. Upgrading of sports field Masakhane



Solomzi Madikane

DIRECTOR: ECONOMIC DEVELOPMENT AND TOURISM

DATE: 06 September 2017

**The Head of Department
Department of Rural Infrastructure Development
Western Cape
Cape Town
8000**

Re: Funding Application for Infrastructural Development Projects

This document is a project funding application to the Department of Rural and Infrastructure Development. The projects presented to the department had been identified through an extensive community participatory process. Given the financial position of the Overstrand municipality these projects presented is unfunded and not part of the Municipal Budget and Service Delivery Implementation Plan.

Overstrand municipality is situated in the Overberg district municipality and classified as a semi-rural municipality. The municipality is a category C municipality and adjoins the Theewaterskloof municipality to the north, the Cape Agulhus municipality to the east and the City of Cape Town to the west. It comprises of 13 wards with the governance and administrative head office situated in the town of Hermanus where the economic opportunities are mostly found.

Inequality, Unemployment and Poverty

The Overstrand municipality is known as a tourist destination and a picture is painted of an affluent municipality with low incidence of poverty and unemployment. Contrary to incorrect popular view the municipality has a high incidence of poverty and unemployment associated with the low economic areas.

The municipality is characterized by uneven development and opportunities on the one hand opulent wealth and on the other-hand absolute poverty. Unemployment, inequality and poverty are a dominant feature of the municipality. The latest Municipal review report of 2015 (MERO) indicated that Overstrand has a growing

poverty index. What compounds the poverty problem though is that a large percentage of people had given up hope to secure employment.

The municipality experienced an upward trend in its poverty index from 1% in 2011 to 1,6% in 2016. This in the main is contributed to the economic slowdown and the increase in the unemployment rate.

Area	Poverty Headcount (Percentage)		Poverty Intensity (Percentage)	
	2011	2016	2011	2016
Overstrand	1.0	1.6	43.7	41.5
Overberg District	3.7	2.6	42.2	40.3
Western Cape	3.6	2.7	42.6	40.1

A visible difference is obvious between the affluent areas and the poor parts of the municipality. The poorer parts of the municipality is underdeveloped and don't have the same level of infra-structural development. The lack of infrastructure such as tarred service roads, basic amenities and transportation facilities hampers the ability of the poor and marginalized to access employment opportunities. *The projects presented for funding holds the potential for low skilled employment creation and poverty alleviation.*

The programs

The Overstrand municipality projects presented for funding seeks to address inequality, unemployment and poverty and in the process improve the quality of life of the poor and marginalize.

The projects identified meet the following criteria

- ✚ Improving food security of the rural poor;
- ✚ Creation of business opportunities,
- ✚ Expanding opportunities for women, youth, people with disabilities and older persons who stay in rural areas.

- ✚ Skills development, the acquisition, Up-skilling and the Creations of portable skills

Criteria for project determination

Community meetings were held in all thirteen wards to determine the ward's needs. The inclusive participative process formed the basis for the development of the Integrated Development Plan (IDP) and the subsequent municipal budget formulation. Many of the projects identified from this IDP process remain unfunded due to financial constraints on part of the municipality. A number of other factors were also considering to identify the projects. These were;

1. The projects addressing poverty and unemployment
2. The projects presents opportunities for skill development of the poor and marginalised
3. It advances empowerment amongst the poor
4. It advances SMME development
5. It advances women empowerment and ownership
6. It creates opportunities for you development
7. It generally advances rural development having the objective of creating vibrant and sustainable rural communities
8. The project bring hope and opportunities for the poor and marginalised

The projects for which funding is applied for is in the low socio-economic wards that reflect the rural characteristics of:

- Poor or no infra-structure,
- Absolute poverty,
- High unemployment,
- High incidence of substance abuse and social ills and
- High crime rates.

The projects will restore the human dignity and contribute to a vibrant and sustainable community.

Attached please find the identified projects in order of priority and our municipal council on 22 August 2017.