

eThekweni Municipal Council

MINUTES

Meeting held on Wednesday, 2024-11-06

No. 80

MINUTES

OF

ETHEKWINI MUNICIPAL COUNCIL

Meeting held on Wednesday, 2024-11-06T10:00, held
Inkosi Albert Luthuli International Conventional Centre, Durban.

PRESENT : Councillors TE Nyawose (Speaker), VC Xaba (Mayor), ZP Myeni (Deputy Mayor), A Abdul, AC Akkers, J Annipen, A Beetge, JM Black, M Brauteseth, WJD Burne, MH Buthelezi, KPM Cele, SB Cele, SP Chebure, J Chetty, R Cloete, HU De Boer, CB Dlamini, Z Dzanibe, BA Fortein, SN Gabela, SG Gama, GM Gasa, DM Gcabashe, G Govender, S Govender, SV Govender, Y Govender, BR Gumede, S Gumede, MS Gwala, GJ Hegter, NP Hlomuka, SD Hlongwa, F Ismail, MF Ismail, LBS Jali, DM James, M Johnson, MA Mgobhozi, K Khambule, SM Khanyile, NP Khawula, KNN Khubone, SNC Khwela, A Kissoon, FM Kristopher, BG Kubheka, V Kunju, CJ Laing, SW Lushaba, M Lutchmen, WM Luthuli, ME Mabaso, RD Macpherson, MA Madlala, SR Madlala, RP Maharaj, FN Majola, TG Makhanya, HS Makhathini, MW Manqele, JB Maphumulo, TZ Mathe, SH Mazibuko, WM Mazibuko, M Mbambo, KT Mbhele, RP Mbonambi, BA Mchunu, JL Mchunu, SW Mcineka; RL McKenzie, X Mdlazi, FW Mdletshe, SP Mfeka, K Mhlaba, DPM Mhlongo, GN Mhlongo, NM Mhlongo, SE Mhlongo, MB Mjadu, AZ Mkhize, KV Mkhize, MA Mkhize, NN Mkhize, TJ Mkhize, B Mkhwanazi, BR Mngadi, DF Mngadi, E Mngadi, SV Mngadi, MR Mngonyama; TJ Mnguni, ZM Mncwango, DP Mngoma, BV Mngwengwe, ZO Mnomiya, S Mnyandu, T Mohamed, R Moses, SB Mpanza, LI Msomi, DV Msweli, SSS Mthethwa, TD Mthethwa, TM Mthethwa, N Munien, OB Mvubu, SK Mzimela, BD Naidoo, J Naidoo, S Nala, V Ncukana, NB Ndlela, AB Ndlovu, MF Ndlovu, PB Ndlovu, PC Ndlovu, NS Ndlovu, TB Ndlovu, V Ndlovu, SG Nene, S Ngema, DB Ngubane, LE Nkomeni, MS Nkosi, DR Nowbuth, XM Nqweniso, DM Nsundwane, SH Ntombela, PC Ntshangase, NC Ntshayintshayi, BT Ntuli, N Ntuli, NZ Ntuli, PB Ntuli, B Nxumalo, MR Nxumalo, TS Nxumalo, NN Nyanisa, AM Nyembezi, MV Nzimande-Madlala, AAK Paruk, NE Patchapen, AS Phahla, BW Phewa, DT Pillay, P Pillay, GDA Pullan, A Rampersad, R Rampersad, T Sabelo, A Shaheed, LP Shange; MG Shange, TE Shezi, IM Shinga, HP Shoji, JN Sibisi, WP Sibiya, LC Sikhakhane, BSB Sindane, J Singh, R Singh, S Singh, PS Sishange, NI Sithole, BS Sivetye, EG Smith, AD Snyman, ZR Sokhabase, ZA Solomon, I Syed, M Thusi, ZN Tshazela, NT Tyelinzima, HM Van Der Ryst, NB Vilakazi, NI Webster, SM Windvogel, NL Xulu, TV Xulu, T Xuma, NY Young, M Zondi, N Zondi, SS Zuma, and TG Zungu.

ABSENT : Councillors T Biyela (Indisposed), J Essop (Personal Commitments), FO Gcabashe (Personal Commitments), MM Hlengwa (Personal Commitments), MH Khan (Overseas Trip), MN Khubisa (Indisposed), NL Khuzwayo (Indisposed), ZW Khuzwayo (Personal Commitments), NI Madlala (Indisposed), S Maharaj (Personal Commitments), NJ Maphumulo (Municipal Business), DL Mea (Indisposed), T Miya (Indisposed), ND Motseke (Indisposed), NP Mchunu (Indisposed), ME Mkhize (Indisposed), MP Mkhize

(Indisposed), NA Mkhize (Indisposed), SM Mkhize (Municipal Business), TH Nene (Indisposed), SB Ngcongco (Municipal Business), PH Nxumalo (Indisposed), AE Peterson (Personal Commitments), B Singh (Municipal Business), EL Singh (Personal Commitments), S Sewshanker (Indisposed), BH Shange (Indisposed), KS Sibisi (Indisposed), CN Sisoka (Municipal Business), BB Thusi (Indisposed), ME Thusi (Indisposed), JC Van den Berg (Municipal Business) and ON Zondi-Mthembu (Municipal Business).

AMAKHOSI

PRESENT : None

AMAKHOSI

ABSENT : Inkosi S Mlaba, Inkosi EB Shozi and Inkosi EB Mlaba.

OFFICIALS

PRESENT : Messrs/Mesdames TB Mbhele (City Manager), M Mhlongo (Head: Legal & Compliance), S Mfingwana (Deputy Head: Litigations), A Seheri (Head: City Administration & Secretariat); BM Mhlongo (Deputy Head: Office of the Speaker), S Kunene (Manager: Council Committees) and SC Zondi (Chief Committee Officer).

(At the commencement of the meeting 162 Councillors were present, comprising ANC - 68, DA - 42, EFF - 19, IFP - 12, ActionSA - 04, ABC - 02, ACC - 02, ACDP - 01, AIC - 02, ADEC - 00, APF - 01, ATM - 01, AL JAMA-AH - 00, DLC - 00, IND - 00, JEP - 00, KZNI - 01, MF - 00, MOSA - 01, NFP - 01, PFP - 01, PRM - 01, TA- 01, UIM - 01 and VF Plus - 01).

1. NOTICE CONVENING THE MEETING

The City Manager read the notice convening the meeting as per the statutory requirement.

2. OPENING

The Speaker declared the meeting open at 10h28 and extended a warm welcome to Councillors; Traditional Leaders; City Manager; Deputy City Managers; Head: Legal and Compliance and other Unit Heads present; Members of the Administration; Media; and Members of the Public viewing on social media live streaming.

3. AFRICAN UNION AND NATIONAL ANTHEM

At the request of the acting Speaker the meeting stood to sing the African Union Anthem and the National Anthem of the Republic of South Africa.

4. OPPORTUNITY FOR PRAYER/MEDITATION

The Speaker requested Council to observe a moment's silence for everyone to meditate in preparation to hold a successful meeting.

5. OFFICIAL ANNOUNCEMENTS

The Speaker presented the following announcements for the attention of the Members of Council:

Council was advised of the Presidential visit, by His Excellency, President of the Republic Cyril Matamela Ramaphosa scheduled for 07-08 November 2024, as part of the Operation Sukuma Sakhe (OSS)/ District Development Model (DDM) oversight on the progress of the two (02) programmes. As part of the said Presidential visit, there was also a Presidential Imbizo scheduled for **Friday, 08 November 2024@11h00, at Umnini Sports Ground, in Ward 98**. All Councillors were invited to the Presidential Imbizo as per the communication that has been circulated accordingly.

On behalf of Council, the Speaker extended best wishes to all Indian community that celebrated the festival of lights, DEWALI on 31 October – 01 November 2024.

Council Members were reminded that the next meeting of Ordinary Council will be held in December, and it will be the last meeting for calendar year 2024. Members were reminded that as per norm, there will be no Section 27 Questions nor Notices of Motion to be considered at the last Council meeting.

Councillors were reminded to conduct themselves in line with the provisions of the Councillors' Code of Conduct to ensure that the meeting was conducted in a dignified manner and portraying a good leadership image to the residents of eThekweni.

Best wishes were extended to all Councillors who celebrated their birthdays in the month of October.

6. SPEAKER'S REPORT

6.1 Purpose

The eThekweni Municipality Rules of Order By-Law (2014) makes provision, as part of the order of business for Council meetings, for the Speaker to table a report to Council detailing key strategic activities undertaken by the Municipality over the

6.2 Municipal Activities

6.2.1 Community/ Stakeholder Engagements

6.2.1.1 Community engagements are a legislated requirement in terms of the Councillors Code of Conduct that Councillors at least quarterly report back to communities on decisions of the Municipal Council and provide update on service delivery matters impacting the respective Wards.

6.2.1.2 In compliance with the provision of the Councillors Code of Conduct, over Quarter 1 (July-September 2024) and the month of October, the following community engagements were held and reported:

PERIOD	TOTAL NUMBER OF COMMUNITY ENGAGEMENTS HELD	WARDS WHERE COMMUNITY ENGAGEMENTS HAVE BEEN HELD
Q1 (July-September)	78	01, 02, 03, 04, 05, 07, 08, 09, 14, 15, 16, 17, 18, 20, 21, 22, 24, 25, 26, 28, 29, 31, 32, 37, 38, 39, 40, 41, 42, 43, 44, 46, 47, 48, 49, 50, 51, 52, 53, 55, 56, 57, 58, 59, 60, 61, 62, 66, 67, 68, 69, 70, 74, 75, 76, 78, 79, 80, 83, 84, 85, 86, 87, 88, 90, 91, 92, 94, 95, 96, 97, 98, 104, 106, 107, 108, 109, 111

PERIOD	TOTAL NUMBER OF COMMUNITY ENGAGEMENTS HELD	WARDS WHERE COMMUNITY ENGAGEMENTS HAVE BEEN HELD
October	25	05, 11, 15, 17, 20,36, 42, 43, 44, 46, 47, 51, 55, 58, 81, 83, 84, 87, 88, 92, 95, 100, 107, 108, 111

- 6.2.1.3 Stakeholder engagements are also being held as part of the Municipality’s public participation enhancement programmes, over the month of October 2024, the following Stakeholders were engaged:

DATE OF ENGAGEMENT	STAKEHOLDER	AREA OF ENGAGEMENT
25 October 2024	Religious Sector	Recently Council approved plans to assist the communities inclusive of the deceased debt relief, debt relief arrangements effective 01/10/2024 to 31/12/2024
25 October 2024	Ratepayers	To advise ratepayers on the water curtailment process that will impact some Wards
30 October 2024	Umlazi Ratepayers	Delayed service delivery matter water in particular
	Respective communities through Masakhane Programme in different Wards	Service delivery matters pertaining to respective Wards

6.2.2 Ward Committees

- 6.2.2.1 The Municipality has 110 Ward Committees, with just one (01) ward outstanding, which is Ward 39. All elected Ward Committees are meeting monthly as a required in terms of the Rules Regulating the Establishment and Operation of Ward Committees. Administrative support is provided to all elected Ward Committees, and where there are disputes within such members which than impacts on the functioning of the Committee, intervention sessions are held accordingly.

