
Your Ref: Clr W Pretorius

Our Ref: 12/1/9/4/2

Room 201, Bram Fischer Building

Date: 06 June 2023

Clr W Pretorius

D.A Councillor

Mangaung Metropolitan Municipality

Dear Councillor Pretorius

**RESPONSE TO RULE 38 QUESTION. STATE OF BRANDWAG SOCIAL HOUSING(BSHU)
FREE STATE HOUSING INSTITUTION(FRESHCO)**

Your letter dated 16 August 2022 regarding the above-mentioned matter refers.

Question 1.

Why was the water supply to the BSHU disconnected on Wednesday, 10 August 2022?

Response: Both Water and Electricity were supposed to have been disconnected on the said day. However, due to unforeseen challenges only water was disconnected. The disconnection was implemented because of non-payment of water accounts, in line with paragraph 20 of the Credit Control and Debt Collection policy.

Question 2.

If the water was disconnected due to non-payment,

i) what amount is owed to MMM and ii) which entity is owing the money (e.g. Freshco or Third Party Vendor), iii) since when has this amount(s) been owing to MMM?

Response: The current debt is R 12,421,226.29. The debt is owed by Freshco. It started accumulating as from 2013/01 with minimum payments towards the debt.

Question 3.

What other amounts are due to MMM arising from the BSHU, such as electricity, rates and taxes?

Please provide a detailed breakdown of

Response: FRESHCO is currently under administration, and the Social Housing Regulatory Authority has appointed ALCARI Consulting to manage and administer the affairs of FRESHCO.

The requested information can only be provided once the Administration process has been concluded.

Question 4.

What steps has MMM taken to recoup payment for water, electricity, rates and taxes arising from the BSHU?

Response: See response in (3) above.

Question 5.

Since Freshco has been placed under administration on 17 December 2019, how many times has MMM / The Mayoral Committee / Officials officially met with the Administrators of Freshco and/or the Social Housing Regulatory Authority (SHRA)?

Response: There are about nine (9) meetings which were held between the key stakeholders. These meetings were called by SHRA appointed Administrator and the common understanding was that the Brandwag project needs to be rescued and maintained for the purpose of Social Housing given the extent of the state investment in the project. All key stakeholders have made valuable contributions, in an attempt to rescue the Brandwag project.

Question 6.

If no official meeting has been held since 17 December 2019, when does MMM plan to have such a meeting? If a date, time and venue has been confirmed, please indicate same.

Response: See 5 above

Question 7.

Noting that MMM is the legal owners of the immovable property on which the BSHU is built and that bond(s) have been registered over said property in favour of the National Housing Finance Corporation (NHFC) and/or Calgro for moneys advanced (facility agreements) for the BSHU project, what steps, if any, has MMM taken over the past 12 months to mitigate the possibility of the NHFC and/or Calgro selling off the said immovable property to cover their debt funding?

Response: There have been constant focused engagements referred to in point 5 above, and recently SHRA wrote a report to Mangaung (dated 22 July 2022) wherein certain proposals were made (actions and commitments by all the stakeholders to rescue the Brandwag project) to circumvent and mitigate the possibility of the NHFC selling off the Brandwag project (immovable property) to cover their debt funding. Also, it is important to note that SHRA takes full responsibility of the management of the social housing project once a Social Housing Institution (SHI) is placed under administration.

Question 8.

Has Council been part of or represented during the roll out of the administration process of Freshco? If so, to what extent? Please provide full details of involvement and or representation.


Response: Firstly, Council resolution of the 31 January 2019 supported the joinder application by SHRA in the liquidation case against the FRESHCO. Also, Council resolved that a Council representative will form part of the FRESHCO administration process.

Question 9.

Are any members of the Board of Directors, the then CEO, and/or other senior officers of the then Freshco who are currently employed within MMM? If so, please provide a list of individuals together with their positions.

Response: No, there are none

Yours faithfully


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Ngaka Dumalisile
Acting City Manager
Date 26/06/23
.....