- 6.2.2.2 The functionality of Ward Committees is also monitored by the Department of Cooperative Governance and Traditional Affairs (COGTA), which undertakes quarterly functionality assessments. In assessing the functionality of Ward Committees, COGTA measures the performance against several indicators. All the interventions mentioned above are aimed at improving the functionality of Ward Committees, and indeed have had a positive impact on the assessments.

- 6.2.2.3 In the first quarter of this financial year, July-September the following Ward Committees have been recorded:

MONTH	MEETINGS HELD	EVIDENCE SUBMITTED	EVIDENCE NOT SUBMITTED	NO MEETING HELD
July 2024	89	86	03	22
August 2024	85	79	06	26
September 2024	78	69	06	33
TOTAL	252	234	15	81

6.2.2.4 In the month of October, the below are recorded Ward Committee meetings reported

MONTH	MEETINGS HELD	EVIDENCE SUBMITTED	EVIDENCE NOT SUBMITTED/ TO BE SUBMITTED	NO MEETING HELD
October 2024	88	41	47	23

6.2.2.5 It was noted that Ward Committee Members as part of their capacity building are currently undergoing an accredited Skills Programme comprising of eight (08) Modules. To date the Members have attended four (04) Modules namely:

- Module 1: Introduction to Ward Committees (Induction) and
- Module 8: Meeting procedures and reporting
- Module 2: Community Based Planning (CBP) and
- Module 5: Project Management.

6.2.2.6 The above is over and above the quarterly ongoing training programmes held as part of the operational meetings conducted by the Administration.

6.3 Changes in the Municipal Council

6.3.1 Council was pleased to note that currently the Municipal Council is fully constituted, that is, has all 222 Members of Council. On 18 September 2024, an Induction programme was held for all Members that had joined the Municipal Council late to enable them to perform their legislated duties.

7. APPLICATIONS FOR LEAVE OF ABSENCE

Regarding the Applications for Leave of Absence submitted for this meeting, it was accordingly,

RESOLVED:

That the following Councillors be granted leave of absence as indicated below be noted:

COUNCILLORS

Councillor T Biyela	:	2024-11-06	Indisposed
Councillor J Essop	:	2024-11-06	Personal Commitments
Councillor FO Gcabashe	:	2024-11-06	Personal Commitments
Councillor MM Hlengwa	:	2024-11-06	Personal Commitments
Councillor MH Khan	:	2024-11-06	Overseas Trip
Councillor MN Khubisa	:	2024-11-06	Indisposed
Councillor NL Khuzwayo	:	2024-11-06	Indisposed
Councillor ZW Khuzwayo	:	2024-11-06	Personal Commitments
Councillor RD Macpherson	:	To leave at 17h30	
Councillor NI Madlala	:	2024-11-06	Indisposed
Councillor NJ Maphumulo	:	2024-11-06	Municipal Business
Councillor DL Mea	:	2024-11-06	Indisposed
Councillor T Miya	:	2024-11-06	Indisposed
Councillor S Maharaj	:	2024-11-06	Personal Commitments
Councillor ND Motseke	:	2024-11-06	Indisposed
Councillor NP Mchunu	:	2024-11-06	Indisposed

Councillor ME Mkhize	:	2024-11-06	Indisposed
Councillor MP Mkhize	:	2024-11-06	Indisposed
Councillor NA Mkhize	:	2024-11-06	Indisposed
Councillor SM Mkhize	:	2024-11-06	Municipal Business
Councillor ZM Mncwango	:	To leave at 13h30	
Councillor TH Nene	:	2024-11-06	Indisposed
Councillor SB Ngcongco	:	2024-11-06	Municipal Business
Councillor BT Ntuli	:	To join the meeting at a later stage	
Councillor PH Nxumalo	:	2024-11-06	Indisposed
Councillor AE Peterson	:	2024-11-06	Personal Commitments
Councillor AAK Paruk	:	To leave at 13h30	
Councillor B Singh	:	2024-11-06	Municipal Business
Councillor EL Singh	:	2024-11-06	Personal Commitments
Councillor S Sewshanker	:	2024-11-06	Indisposed
Councillor BH Shange	:	2024-11-06	Indisposed
Councillor HP Shozi	:	To leave at 14h00	
Councillor KS Sibisi	:	2024-11-06	Indisposed
Councillor CN Sisoka	:	2024-11-06	Municipal Business
Councillor AD Snyman	:	To leave at 16h00	
Councillor BB Thusi	:	2024-11-06	Indisposed
Councillor ME Thusi	:	2024-11-06	Indisposed
Councillor ZN Tshazela	:	To leave at 11h45	
Councillor JC Van den Berg	:	2024-11-06	Municipal Business
Councillor VC Xaba	:	To join late	
Councillor ON Zondi-Mthembu	:	2024-11-06	Municipal Business

8. DECLARATION OF INTEREST

It was noted that none of the members of Council had declared any interest on the matters contained in the agenda.

9. CONFIRMATION OF MINUTES: MEETINGS HELD 2024-09-30; (Ordinary); 2024-09-30; and 2024-10-10 (Both In-Committee).

The eThekweni Municipal Council Minutes for the meetings reflected above were tabled as having been circulated:

- (i) 2024-09-30 (Ordinary) were tabled, moved by Councillor Ntshangase and seconded by Councillor Mbonambi.
- (ii) 2024-09-30 & 2024-10-10 (Both In-Committee), were adopted during an In-Committee session.

Thereafter, it was

RESOLVED:

That the Minutes of the meetings of the eThekweni Municipal Council held 2024-09-30 (Ordinary); 2024-09-30 & 2024-10-10 (Both In-Committee), as circulated and taken as read, be and they are hereby confirmed.

10. MATTERS ARISING

There were no matters arising from the Minutes of the meeting held 2024-09-30.

11. QUESTIONS IN TERMS OF SECTION 27 OF THE RULES OF ORDER

There were no Questions contained on the Agenda for consideration in this meeting.

In noting the above, the Speaker reported that there were several questions received by his Office, but that a decision has been taken to co-ordinate responses, through the Office of the City Manager, to then sent those responses to the authors. Advising this decision has been taken for the purpose of managing time during the Council proceedings, if more than ten (10) questions have been received. Further, indicating this information has also been shared with the Political Party Whips during the Speakers Committee meeting.

However, the Whip of the DA advised that apparently not all responses have been received by the authors, as well as letters indicating whether their questions and/or notices of motion have been accepted or rejected. On the other hand, an enquiry was submitted as to which Rule is referred to supporting the questions to be omitted from the Council agenda, reference being made to Rule 27 (5), which read as follows:

“The Speaker or Chairperson must ensure that the questions are included in the agenda of the next Council meeting or committee meeting.”

On the above basis, the DA emphasized the importance of including questions on the Council agenda as prescribed. Meanwhile, the ActionSA reported that three (03) months ago, questions were submitted, but to date there have been no responses received. Thereafter, established the applicable process to hold officials accountable in the event of questions not having been responded to timeously.

Noting the comments made on the process, the Speaker mentioned that if there were gaps or challenges with the system being introduced to manage time during the Council proceedings, these be communicated accordingly so that the system can be reviewed. The attention was then drawn to the fact that the Office of the City Manager is responsible for responding to questions from Councillors.

On the matter raised by the ActionSA, the City Manager was then directed to investigate the Unit(s) and/or Official(s) that took long to respond to the questions referred to by the ActionSA.

(The Deputy Mayor, Councillor ZP Myeni, presented the First Report of the Executive Committee)

FIRST REPORT OF THE EXECUTIVE COMMITTEE

(Meeting held 2024-10-22)

- PRESENT** : Executive Committee Members VC Xaba (Mayor and Chairperson), ZP Myeni (Deputy Mayor), A Beetge, TM Mthethwa, OB Mvubu, MS Nkosi, BT Ntuli and ZR Sokhabase.
- ABSENT** : Executive Committee Members Y Govender (Leave- Personal Commitment) and NI Madlala (Leave-Municipal Business).
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1. REPORT OF THE HUMAN SETTLEMENTS, ENGINEERING AND TRANSPORT COMMITTEE: MEETING HELD 2024-10-08

(Page R1)

1.1 Proposed Closure of a Road Portion and Cancellation of a Portion of a Road Servitude Over Portion 1 of Erf 6592 Pinetown, 15 Michella Road, Nagina Plan No.: SJ 4868/1 Extent 935m² (17/2/1/2/3):

(Page 1: Human Settlements, E & T Committee - Agenda 2024-10-08)

The Committee considered the report relating to proposed Closure of a Road Portion and cancellation of a Portion of a Road Servitude over Portion 1 of Erf 6592, Pinetown, 15 Michella Road, Nagina and has considered that the market value of the Portion of the Road Servitude is currently assessed at a value of R187 000.00 (One Hundred and Eighty-Seven Thousand Rand), excluding VAT.

COMMITTEE RECOMMENDS:

- 1.1.1 That the Municipal Council declares in terms of Regulations 5,7 and 11 of the Municipal Asset Transfer Regulations 2008, read together with Section 14(2)(a) and (b) of the Local Government: Municipal Finance Management Act No 56 of 2003 that:
- 1.1.1.1 The proposed property described as Portion of the Road Servitude area over Portion 1 of Erf 6592 Pinetown in extent of 935m² as depicted on Plan Number No.: SJ 4868/1 is not required to provide a minimum level of basic Municipal services and is surplus to the requirements of the Municipality.
- 1.1.1.2 The market value of the Portion of the Road Servitude is currently assessed at a value of R187 000.00 (One Hundred and Eighty-Seven Thousand) excluding VAT.
- 1.1.2 That the Municipal Council declares that .1 above, is subject to the conditions below that:
- 1.1.2.1 The Portion of the road servitude over Portion 1 of Erf 6592 Pinetown in extent of 935m² as depicted on Plan Number No.: SJ 4868/1 as marked AB, BC, DE, EF, FG, GH, HJ, JA, be cancelled over Portion 1 of Erf 6592 Pinetown.

- 1.1.2.2 The compensation in the amount of R187 000.00 (One Hundred and Eighty-Seven Thousand Rand) excluding VAT, such price reflecting the current market value of the Portion of the Road Servitude Area to be cancelled as assessed by a registered valuer be claimed from the registered owner of the Portion 1 of Erf 6592, Pinetown.
- 1.1.2.3 In terms of Section 211 of the Local Authorities Ordinance No. 25 of 1974 the Portion of the Road Area is depicted on Hand Plan No.: SJ 4868/1 over Portion 1 of Erf 6592 Pinetown, be permanently closed.
- 1.1.2.4 The Portion to be closed is to be advertised via the Land Use Management application process and is to be read together with Section 28(2)(e) of the eThekweni Municipality: Planning and Land Use Management By-law 2016, as amended.
- 1.1.2.5 In the event of objections being lodged to the proposed closure of portion of the road as depicted on Hand Plan No.: SJ 4868/1 over Portion 1 of Erf 6592 Pinetown, when it is advertised, the process as detailed in the eThekweni Municipality: Planning and Land Use Management By-law 2016, as amended, will be followed to address these objections.
- 1.1.2.6 All conditions by the Municipality's Service Delivery Units as detailed in point 5 of the report will form part of the Memorandum of Agreement and will be carried forward into the notarial deed of cancellation of servitude.
- 1.1.2.7 All cost incidental to the transaction shall be at the cost of the applicant.
- 1.1.2.8 All developments plans, and applications must be submitted and approved by the Local Authority prior to any commencement on the property.
- 1.1.3 That subject to the adoption of paragraphs .1 to .2 above, authority be granted to the Head: Real Estate to sign all documents necessary to give effect to the above-mentioned recommendations.

ADOPTED.

- 1.2 Proposed Granting of Rights to Use, Control or Manage a Property by Way of a Long-Term Lease on Proposed Portion A (of 13) of LOT New Farm No. 15382 in Extent 1 1366HA as Depicted on Hand Plan SJ 4618/2A to Close a Portion of Public Open Space Over Portion of Proposed Portion A of 13 of LOT New Farm No. 15382 (17/2/1/2/5):
(Page 25: Human Settlements, E & T Committee - Agenda 2024-10-08)

The Committee considered the report relating to proposed granting of rights to use, control or manage a property by way of a long-term lease on the Proposed Portion of A (of 13) of Lot) New Farm No.: 15382 and has also considered the fair market value of the assets and the economic and community value to be received in exchange for the asset. The current market value of the subject property is R15 000 000.00 (Fifteen Million Rand) at an assessed market rental of R112 500.00 (One Hundred and Twelve Thousand Five Hundred Rand) per month excluding VAT.

With the Committee being in support of the proposal,

COMMITTEE RECOMMENDS:

- 1.2.1 That the Municipal Council declares in terms of Section 14 of the Local Government: Municipal Finance Management Act that:
 - 1.2.1.1 The Proposed Portion described as A (of 13) of Lot New Farm No 15382 as depicted on Hand Plan No.: SJ 4618/12A is not needed to provide the minimum level of basic Municipal services and is considered to be surplus to the requirements of the Municipality for the period that the proposed granting of rights to use, control or manage the said properties is recommended; and
 - 1.2.1.2 That the Municipality has considered the fair market value of the assets and the economic and community value to be received in exchange for the asset, with the current market value considered being R15 000 000.00 (Fifteen Million Rand) at an assessed market rental of R112 500.00 (One Hundred and Twelve Thousand Five Hundred Rand) per month, excluding VAT.
- 1.2.2 That the Municipal Council approves in principle, that a right be granted to use, control or manage the capital asset described as Proposed lease over Portion A of 13 of Lot New Farm No.: 15382 as depicted on Hand Plan No.: SJ 4618/12A in terms of Regulation 34(1)(b) read with Regulation 36 and 41(1) of the MATR as follows that:
 - 1.2.2.1 A long-term right is proposed to be granted in respect of Proposed Portion A (of 13) of Lot New Farm No.: 15382 as depicted on Hand Plan No.: SJ 4618/12A.
 - 1.2.2.2 The rental be assessed on the open market value.
 - 1.2.2.3 All conditions received from the Municipality's Service Delivery Units as detailed in paragraph 6 of this report by the Head: Real Estate dated 2024-08-22, will form part of the lease agreement to be concluded between the Municipality and the successful tenderer.
 - 1.2.2.4 That the property described as Proposed Portion A (of 13) of Lot New Farm No.: 15382 depicted on Hand Plan No.: SJ 4618/12A, be leased in accordance with the eThekweni Municipality Supply Chain Management Policy, at a base rental of R112 500.00 (One Hundred and Twelve Thousand Five Hundred Rand) per month, excluding VAT and escalating by 9% per annum, and to be reviewable every 5 years for a period of 45 years.
 - 1.2.2.5 That in terms of Section 212 of Local Authorities Ordinance of 1974 Remainder of Portion 14 of Lot New Farm No 15385 as depicted on Hand Plan SJ 4618/12A designated public open space be permanently closed.
 - 1.2.2.6 The closure of the public space area over Proposed Portion A of 13 of Lot New Farm No.: 15382 will be dealt with and advertised via the Land Use Management application process and is to be read in terms of Section 212 of Local Authorities Ordinance 25 of 1974 together with Section 28(2)(e) of the eThekweni Municipality Planning Land Use Management By law 2016, as amended.
 - 1.2.2.7 All costs incidental to the transaction shall be borne by the lessee and all the developmental plans must be submitted to the local authority for approval prior to any construction.

- 1.2.2.8 That the rental be suspended for the development period stipulated on the bidders proposal or until the practical completion certificate is issued (whichever comes first) from the date of registration of the lease to allow for the refurbishment/development of the properties, provided that the development period or period until the practical completion certificate is issued does not exceed 3 years from the date of registration of the lease, and provided that the capital investment is above R30 000 000.00 (Thirty Million Rand). That the effective date of the lease be the date of practical completion.
- 1.2.2.9 Should the developer not complete the development within a three-year period an application must be made to the Head: Real Estate to submit a request to the Municipal Council to consider an extension of time to complete the development in accordance with suitable terms and conditions as recommended by the Head: Real Estate.
- 1.2.2.10 That subject to the adoption of .1 to .2 above and compliance with the eThekweni Municipality's Supply Chain Management Policy, authority be granted to the Head: Real Estate to sign all documents necessary to conclude the required lease agreement.

ADOPTED.

- 1.3 Request for Budget Reprioritization for Human Settlements Unit 2024/25 Financial Year (7/1/2/2):
(Page 87: Human Settlements Engineering & Transport Committee - Agenda 2024-10-08)

Authority is sought to reprioritize the Human Settlements Unit Capital Budget to provide for an amount of R18 900 000.00 (Eighteen Million Nine Hundred Thousand Rand) to complete active projects whilst maintaining the currently approved budget quantum. Such reprioritizations to be rectified in the pending 2024/2025 financial year adjustment budget process. The proposed reprioritization is due to budget cuts and anomalies applied in the budget approval process that have consequently impacted active projects with contractual obligations as well as planned and committed projects.

The proposed adjustment is in line with the Informal Settlements Upgrading Partnership Grant (ISUPG) Business Plan for the 2024/2025 financial year as well as Cash Flows will be submitted to the National Department of Human Settlements for consideration and approval. The proposed approach is to address project funding requirements in order to ensure the successful completion of current projects and avoid irregular expenditure.

The table below reflects proposed reprioritization of fundings for savings declared to be committed to projects already underway but currently subjected to limited funding. The reporting structure in the table below was commended as this gives a clear indication of the movement of funds from one project to another. This information was considered important to enable leadership to provide feedback to the local communities as projects commitment had originally been made through the Integrated Development Plan process,

Capital Operating budget	Capital Budget Description	Funding source	Region	Approved Budget	Proposed Reallocation	Savings declared	Additional Budget	SCM status
				R	R	R	R	
P5054E	Bhambayi Phase 1	ISUPG	W054	11,000 000.00	10 000 000.00	3,000 000.00		Construction in progress
P521621	Lamontville Informal Settlements	ISUPG	W075	8,000 000.00	2,100 000.00	5,900 000.00		BEC

Capital Operating budget	Capital Budget Description	Funding source	Region	Approved Budget	Proposed Reallocation	Savings declared	Additional Budget	SCM status
				R	R	R	R	
PP55848	PLGRIM X	ISUPG	W090	13,300 000.00	3,300 000.00	10,000 000.00		Awaiting LOA
P518621	Ntuzuma D Phase 2&3 Roads	ISUPG	W043	2,700 000.00	13 500 000.00		10,800 000.00	Construction in progress
P52461	Burlington Greenfields PH3	ISUPG	W065	2,000 000.00	10,100 000.00		8,100 000.00	Construction in progress
				39,000 000.00	39,000 000.00	18,900 000.00	18,900 000.00	

The DA abstained both at the Support Committee level and at the Executive level. With the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 1.3.1 That authority be granted to reprioritize the Human Settlements Unit Capital Budget in the amount of R18 900 000.00 (Eighteen Million Nine Hundred Thousand Rand) to address project funding requirements in order to ensure the successful completion of current projects within the 2024/2025 financial year and avoid irregular expenditure.
- 1.3.2 That it be noted that the reprioritization budget submission does not result in a request for any additional funding and will be incorporated in the Council's next 2024/2025 Financial Year Adjustment Budget.
- 1.3.3 That it be noted that the proposed adjustment is in line with the Informal Settlements Upgrading Partnership Grant (ISUPG) Business Plan for the 2024/2025 financial year as well as Cash Flows to be submitted to the National Department of Human Settlements for consideration and approval.
With the DA Abstaining, the recommendations were by majority vote, ADOPTED.
- 1.4 Noting of Reasons to Amend Contract No.: 1H-46515 in Terms of Section 116 (3) of the Local Government Municipal Management Act No. 56 of 2003 for the Construction of 313 Houses at Folweni Housing Project, Ward 95 (22/71/1/3):
(Page 195: Human Settlements, E & T Committee - Agenda 2024-10-08)

The Committee is requested to note the reasons detailed below, which give rational for the intention to extend Contract 1H-46515:

- Prices of key construction materials like steel, bricks, cement, and timber have risen sharply, contributing to higher project costs.
- Specialised items such as fittings and accessories, along with miscellaneous expenses, have also seen significant price escalation.
- Additionally, there have been a significant increase in petrol price over the past few years. This has resulted in the increase of transportation costs, i.e. delivery of materials, etc.

- The National Minimum Wage was officially implemented on 01 January 2019, as a mechanism to address income inequality and improve living standards for low-wage workers. The National Minimum Wage was adjusted annually, with the latest increase effective from 01 March 2024. The new national minimum wage is set at R27.58 per hour for unskilled labour. The national labour rate in South Africa has seen steady increases over the past few years, driven by the implementation and annual adjustments to the National Minimum Wage, as well as sector-specific minimum wage changes. This indicates steady growth in labour costs over time as one of the high-cost drivers cited by the contractor as the industry is regulated.

In summary, the construction costs in South Africa have escalated and this is attributed to several factors. These factors collectively drive up the expenses of building low-cost houses in South Africa. It is with this background in mind that the request from the contractor is being considered and recommended for adjustment.

The KZN-DOHS recognized the effects of escalation of building costs and has adjusted the construction budget from R110 947, 00 (One Hundred and Ten Thousand Nine Hundred and Forty-Seven Rand) in 2014 Quantum to R176 270.00 (One Hundred and Seventy-Six Thousand Two Hundred and Seventy Rand) per 40m² house.