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LEKGOTLA LA MOTSE

OFFICE OF THE
SPEAKER

COUNCILLORS
16 August 2022

**TO: The Acting City Manager of the
Mangaung Metropolitan Municipality (MMM): Mr T Motlashuping**
Tebogo.motlashuping@mangaung.co.za & ocm.reception@mangaung.co.za

FURTHER TO: The Speaker of MMM: Ms S Lockman-Naidoo
Stefani.lockman@mangaung.co.za & Dean.maasdorp@mangaung.co.za

FURTHER TO: The Executive Mayor of MMM: Cllr M Siyonzana
Mxolisi.siyonzana@mangaung.co.za & Thembisile.phato@mangaung.co.za

**BRAM FISCHER BUILDING
CNR NELSON MANDELA & MARKGRAAFF STREET
BLOEMFONTEIN
9301**

BY HAND AND EMAIL

Dear Sir / Madam

**RE: Rule 38 Question – State of the Brandwag Social Housing Units (BSHU) (Free State
Social Housing Institution, commonly known as FRESHCO)**

I refer to the abovementioned matter and hereby submit a **Rule 38 Question** in terms of the Standing Rules and Orders By-law of the Mangaung Metropolitan Municipal (MMM) Council.

I kindly refer you to **Rule 38** of the **Standing Rules and Orders** that states:

38.1 Any member may submit a question requiring a written reply from any political office bearer, the municipal manager or senior manager of the municipality, concerning any matter related to the effective performance of the functions of the municipality and the exercise of its powers, provided that a written notice of such a questions has been submitted to the Speaker or chairperson and the municipal manager at least 10 (ten) days prior to the councillor committee meeting and the political office bearer and the City Manager shall ensure that the member receive a written reply at the meeting.

38.2 *If after the question has been replied to, a member is of the opinion that the reply is not clear or satisfactory, he or she may with the permission of the speaker or chairperson, request a follow-up question, follow-up question should be in writing.*

38.3 *All questions duly given notice of and all responses submitted shall be recorded in the minutes of the meeting.*

On or about Wednesday, 10 August 2022, water supply to the Brandwag Social Housing Units (BSHU) was disconnected by MMM, alternatively a contractor acting on instruction of MMM. Subsequently residents were left without water till around 17:00 on Friday, 12 August 2022. During that period no official communication from MMM was issued to the residents of the BSHU. Unfortunately, the events led to municipal infrastructure being damaged between 10 and 12 August 2022. The South African Police Service (SAPS) had to intervene to protect lives, livelihoods, private and public infrastructure.

Residents are anxious to receive information as to the reason(s) for the disconnection. Many BSHU residents indicate that they are on pre-paid water and electricity. Noting the history of maladministration that plagued the then Freshco and the subsequent placing of the entity under administration in 2019, the overall state of the Brandwag Social Housing Project has not improved.

I am therefore necessitated to ask questions, as I hereby do, to ensure that information is shared with the community and that appropriate steps be taken to assist the Administrator(s) to revive the project. I therefore ask the following Rule 38 questions:

- 1. Why was the water supply to the BSHU disconnected on Wednesday, 10 August 2022?**
- 2. If the water was disconnected due to non-payment, i) what amount is owed to MMM and ii) which entity is owing the money (e.g. Freshco or Third Party Vendor), iii) since when has this amount(s) been owing to MMM?**
- 3. What other amounts are due to MMM arising from the BSHU, such as electricity, rates and taxes? Please provide a detailed breakdown of**
- 4. What steps has MMM taken to recoup payment for water, electricity, rates and taxes arising from the BSHU?**



5. **Since Freshco has been placed under administration on 17 December 2019,¹ how many times has MMM / The Mayoral Committee / Officials officially met with the Administrators of Freshco and/or the Social Housing Regulatory Authority (SHRA)?**
6. **If no official meeting has been held since 17 December 2019, when does MMM plan to have such a meeting? If a date, time and venue has been confirmed, please indicate same.**

7. **Noting that MMM is the legal owners of the immovable property on which the BSHU is built and that bond(s) have been registered over said property in favour of the National Housing Finance Corporation (NHFC) and/or Calgro for moneys advanced (facility agreements) for the BSHU project, what steps, if any, has MMM taken over the past 12 months to mitigate the possibility of the NHFC and/or Calgro selling off the said immovable property to cover their debt funding?**
8. **Has Council been part of or represented during the roll out of the administration process of Freshco? If so, to what extent? Please provide full details of involvement and or representation.**
9. **Are any members of the Board of Directors, the then CEO, and/or other senior officers of the then Freshco who are currently employed within MMM? If so, please provide a list of individuals together with their positions.**

Looking forward in having a written reply as soon as possible, or at latest at our next Ordinary Council Meeting.

Yours faithfully,





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OFFICE OF THE
SPEAKER

Cllr Werner Pretorius Ward
20 Councillor (DA)
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