The adjustments of the construction costs should occur within the provisions of the MFMA Section 116(3). According to MFMA Section 116(3)(a), the contracts are being managed and enforced through the Contract Agreements which provide adequate mechanisms to manage contracts of this nature. The contract adjustment is to be in line with the current approved subsidy. The houses are to be built in accordance with enhanced norms and standards of the KZN Department of Human Settlements, NBR & NHBRC Regulations.

The adjustment of contract authority will allow the project to proceed in terms of the development programme and thus, prevent the project from being stalled, due to the increase in construction costs. This will also ensure that the balance of the project scope is completed timeously as the project is critical to ensure delivery of houses to the most vulnerable, previously disadvantaged communities. This will ensure that the Municipality achieves its set MTEF targets for 2024/2025 financial year.

With the Committee noting compliance requirement associated with this matter,

COMMITTEE RECOMMENDS:

1.4.1

That the reasons to amend contract period of performance on Contract 1H-46515 for the construction of 313 houses (40m²) at Folweni Housing Project, Ward 95, be noted as follows:

- Prices of key construction materials like steel, bricks, cement, and timber have risen sharply, contributing to higher project costs.
- Specialised items such as fittings and accessories, along with miscellaneous expenses, have also seen significant price escalation.

- Additionally, there have been a significant increase in petrol price over the past few years. This has resulted in the increase of transportation costs, i.e. delivery of materials, etc.
- Increased labour costs

1.4.2 That the amendment is applicable to 123 Units.

1.4.3 That the public participation process is advertised through the media in terms of Section 116(3) of the MFMA as part of the achieving compliance requirements pertaining to the public participation process to invite public comments on the proposed amendment.

1.4.4 Furthermore, the financial implications of the proposed amendment, the contract authority will increase by 41% or R8 274 210.00 (Eight Million Two Hundred and Seventy-Four Thousand Two Hundred and Ten Rand). This is in accordance with the KZN Department of Human Settlements approved budget alignment for the construction of a 40m² Top structure houses.

Financial Implications:

Tendered rate for building of 40m ² house	KZN DoHS adjusted budget per house	No of Units to be aligned	Additional authority required per contractor per house	Total additional authority required
R109 000.00	R176 270.00	123	R67 270.00	R8 272 210

Commenting on the matter, the IFP noted the report with concern, citing delays in project implementation, which resulted in a need to request for additional funding. That the Human Settlements Unit should be held accountable for such delays on project implementation.

Sharing similar views, the ActionSA further mentioned that the date of the contract award was not clear in the report, which also triggered price increase.

Thereafter, the ANC clarified that the contract was operational back in 2014. However, with the advent of the Covid-19 pandemic the general price increases occurred then, amongst the other business implications suffered during this period of the pandemic. It being further mentioned that the KwaZulu-Natal Department of Human Settlements has recognized the effects of escalation in the building costs and subsequently adjusted the construction budget to be in line with the new rates.

Thereafter, the above recommendations were, NOTED.

1.5 Request for Budget Reprioritization for Human Settlements Unit for 2024/2025 Financial Year (7/1/2/2):
(Page 315: Human Settlements, E & T Committee - Agenda 2024-10-08)

Authority is sought to reprioritize the Human Settlements Unit Capital Budget for the 2024/2025 financial year in the amount of R54 008 000.00 (Fifty-Four Million Eight Thousand Rand). The Unit has reviewed the 2024/2025 financial year approved capital budget, which does not reflect the revised submission undertaken in January 2024 and still maintain the initial identified projects that can be deferred in order to allow the reallocation of funds to meet the current financial year and contractual obligations arising from:

- 2023/2024 financial projects that are underfunded in the 2024/2025 financial to carry-over projects, that were originally planned for completion in 2023/2024 financial but are continuing in the 2024/2025 financial year.
- 2024/2025 financial year projects that are unfunded/underfunded and have contractual obligations and where services designs are proceeding.

Accordingly, any project that does not have a contractual commitment at this stage will be funded for the service designs in order to meet the capital requirement. The budgets required for the deferred works will be sought through the budget process for inclusion in the following financial year viz. 2025/2026, subject to budget availability.

The approach adopted ensures that contractual obligations are met, whilst also ensuring that a suitable pipeline of projects is available should funding become available within the current 2024/2025 financial year on the next financial year of 205/2026. The proposed reallocation of budgets is detailed in Annexure A of the report by the Head: Human Settlements dated 2024-05-15.

The DA abstained both at the Support Committee level and at the Executive level. With the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 1.5.1 That authority be granted to reprioritize the Human Settlements Unit Capital Budget in the amount of R54 008 000.00 (Fifty-Four Million Eight Thousand Rand) as contained in Annexure A of the report by the Head: Human Settlements dated 2024-05-15.

Annexure A Human Settlements Unit Reprioritization of 2024/2025 Capital Budget:

Capital Budget	Description	Project No.	Ward No.	Approved Budget	Revised Requirement for Reprioritization	SCM Status
P5268B	Kennedy Road	P5268B	W025	500,000.00	500,000.00	SCM Complete
P5492	Shembe / Ekuphakameni	P5492	W107	150,000.00	175,000.00	SCM Complete
P5513B	Blackburn Ph2	P5513B	W102	1,000,000.00	1,700,000.00	SCM Complete
P5526D	Mpumalanga Unit C	P5526D	W091	500,000.00	0.00	SCM to start in 2025/2026 FY
P5552ZZ1	KwaCetshwayo-Coffee-Farm Phase	P5552ZZ1	W012	200,000.00	0.00	SCM to start in 2025/2026 FY
P5596D	Bhambayi Phase 3	P5596D	W061	11,800,000.00	9,087,000.00	SCM in progress.
P5600AA	Quarry Road West	P5600AA	W032	300,000.00	8,000.00	SCM Complete
P5611A	Gumtree Road Kenville	P5611A	W034	50,000.00	900,000.00	SCM Complete
P5614A	Malukazi Upper	P5614A	W089	50,000.00	350,000.00	SCM Complete
P5623A	Old & New Dunbar (Wiggins) Overspill	P5623A	W001	1,150,000.00	1,950,000.00	SCM Complete
P5627A1	Umlazi - Q - Q4 /Q5	P5627A1	W087	50,000.00	50,000.00	SCM Complete

Capital Budget	Description	Project No.	Ward No.	Approved Budget	Revised Requirement for Reprioritization	SCM Status
P5628A	Umlazi - BB - BB 868	P5628A	W084	50,000.00	50,000.00	SCM Complete
P5630A	Umlazi - T - T5	P5630A	W089	50,000.00	50,000.00	SCM Complete
P5640	Amaoatana	P5640	W053	150,000.00	175,000.00	SCM Complete
P5641	Amawoti-Geneva	P5641	W057	150,000.00	175,000.00	SCM Complete
P5643D	Richmond Farm B	P5643D	W038	0.00	0.00	SCM to start in 2025/2026 FY
P5646A	Mshayazafe	P5646A	W055	1,792,000.00	1,692,000.00	SCM in progress
P5647A	Smithfield	P5647A	W034	150,000.00	1,325,000.00	SCM in progress
P5649A	Isithundu Hill Overspill/Ext.	P5649A	W013	2,556,000.00	2,456,000.00	SCM in progress
P5650A	Progress Place (2 of 3)	P5650A	W072	6,064,000.00	4,000,000.00	SCM in progress
P5651A	Clermont Cluster	P5651A	W092	4,360,000.00	3,500,000.00	SCM in progress
P5652A	Mpola Phase 3 Ext.	P5652A	W015	3,576,000.00	3,576,000.00	SCM in progress
P5653A	Ward 81 Cluster (Umlazi-B-BX1-	P5653A	W081	3,480,000.00	3,486,000.00	SCM in progress
P5654A	Ward 87 Cluster (Umlazi-Q-QX6, Q	P5654A	W087	2,640,000.00	2,325,000.00	SCM in progress
P5655A	Ward 111 Cluster (Umlazi-J-J17,	P5655A	W111	2,200,000.00	2,176,000.00	SCM in progress
P5656A	Umlazi- V -V5	P5656A	W076	6,440,000.00	6,440,000.00	SCM in progress
P5659A	Asinamali/Toni (St. Wendolins)	P5659A	W066	150,000.00	175,000.00	SCM Complete
P5660	B extension & Curnick Ndlovu	P5660	W055	150,000.00	175,000.00	SCM Complete
P5663	Intake Rd	P5663	W072	150,000.00	175,000.00	SCM Complete
P5666	Welbedacht East	P5666	W077	150,000.00	175,000.00	SCM Complete
P5667	Madiba Valley	P5667	W014	150,000.00	175,000.00	SCM Complete
P5668	Zamokuhle	P5668	W019	150,000.00	175,000.00	SCM Complete
P5669	Protea	P5669	W103	150,000.00	175,000.00	SCM Complete
P5670	Grassmere Drive	P5670	W013	150,000.00	175,000.00	SCM Complete
P5672A	St Wendolins Ridge	P5672A	W016	150,000.00	0.00	SCM to start in 2025/2026 FY
P5683	Umlazi - L-L2 (Egcakini) - W07	P5683	W078	150,000.00	175,000.00	SCM Complete
P5685	Umlazi - CC - CC Esidweni	P5685	W084	150,000.00	175,000.00	SCM Complete
P5687	Umlazi - U - UX2 (Tropica)	P5687	W086	150,000.00	175,000.00	SCM Complete
P5688	Umlazi - T - T4 & KwaMnyandu	P5688	W089	150,000.00	0.00	SCM to start in 2025/2026 FY
P5690	Crossmoor Road - W071	P5690	W071	150,000.00	175,000.00	SCM Complete

Capital Budget	Description	Project No.	Ward No.	Approved Budget	Revised Requirement for Reprioritization	SCM Status
P5691	Amawoti - Mozambique	P5691	W057	150,000.00	0.00	SCM to start in 2025/2026 FY
P5692	Tshelimnyama Phase 3 Overspill	P5692	W015	150,000.00	0.00	SCM to start in 2025/2026 FY
P5693	Progress Place 3 Ext	P5693	W072	150,000.00	0.00	SCM to start in 2025/2026 FY
P5694	Buffelsdraai (West)	P5694	W059	150,000.00	0.00	SCM to start in 2025/2026 FY
P5695	Georgedale (South-East)	P5695	W005	150,000.00	0.00	SCM to start in 2025/2026 FY
P5696A	Malukazi Lower - Lotus Park (South - East)	P5696A	W089	200,000.00	0.00	SCM to start in 2025/2026 FY
P5697	RoodeKrans 828/Hazelmere Dam	P5697	W060	150,000.00	0.00	SCM to start in 2025/2026 FY
P5698	Amawoti - Angola	P5698	W053	150,000.00	0.00	SCM to start in 2025/2026 FY
P5700	Stockville	P5700	W010	150,000.00	0.00	SCM to start in 2025/2026 FY
P5701	Zamani 2A	P5701	W091	150,000.00	0.00	SCM to start in 2025/2026 FY
P5702A	Bhambayi Ghandi	P5702A	W045	150,000.00	0.00	SCM to start in 2025/2026 FY
P5703	Stomote (Hull Valley)	P5703	W099	0.00	0.00	SCM to start in 2025/2026 FY
P5704	Emalangen- Mpumalanga H	P5704	W007	0.00	0.00	SCM to start in 2025/2026 FY
P5705	Redcliff - Canelands/Parkridge	P5705	W060	150,000.00	0.00	SCM to start in 2025/2026 FY
P5284D	Matamfana	P5284D	W004	150,000.00	0.00	SCM to start in 2025/2026 FY
P5544A	Siyanda	P5544A	W041	50,000.00	1,535,000.00	SCM Complete
P5606B	Amaotana - Zwelisha Phase 1	P5606B	W059	50,000.00	1,600,000.00	SCM to start for construction.
P5619A	Umlazi E-EX1	P5619A	W082	400,000.00	400,000.00	SCM Complete
P5598	Ntuzuma C phase 2 part 2	P5598	W038		750,000.00	SCM Complete
P5625	Indus Lane	P5625	W025		757,000.00	SCM Complete
P5626A	Emgodini	P5626A	W036		720,000.00	SCM Complete
TOTAL				54,008,000.00	54,008,000.00	

1.5.2

That it should be noted that the reprioritization budget submission does not result in a request for any additional funding and will be incorporated in the Council's next 2024/2025 financial year Adjustment Budget.

Speaking on the report, the IFP mentioned that the statistics indicate that the Human Settlements Unit is performing poorly and records service delivery backlogs. That inspections have revealed poor living conditions in areas including Lamontville transit camp, with sewer spillages etc., Isipingo transit camps, and other various informal settlements within the City having dilapidated camps and limited services, with some not even having electricity supply. They expressed concern that the budget being requested in this report does not include these areas. On the other hand, mention being made that the Municipality utilizes huge funds for IDP roadshows to consult communities on service delivery matters, however, with minimal visible and tangible improvements at the Ward levels. Also referring to the Umkomaas and Craigeiburn housing project approved but blocked or reduced due to bulk services.

Thereafter, the ANC noted the issues raised and advised that the matters in question would be considered by the relevant Committee. Speaking on the issue at hand, emphasis was put that the budget reprioritization requested does not require additional funding but that this is reallocating the already approved Human Settlements Unit Capital Budget 2024/2025 to meet the current financial year contractual obligations.

With the DA Abstaining, the recommendations were by majority vote, ADOPTED.

1.6 Request to Conduct Public Partnership Process in Terms of the Municipal Asset Transfer Regulations 2008, to Grant Rights to Use, Control or Manage the Proposed Lease Over:

- (a) Proposed Lease A on the Remainder of the Farm KwaMashu No.: 15319 in Extent 1.563HA as Depicted on Hand Plan No.: SJ 4825/1
- (b) Proposed Lease B on Erf 1156 KwaMashu E in Extent 8485m² as Depicted on Hand Plan No.: SJ 4825/1
- (c) Proposed Lease on Remainder of Erf 518 Seaview and the Remainder of Portions 4 and 5 of Erf 521 Sea View in Total Extent 2.0175HA as Depicted on Hand Plan No.: SJ 4883/2

(Page 324: Human Settlements, E & T Committee - Agenda 2024-10-08)

During discussion, it was confirmed that the Proposed Lease of Remainder of Erf 518 Seaview and the Remainder of Portions 4 and 5 of Erf 521 Seaview, were in Ward 64.

COMMITTEE RECOMMENDS:

- 1.6.1 That authority be granted for the Accounting Officer to conduct a public participation process as envisaged in terms of Regulation 34(3)(a) read together with Regulation 34(3)(b) of the Municipal Asset Transfer Regulations 2008, for the proposed granting of long-term rights to use, control or manage the properties described as Proposed Lease A on the Remainder of the Farm KwaMashu No.15319 in extent 1,5631Ha; Proposed Lease B on Erf 1156 KwaMashu E in extent 8485m²; and a proposed lease on the Remainders of Portions 4 & 5 both of Erf 521 Seaview, in total extent 2.0175Ha, it being recorded that the respective fair market value of the proposed leases over the properties exceeds R10 000.00 (Ten Million Rand) and the duration of the proposed rights to be granted exceed 3 (three) years.

- 1.6.2 That the public participation process be conducted in accordance with the provisions of Regulation 35 of the Municipal Asset Transfer Regulation 2008, including:
- 1.6.2.1 Inviting the local community and other interested parties to submit comments or representations.
- 1.6.2.2 Soliciting views and recommendations of the National Treasury and the Provincial Treasury.
- 1.6.2.3 Complying with Section 21A of the Local Government Municipal Systems Act, No.32 of 2000 by publishing notification through the media in a local newspaper(s) published in the area of jurisdiction of the Municipality as a newspaper of record, or by means of radio broadcasts covering the area of jurisdiction of the Municipality.
- 1.6.3 That the Accounting Officer conduct such public participation process as envisaged in .1 above at least 60 (Sixty) days before the meeting of the Municipal Council at which the decision referred to in Regulation 34(1)(b) is to be considered. At the aforementioned meeting, a report will be submitted to the Municipal Council appraising on the outcome of the public participation process conducted and requesting an in-principle approval in terms of Regulation 34(1)(b) read with Regulation 35 of the Municipal Asset Transfer Regulations for the proposed granting of long-term right to use, control or manage the capital assets described as Proposed Lease A on the Remainder of the Farm KwaMashu No.15319 in extent 1,5319 in extent 1,5631Ha; Proposed Lease B on Erf 1156 KwaMashu E in extent 8485m²; and a proposed lease on the Reminders of Portions 4 and 5 both Erf 621 Seaview in total extent 2.0175Ha.
- 1.6.4 That authority be granted to the Head: Real Estate to sign all the documents necessary to give effect to the above-mentioned recommendation.

ADOPTED.

2. REPORT OF THE TRADING SERVICES COMMITTEE: MEETING HELD 2024-10-09

(Page R10)

2.1 Re-allocation of Funds Across Capital Projects-HV Projects (7/1/2/2):
(Page 1: Trading Services Committee - Agenda 2024-10-09)

Authority is sought to re-allocate funds in the amount of R175 711 905.00 (One Hundred and Seventy-Five Million Seven Hundred and Eleven Thousand Nine Hundred and Five Rand) across Capital Projects – HV Projects within the Electricity Unit the 2024/2025 financial year.

It has been identified that expenditure in certain capital projects may not reach its planned spend within this financial year due to delays in the award of required contracts. These projects have been identified and funding proposed to be reprioritised to execute projects that can spend within the 2024/2025 financial year to ensure efficient and prudent capital expenditure for the Unit.

The re-allocation of funds is required to be reviewed to ensure compliance with the Unit's budget allocation. Various contributing factors ranging from delays at the Architectural Unit, the non-award of contracts for equipment required

at HV Substations being E.9311, E.9731, 27040-5E and E.9728 and delays in delivery of equipment and materials from suppliers have resulted in the inability to spend the approved budget on the HV Projects affected as detailed in table 1 of Annexure A of the report by the Acting Head : Electricity dated 2024-08-15.

In addition, there are two projects within the Electricity Unit which also require funding in the amount of R7 321 454.00 (Seven Million Three Hundred and Twenty-One Thousand Four Hundred and Fifty Four Rand) to address urgent operational requirements, detailed in Section E of this report and Table 3 in Annexure A of the report by the Acting Head: Electricity dated 2024-08-15. The projects in the HV Operations Department and other branches within the Electricity Unit with contracts in place can proceed and require additional funding for the following reasons:

- Projects previously planned and budgeted in the 2024-2025 MTREF under a reduced budget could benefit by having more work completed within the financial year, however further funding is required. The SCM process for these projects is complete and the proposed budget can be spent within the financial year.
- Multi-year projects previously on the capital budget programme planned and budgeted to be completed in the approved 2023/2024 financial year MTREF but have experienced delays and require funding in the 2024/2025 financial year to be completed.
- Multi-year projects that are new and not on the MTREF but have been identified to be able to spend on existing contracts therefore bringing forward project anticipated completion and therefore enhanced service delivery sooner.
- Projects that are new and therefore not on the MTREF but have recently been identified due to newly discovered critical operational constraints and are urgently required.

It was noted that the Committee undertook to conduct a site inspection with a view to playing an oversight role on this matter.

With the Committee being in support of the proposal,

COMMITTEE RECOMMENDS:

- 2.1.1 That authority be granted for the re-allocation of funds in the amount of R175 711 905.00 (One Hundred and Seventy-Five Million Seven Hundred and Eleven Thousand Nine Hundred and Five Rand) across Capital Projects – HV Projects within the Electricity Unit for the 2024/2025 financial year as follows:
- 2.1.1.1 Multi-year projects previously on the capital budget programme planned and budgeted to be completed 2023/2024 MTREF but have experienced delays and require funding in the 2024/2025 financial year to be completed as indicated below:
- Avoca Sub-Station
 - Bayhead Sub-Station
 - Clermont Sub-Station
 - Dalton Road Sub-Station
 - Durban South 275 kV Bus Section
 - Durban South Sub-Station

- Greenbury Sub-Station
- Jacobs Sub-Station
- Jameson Park Sub-Station
- KE Masinga Sub-Station
- Mobeni South Sub-Station
- Ntuzuma Sub-Station
- Springfield Sub-Station
- Umdloti Sub-Station
- SDH Management System Upgrade

2.1.1.2 Multi-year projects that are new and not on the MTREF, but have been identified to be able to spend on existing contracts therefore bringing forward projects anticipated completion and therefore enhanced service delivery sooner:

- Durban North Sub-Station
- Hillcrest Sub-Station
- Klaarwater-Hillcrest T1 to T19 lines
- Phoenix North Switching Station
- Quarry Sub-Station
- Reservoir Hill Sub-Station

2.1.1.3 Projects that are new and therefore not on the MTREF but have recently been identified due to newly discovered critical operational constraints and are urgently required.

- HV Equipment replacement

2.1.2 That authority be granted to accommodate two additional projects within the Electricity Unit that require funding in the amount of R7 321 454.00 (Seven Million Three Hundred and Twenty-One Thousand Four Hundred and Fifty-Four Rand) to address urgent operational requirements as follows:

- Network Management and Design and Implementation System
- Enterprise Core Switch infrastructure

2.1.3 That subject to the approval of .1 and .2 above, authority be granted to the Deputy City Manager: Finance to include in the adjustment budget report, the transfer of funds from the projects where savings have been identified to the list of projects where funding is required

Financial Implications:

The project funding will be reprioritised from existing funded projects to other projects that could not be completed with a **zero increase** in the overall bottom line of the 2024-2025 Medium Term Revenue & Expenditure Framework (MTREF) budget. (Refer to attached for financial certificates: FC361/CA0289, FC361/CA0288 and FC361/CAP009.

While in support of the report, the ActionSA raised a concern on what they viewed as delays in the awarding of tenders, lack of urgency and disregarding needs of the residents that rely on Municipal services. A submission being made that the cause of delays should be addressed and necessary steps taken to prevent recurrence of such operational inefficiencies in future.

Thereafter, the above recommendations of the Executive Committee were,
ADOPTED.

2.2

Capital Adjustment Budget 2024-2025 (7/1/2/2):

(Laid-on-Table: Trading Services Committee - Agenda 2024-10-09)

Authority is sought to revise the approved Cleansing and Solid Waste's current 2024/2025 financial year Capital Budget through a special re-prioritisation budget. As per the statutory requirement, the Unit is mandated to make provisions for preventing pollution onto the receiving environment. The sequence of events associated with health impacts and the risk of pollution necessitated the need to motivate for projects based on the Unit's contractual commitments and revised priorities in response to the Unit's tactical plan.

The report therefore seeks to request Council to support the Unit in meeting its core mandate through the budget motivation to enable these projects for full and complete implementation and the unspent funds have been identified in the 2024/2025 financial year to meet the expenditure and will be transferred via an adjustment budget.

The Cleansing and Solid Waste (CSW) has proactively acted in commencing its SCM procurement following the adoption of the three (3) year MTREF. The 2024/2025 SCM completed as of July 2024 is at some 68% and have been mainly affected by non-awards, and the tender process restarted is expected to be fully achieved towards the latter of 2024.

- Containers for Transfer Station:

The provision of specialised compaction containers is aligned to CSWs tactical turnaround plan to improve the level of waste management service. This followed from the downsizing of the Bisasar Road and Mariannhill Landfill Site as waste from the central to inner west areas had to be handled alternatively through a transfer station for aggregation to outer lying landfill sites. Contract ZE 23902 was accordingly let in the 2023/2024 to support the transfer station handling and mitigate backlogs in the waste collection for these regions. Whilst the contract was expected to be awarded by end 2023, the actual award was only realised in March 2024 after the mid term adjustments were issued.

The declared under expenditure was allowed for in forward planning of the 2024/2024 MTREF. The late start of the project meant that further unspent funds would need to be declared after the mid term adjustment for 2023/2024. However, CSW as part of the capital recovery response had ensured the works could be accelerated to mitigate any under expenditure. Therefore the acceleration of the works in the 2023/2024 financial year has now resulted in a saving in the contractual commitment for the planned 2024/2025 budget provision of R4 000 000.00 (Four Million Rand).

- Replacement of Compaction Units:

The replacement of the compaction units at CSWs transfer stations also forms part of the Units Tactical Turnaround Plan in ensuring an improved level of service to the ratepayers of eThekweni. The programme is in the second year of the rehabilitation of existing infrastructure assets with the Flower Road Transfer Station being successfully completed and now at implementation stage of the Mount Edgecombe Transfer Station under contract ZE 24091. This contract followed procurement delays with receiving final award after the mid term 2023/2024 adjustment process. The CSW best accelerated the works to maximise the budget provision within the 2023/2024 factoring in the late award. This has subsequently led to requirement to adjust down the 2024/2025 budget provision in line with the remaining contract authority which equates to R3 000 000.00 (Three Million Rand) saving.

- The Shallcross and Wyebank Garden Site Rehabilitation: These two garden waste facilities were inherited by the city during the amalgamation of all areas. The sites were conceived prior to the Environmental Conservation Act and regarded as historic. An environmental legal directive was received from the competent authority i.e. Department of Economic Development, Tourism and Environmental Affairs (edTEA) to have both the garden sites rehabilitated and decommissioned. Accordingly CSW took guidance from edTEA and informed the three (3) year MTREF for the capital provision and planned in professional services including the construction phase.

EDTEA had recently communicated through the project initiation that investigative monitoring results for ground water is now required for a period of one (1) year prior to finalising the design and construction which was not advised at time of the programme planning.

The CSW has argued the impact this new requirement will have on the project/planning timelines however the duty care responsibility has been cautioned and there is no other alternative option. The resultant impact on the programme will be a minimum one (1) year shift in the construction phase into the outer year. Therefore a saving of R8 750 000.00 (Eight Million Seven Hundred and Fifty Thousand Rand) and R7 121 000.00 (Seven Million One Hundred and twenty One Thousand Rand) for the Shallcross and Wyebank Landfill respectively is declared in the 2024/2025 (current) financial year. This necessary forward capital adjustments will be made in the next three (3) year capital MTREF.

- The Landfill Site: Shongweni:
This programme in the 24-25 financial year is made up of the professional services for the engineering design supervision, two construction work projects (WS7411 for the infrastructure Phase 1 and second for the landfill cell 6W-30109) and internal services. Phase 1 is currently at construction stage which has been forced to destabilish following community work stoppages without resolution. The challenges have been escalated at time of writing this report for resolution.

The construction work stoppage will result in the planned programme under performing. This further pushes out the second phase which is dependant on phase 1 being practically complete with access. The second construction phase for the provision landfill lining and associated leachate containment works under enquiry 6W-30109 despite being tendered ahead of the 2023/2024 financial year has resulted in a non-award. The non award has been supported at Bid Adjudication Committee in July 2024 and a retender has been immediately let which is at advert stage at time of compiling this report.

Whilst the unit is trying to best accelerate the retender award and contain any under expenditure, a due diligent review of the programme of works will not be practical to realise the full budget expenditure within the remaining months after award which is anticipated early 2025 after the contractors festive break. Additionally, with the project being regarded as greenfield, allowance has also been made for provision of all reticulation services such as information technology, electricity and water. Prices from the Information Management Unit (IMU) have come in below estimate resulting in a saving and the provision of municipal water supply from EWS Planning shows that there is no capacity from the existing pipeline to meet the site demand.

A water upgrade of the Salem Reservoir is the only viable option however will only be ready in 3-5 years and will have to be allowed for in the next three (3) year MTREF capital forecast. Therefore the combination of these two service dependencies has resulted in unspent funds. A net saving of R42.980 000.00 (Forty Two Million Nine Hundred and Eighty Thousand Rand) is declared and to be reprioritised to other capital projects in line with the Unit priorities that have budget shortfalls.

Projects Requiring Budgets Arising From Contractual Commitments:

- The Depot Programme: CSW depot projects for Ottawa (CSA2925) and New Germany (CSA2922) have received award in October 2022 and in construction phase with Tongaat (CSA2926) being declared a non-award.

Subsequent revision of cashflows from the Implementing agent i.e., Architecture Department has noted an underspend in the 2023/2024 year due to programme delays with appointment of structural engineer professional services and contractors revised programme. The projects for both Ottawa and New Germany are at stage (5-6) and were best accelerated to maximise expenditure in the 2023/2024 financial year. The subsequent revision to the MTREF was received after the adoption of the forward three (3) year MTREF from Architecture. CSW as the budget owner is now expected to revise its budget allocation for the 2024/2025 to meet the contractual commitments as per the implementing agents cashflow advice. These projects are at the tail end of completion and is required to be fully achieved.

- Computer Equipment: were identified as a backlog in the CSWs Integrated Asset Management Plan focusing on the 10-year capital pipeline based on priorities on the business and risk mitigation. This minor adjustment of R1 687 000.00 (One Million Six Hundred and Eighty Seven Thousand Rand) will allow for partial of the backlog replacements and to support with tools for trade in improving the units responsiveness.
- Transportation Assets: The unit had received Capital Investment and Council “in principle” support to address the fleet and heavy plant backlog replacements. Although the Unit is 70% into the backlog replacement, there still exists a shortfall of some R164 000 000.00 (One Hundred and Sixty Four Million Rand) against the council approval to be met via unspent funds. The current 2024/2025 transportation assets budget provision is approximately R30 000 000.00 (Thirty Million Rand) and insufficient to meet the balance of the approved backlog replacements.

Additionally, as part of the units response to take over full services in the CBD promenade, specialised mechanical sweepers were procured for delivery in the 2023/2024 financial year. These custom built units were not delivered by 30th June 2024 arising from manufacture and global delays beyond the control of the unit and now revised for delivery in October 2024. The units are regarded as contractual commitments and in support of the citys plan to provide a clean and healthy city. Therefore the identified balance of unspent funds from projects items 4 above is to be directed to the shortfall of the Council approved fleet replacement programme and in line with the units strategic turnaround response.

- 240L HDPE Containers: As part of the units tactical turnaround strategy in stabilising the core function was to ensure revenue containment. R1 000 000.00 (One Million Rand) has is required to increase the number HDPE containers to address growth/demand as well as securing new business for revenue enhancement as part of the units financial reform.
- The Integrated Waste Management Plan (IWMP) as part of the Cleansing and Solid Waste legislative compliance to the Waste Act is required. This tender was previously a non award and has been retendered as in the 2024-2025 financial year. The most responsive tender has exceeded the departments estimate and accordingly requires an adjustment in the 2024/2025 and 2025/2026 financial years to meet the contractual committment. The IWMP is overdue in terms of the statutory requirement and the adjustment can be contained with the overall bottom line. R1 500 000.00 (One Million Five Hundred Thousand Rand) is therefore required in the 2024/2025 financial year.
- Substation Equipment breakdown is an existing Urban Settlements Deveopment Grant (USDG) funded project and has an approved buisness plan. This project is within the Trading Services Cluster and implemented by the Elecricity Unit. CSW has declared under expenditure on its Shongweni landfill project. The USDG under expenditure line item for Shongweni is R5 516 000.00 (Five Million Five Hundred and Sixteen Thousand Rand) that can only be adjusted to a project that meets the grant conditions and has an approved business plan. CSW does not have any USDG projects that can receive the under expenditure and therefore being transfered to the Electricity Unit substation equipment breakdown USDG project where there is a budget shortfall. The project may exceed its current allocation within the months of September or October after which all work shall be required to stop pending additional budget being made available. Therefore, R5.516m is requested to be transferred to the Electricity Unit.

With the Committee being in support of the proposal,

COMMITTEE RECOMMENDS:

- 2.2.1 That authority be granted to revise the approved Cleansing and Solid Waste (CSW) current 2024/2025 financial year Capital Budget through a special reprioritisation budget in the amount of R72 497 000.00 (Seventy-Two Million Four Hundred and Ninety-Seven Thousand Rand) to meet the expenditure and will be transferred via an Adjustment Budget.
- 2.2.2 That subject to approval in .1 above, authority be granted to the Deputy City Manager: Finance to include his Adjustment Budget.

Financial Implications:

Cleansing and Solid Waste through integration of each capital projects cashflow has identified budget that cannot be spent and recommended to be redirected as per table below in 2024/2025 fiscal and have no impact on the overall allocated total provision for the Unit. The adjustment should it be approved would allow for the Unit to be reasonably improve with unit capacity challenges and aligned to achieve minimum service delivery. Failure to secure will result in a waste management crisis across various regions of the city. Table below provides that capital adjustments for the 2024/2025 noting that the overall bottom line is balanced within the existing approved capital budget.

Table 1: Capital Adjustment for 2024/2025 financial year:

PROJECTS REQUESTED				FUNDED FROM (LIST THE PROJECTS)		
NO	DESCRIPTION	VOTE	AMOUNT	DESCRIPTION	VOTE	AMOUNT
1	Machinery and Equipment	PMZ00074	1.00	Containers for Transfer Station	WTSC01PP	4.000
2	New Germany wash bay	WNG07C	2.93	Replacement of compaction Unit	WCH01PP	4.130
3	Ottawa Depot Admin Building & Workshop	PMZ00071 PP	0.378	Shallcross Landfill rehabilitation	WSHL03PP	8.750
4	Transportation assets	PMZ000209	59.167	Wyebank Landfill Rehabilitation	WWYL02PP	7.121
5	Computer Equipment	WWMP01	2.000	Shongweni Landfill Site	79808/WSH03F	42.980
6	Integrated Waste Management Plan	SSR002E	1,500	Shongweni Landfill Site	WSH03E	5.516
7	Substation Equipment Breakdown- Electricity Unit		5.516			
SAVINGS DECLARED			72.497			72.497

FC No.: 366/141

In support of this report, the ActionSA raised a concern that if funds remain unspent, it was suggestive that essential services are not being provided, reference being made to the drainage systems not being maintained thereby preventing rainwater from flowing and leading to disasters. Furthermore, mentioning that the Municipality has previously indicated its inability to affording absorbing the EPWP workers, yet this Programme provides workers playing a key role in the City's cleanliness.

Thereafter, the above recommendations of the Executive Committee were, ADOPTED.

3. REPORT OF THE ECONOMIC DEVELOPMENT AND PLANNING COMMITTEE: MEETING HELD 2024-10-17

(Page R24)

3.1 Request for Authority to Reprioritize the Beachfront Management Office Operating Budget for Festive Season Interventions (7/1/2/2):

(Page 1: Economic Development and Planning Committee - Agenda 2024-10-17)

Authority is sought to approve the reprioritization of the operating budget within the Urban Renewal in the amount of R5 400 000.00 (Five Million Four Hundred Thousand Rand) to assist with several interventions to be implemented for the festive season. These include the provision of a Park and Ride, a dedicated ambulance for the promenade, ablution facilities, and sundry items for the auxillary services that support the Park and Ride. It was advised that re-allocation of these savings will not impact on the ability of the Beachfront Management Office to undertake their core functions and will not impact negatively to the beachfront in any manner.

The Beachfront Management Office (BMO), within the Office of the Deputy City Manager (Economic Development and Planning) currently performs an integrated management function for the Durban Central Beachfront throughout the year, and specifically during the festive season.

The operations of the BMO are done with and in support of various Units/Departments, including Parks, Recreation and Culture (PRC), Durban Solid Waste (DSW), and Metro Police. During the festive season, these operations feed into the broader Festive Season Management Plan (FESMAC) which is co-ordinated by the Parks, Recreation and Culture Unit.

It was noted that for the past seven years, the BMO undertakes the following during the Festive Season:

- Drafting of a Traffic Management Plan (TMP), the BMO together with eThekweni Transport Authority (ETA), RSWM, and Metro Police creates an Integrated Traffic Management Plan for the festive season for the central beachfront.
- Park and Ride: the MBO provides a Park and Ride service to alleviate traffic congestion at the beach.
- Ablution facilities at the Drive-in Site (Park and Ride holding area).
- Dedicated ambulance services and other sundry assists the BMO to provide various top-up services to ensure smooth operations during the festive season.

The estimated budget required for the festive season BMO interventions is outlined in the table below:

ITEM	SCOPE OF WORKS	ESTIMATED EXPENDITURE	BUDGET AVAILABLE	SHORTFALL
Showers	Dedicated plumber and shower maintenance before and during the Festive Season.	R200 000.00	R200 000.00	R0.00
General Paving/Manhole	Repairs and maintenance of beachfront manholes and paving as we go into the Festive Season.	R200 000.00	R200 000.00	R0.00
Signage and Booms	Signage and booms (if required) for the TMP.	R200 000.00	R200 000.00	R0.00
ADHOC Security	Security for the Park and Ride (buses) and at the Park and Ride holding area.	R2 000 000.00	R0.00	R2 000 000.00
Park and Services	Provision of a dedicated Park and ride services with operational support at Drive in site. Actual costs are based on how many buses are used during the season.	R4 400 000.00	R3 000 000.00	R1 400 000.00
Traffic Management Plan (Crane truck and Auxillary services	Dedicated crane truck to manage the Traffic Management Plan before, during, and once for Festive Season period is over.	R750 000.00	R0.00	R750 000.00
Ambulance and tow truck services	Provision of a dedicated 24hr ambulance and tow truck services to the Central Beachfront for specific days. Ambulances will be based on the promenade to respond to surf rescues and to emergency responses to overall Beachfront precinct to support Metro Police/Law enforcement/Aquatic Safety.	R300 000.00	R0.00	R300 000.00

ITEM	SCOPE OF WORKS	ESTIMATED EXPENDITURE	BUDGET AVAILABLE	SHORTFALL
Ablutions	Dedicated ablutions at the Drive-in site Park and Ride holding area.	R750 000.00	R0.00	R750 000.00
Sundries	Sundries include bin bags, sunscreen, orange traffic cones, toilet rolls.	R200 000.00	R0.00	R200 000.00
		R9 000 000.00	R3 600 000.00	R5 400 000.00

With the Committee being in support of the interventions to be implemented, also supported the budget reprioritization for this purpose.

Accordingly,

COMMITTEE RECOMMENDS:

- 3.1.1 That the Municipal Council approves the reprioritization of the operating budget in the amount of R5 400 00.00 (Five Million Four Hundred Thousand Rand) within the Urban Renewal vote to fund the festive season interventions that the Beachfront Management Office will provide, including the following:
- i) Dedicated plumber and shower maintenance during the festive season
 - ii) Ad hoc security services
 - iii) Park & Ride services
 - iv) Traffic Management Plan Implementation
 - v) Dedicated 24-hr ambulance and tow truck services
 - vi) Provision of ablution facilities
- 3.1.2 That subject to the approval of .1 above, the re-allocation of budgets be regularized during the adjustment budget.
- 3.1.3 That subject to the approval of .1 and .2 above, authority be granted to the Deputy City Manager: Finance to issue financial clearances for procurement processes to continue.

Financial Implications:

A total budget of R5 400 000.00 (Five Million Four Hundred Thousand Rand) has been made available within the Urban Renewal approved budget. The budget required to be reprioritised of R5 400 000.00 will be secured from the below votes in the 2024/2025 financial year to fund festive season interventions detailed in table 1 of the City Manager's report dated 2024-09-11.

TRANSFER FROM:

Description	Vote Number	Amount
Maintenance of Unspecified Assets	26820.11580.12120.0000.89677.0010	R3 200 000.00
External Security	26820.10840.12.12120.0000.MRC01.R001	R2 000 000.00
Stationery	26810.14105.48.12120.0000.MRC01.R001	R200 000.00
		R5 400 000.00

TRANSFER TO:

Description	Vote Number	Amount
Events	26810.21805.12120.0000.76200.0010	R1 400 000.00
Ad Hoc Security	26810.10840.10.12120.0000.76200.0010	R2 000 000.00
Consumables	26810.14105.19.12120.0000.76200.0010	R100 000.00

Description	Vote Number	Amount
Bin Bags	26810.14105.45.12120.0000.76200.0010	R100 000.00
Ambulance	26810.10730.12120.0000.76200.0010	R300 000.00
Crane Truck	26810.18950.10.12120.0000.76200.0010	R750 000.00
Ablutions	26810.10670.11.12120.0000.76200.0010	R750 000.00
		R5 400 000.00

Speaking on the matter, the DA, while in support of the report, raised concerns on the manner in which the matter has been handled. Mentioning that plans for the annual festive season should be finalized timeously, with the reports thereon also being submitted timeously to the Committee. That long-term solutions for the site are required, including the building of permanent structure.

Speaking on the matter, the IFP commended the Unit for submitting the report, indicating full support of the interventions to be implemented as well as the budget reprioritization requested for this purpose.

Also commenting on the matter, the ActionSA pointed out that the festive season's interventions are critical for the purpose of boosting the tourism sector. However, questioned the budget in some of the line items, which included ablation costs and ad-hoc security, while also noting that the safety of visitors should be prioritised.

Thereafter, the ANC emphasized the importance of investing funds refurbishing the beachfront precinct as the City's tourists' attraction and to attract investors. They emphasised that the line items budgeted for are all critical, with the safety of visitors being a matter of priority.

Accordingly, the above recommendations of the Executive Committee were, ADOPTED.

- 3.2 Request for Authority to Reprioritise the 2024/2025 Catalytic Projects Unit Capital Budget (7/1/2/2):
(Page 107: Economic Development and Planning Committee - Agenda 2024-10-17)

Authority is sought to approve the reprioritization of the capital budget within the Catalytic Projects Unit to implement the Rivertown Public Realm Upgrade Project for the 2024/2025 financial year.

The Catalytic Projects Unit (CPU) is responsible for large-scale transformation projects, capital projects implemented through various funding sources from the National Treasury Urban Settlement Development Grant (USDG), as well as Council funding, and includes a range of blend of financing options required for bulk infrastructure and top structure development. Catalytic projects are projects with an investment value of more than R500 million and are located within a Catalytic Projects Management Precinct or defined as a Catalytic Project in Integrated Development Plan/Special Development Framework or Local Level Plan/s. They are transformative/ regenerative projects that can change property values and outlook and make a substantial contribution to economic growth, job creation, skills revolution, rate base, increase/township, and rural economy.

The Rivertown Public Realm upgrade project was identified through the Inner-City Regeneration (ICR) Program to enhance links between International Convention Centre (ICC) and Durban beachfront in line with the Local Area Plan (LAP) through

hard and soft landscaping, providing opportunities for private galleries, small theatres, restaurants, and other entertainment venues; promoting residential densification through social and market-related housing; developing a cultural precinct that offers local and international tourists the experience of clothes, food, and leisure unique to KwaZulu-Natal.

The value of works for the Rivertown Public Realm Upgrade project is estimated at R3 835 000.00 (Three Million Eight Hundred and Thirty-Five Thousand Rand). It will be recalled that Council at its meeting held 2024-09-30 approved the reprioritization of R 1 600 000.00 (One Million Six Hundred Thousand Rand) from the Economic Development Unit for the above-mentioned project, with the balance of R2 235 000.00 (Two Million Two Hundred and Thirty-Five Thousand Rand) being reprioritised from the savings from the Oceans Umhlanga project. Due to the delay in the finalisation of the Public Transport Facility (PTF) required as part of the Oceans development project. It was noted that the Catalytic Projects Unit is unlikely to spend the full budget for the Oceans Umhlanga Project, so the savings are being considered for the Rivertown Public Realm Urban Upgrade project.

It was noted that this project is a continuation/ extension of work undertaken in 2021, where the project did not provide any landscaping elements in the implementation. The scope primarily focuses on 'streetscape enhancement' aesthetic beautification of the Rivertown Precinct. Elements are limited to trees, bins, and murals, which will be implemented within the precinct.

The project will serve to enhance the user experience in the area, particularly the connections with the Durban International Convention Centre (DICC) and beach but more importantly provide a greater ease of use for both event visitors and organizers for conferences hosted at the DICC. The project will also provide an incentive to complete the Rivertown Beerhall Gallery for public viewing and could further attract new investment in the precinct and complement the ICR program on Inner City Regeneration and support the Inner-City LAP objectives of a connected, inclusive City, with the enhancement of pedestrian-friendly public space networks.

Having noted the foregoing,

COMMITTEE RECOMMENDS:

- 3.2.1 That the reprioritization of R2 235 000.00 (Two Million Two Hundred and Thirty Thousand Rand) identified from the Ocean Umhlanga Project to fund and implement the Rivertown Public Realm Upgrade Project required for the Inner City Regeneration 2024/2025 financial year, be approved.
- 3.2.2 That subject to the approval of .1 above, Council approves that the R2 235 000.00 (Two Million Two Hundred and Thirty Thousand Rand) be included in the adjustment budget, in line with the reprioritised budget as proposed in the table below:

Project Name	Funding	Original Budget	Potential savings required	Budget revised	comments
Rivertown Public Realm Upgrade	Council	0	R2 235 000	R2 235 000	Reprioritised Budget Required to improve the Public Realm of the Rivertown Precinct

Project Name	Funding	Original Budget	Potential savings required	Budget revised	comments
Oceans Mall	Council	R58 900 000	R2 235 000	R56 665 000	Reprioritised Budget from Oceans Umhlanga Project. Savings due to delays because of the prolong stakeholder engagements in finding an ultimate PT Facility solution. The implementation of temporary holding facilities under the Phase 1 extension contract is adequately covered.

3.2.3

That subject to the approval of .1 and .2 above, the Deputy City Manager (Finance) be granted authority to issue financial clearances for procurement processes to continue.

Financial Implications:

Savings from the Oceans Umhlanga Project have been identified within the Catalytic Projects Unit and will be declared in the 2024/2025 adjustment budget. The total sum of R2,235 000 (Two Million Two Hundred and Thirty-Five Thousand Rand) of these savings will be reprioritised and made available for the Rivertown Public Realm Upgrade.

TRANSFER FROM:

Project Name	Business Unit	Item	Fund	Costing	Project	Region	Amount
Oceans Umhlanga	26750	45130	30015	0000	CP011B	W35	R2,235 000

TRANSFER TO:

PROJECT NAME	BUSINESS UNIT	ITEM	FUND	COSTING	PROJECT	REGION	AMOUNT
Rivertown Public Realm Upgrade	26750	45339.54	30015	0000	CP013	W26	R2,235 000

Commenting on the matter, the ActionSA while in support of the recommendations, cited being disturbed by the debt relief of R35 Million allocated to the Oceans Mall over a three (03) year period and queried the criteria utilised for the incentive support of private-owned businesses.

Also speaking on the matter, the ANC mentioned that the Municipality's Catalytic Projects Unit is responsible for large-scale transformation capital projects implemented through various funding sources from the National Treasury's Urban Settlement Development Grant (USDG), as well as the Council funding, and includes a range of blend of financing options required for bulk infrastructure and top structure development. Then the Inner-City Regeneration Program was considered strengthening links between the Inkosi Albert Luthuli International Convention Centre and the Durban beachfront, in line with the Local Area Plan, through hard and soft landscaping, providing opportunities for private galleries, small theatres, restaurants, and other entertainment venues.

Also promoting residential densification through social and market-related housing; developing a cultural precinct that offers local and international tourists the experience of clothes, food, and leisure unique to KwaZulu-Natal.

Accordingly, the above recommendations of the Executive Committee were, ADOPTED.

DIRECT EXCO REPORT

4. **ADOPTION OF INTEGRATED DEVELOPMENT PLAN PROCESS PLAN FOR THE 2025/2026 FINANCIAL YEAR (2/1/6/1)**

(Page 1)

In terms of Chapter 5, Section 32 of the Local Government: Municipal Systems Act No. 32 of 2000, Municipalities are required to review and amend their Integrated Development Plans (IDPs) annually, in accordance with their performance assessment measurements.

Furthermore, in line with Section 28 of the Local Government: Municipal Systems Act No 32 of 2000, the Municipal Council is required to adopt a process to guide the planning, drafting, adoption and review of its IDP.

The Municipal Council will recall that in its meeting of 01 August 2024, it was presented with the draft 2025/2026 IDP Process Plan for authority to conduct the public participation process for public comment. In this regard, confirmation was given that public participation was undertaken and concluded. Comments received from the public and the Honourable MEC for Co-operative Governance and Traditional Affairs have been incorporated into the final Process Plan. This includes comments received during the budget public participation process.

The Table below highlights comments received from the Honourable MEC for Co-operative Governance & Traditional Affairs and the responses from the Municipality:

Comments Received	How has these been address
Section 21(1)(b) of the Municipal Finance Management Act, (56 of 2003): At least 10 months before the start of the budget year, table in the Municipal Council a time schedule outlining key deadline	Budget Timelines and IDP Timeline are compliant with the provisions of the Municipal Systems Act and Municipal Structures Act. The Budget Timeline of Activity as noted in August 2024 Full Council is compliant with the provisions of Section 21(1)(b) of the Municipal Finance Management Act, (56 of 2003). The Budget Timeline of events is fully aligned to the IDP Process Plan and developed concurrently.
Section 21(1)(b) of the Municipal Finance Management Act, 2003: The Mayor of the Municipality must (a) coordinate the process for preparing the annual budget and for reviewing the Municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget related policies are	This point is noted and would be actioned accordingly. It is further noted that both the Budget and IDP processes have been integrated from a public engagement and planning/review perspective. The Mayor together with the Speaker lead the necessary public engagements and ably supported by the administrators. Senior administrative leadership engage through existing structures with political

Comments Received	How has these been address
mutually consistent and credible. Section 21(2)(a) of the Act also states that when preparing the Annual Budget, the Mayor of the Municipality must (b) take into account the Municipality's Integrated Development Plan. This then points to the need for the two processes to run in consideration of the other.	leadership on the preparation of the budget and the review of the IDP.
The Process Plan will assist all relevant stakeholders with guidance on how the Municipality would plan, draft and adopt the 2025/2026 IDPs as prescribed in the Municipal Systems Act (32 of 2000)	This comment is noted.
The Process Plan highlights the pertinent legislative and policy requirements that will inform the formulation of the Process Plan and IDPs. These include amongst others the incorporation of and alignment with the National, Provincial and District priorities, plans, strategies, policies and programmes, the integration of Sector Plan information and project alignment.	This comment is noted, the process plan includes additional strategic programmes such as the DDM One Plan and Strategic Asset Management Plans. This is to ensure that there is strategic alignment across the various spheres of government for the IDP review.
The Process Plan does address alignment with Stakeholder as per Section 29 of the Municipal Systems Act, however this comes later in September. The Municipality is encouraged to review plans and activities set for the engagement of Traditional Authorities at a Local House or Traditional Council level in line with Section 29(1) of the MSA before adoption of the Process Plan. This is beyond Section 81 of the Municipal Structures Act 32 of 2000 prescription.	This comment is noted. The Municipality does have dedicated engagements with Traditional Leadership during the budget and IDP process, it is further noted that Traditional Leadership also participates through their presence at the Municipal Council Processes and their participation at the DDM Political Hub.
It is recommended that the municipality includes specific dates for community engagement into the key activities table.	This comment is noted, however identifying specific dates so early in the participation process does pose a challenge. The Municipality is committed to engaging with our stakeholders and this is set down for April/May as per the activities table. Identification of specific dates at this stage is impractical.

As per the statutory requirement, the eThekweni Municipality is required to produce a Process Plan for the development and review of the IDP. The adoption of the Process Plan would ensure that the Municipality meets its statutory obligation,

COMMITTEE RECOMMENDS:

4.1

That the final 2025/2026 Integrated Development Plan (IDP) Process Plan, contained in the report of the City Manager dated 2024-09-27, developed in line with the requirements of the Local Government: Municipal Systems Act No. 32 of 2000, to guide the planning; drafting; adoption; and the review of the Integrated Development Plan of the eThekweni Municipality, be adopted.

- 4.2 That upon obtaining Council approval as per .1 above, a copy of the Process Plan, be submitted to the Honourable MEC for Co-operative Governance and Traditional Affairs, as per the statutory requirement.

ADOPTED.

5. ELECTION OF CHAIRPERSONS: HUMAN SETTLEMENTS, ENGINEERING AND TRANSPORT COMMITTEE (3/2/2)

(Raised Verbally)

The Municipal Council will recall that at its meeting of 2024-09-30 it noted a decision by the Executive Committee regarding His Worship the Mayor, Councillor VC Xaba, being appointed as the Interim Chairperson of the Human Settlements, Engineering and Transport (HSET) Committee. This decision was informed by the need to ensure continuation of service delivery within this Cluster whilst the Executive Committee is still processing the matter.

The Executive Committee at its meeting of 2024-10-22 resolved to appoint a permanent person in view of the Committee playing an oversight role over the Cluster with magnitude operations linked to critical service delivery for the local communities. That the Committee requires dedicated Chairperson as His Worship the Mayor is overwhelmed with broader Municipal operations.

In view of the above, the Executive Committee therefore embarked on a process to appoint the Chairperson of the HSET Committee. The Executive Committee Members ZR Sokhabase and ZP Myeni nominated and seconded respectively for the appointment of the Executive Committee Member OB Mvubu to become the Chairperson of the HSET Committee. Accordingly, the Executive Committee Member OB Mvubu accepted the appointment.

With there being no further nomination, the Executive Committee Member Mvubu was officially appointed the Chairperson of the HSET Committee, it being noted that the DA recorded its abstention in this regard.

With the majority support,

COMMITTEE RECOMMENDS:

That the Municipal Council notes that the Executive Committee, as per the powers vested in it in terms of Section 80(3)(a) of the Local Government: Municipal Structures Act No. 117 of 1998, has appointed Councillor OB Mvubu of the Economic Freedom Fighters to serve as the Chairperson of the Human Settlements, Engineering and Transport Committee.

In noting the report, the IFP recalled a previous decision to release the Chairperson from his duties, and with this decision now being taken to re-appoint the Chairperson. On this basis, they enquired about the support given to the Chairperson to ensure that a decision to relieve the Chairperson from his duties will not occur in future. They also emphasised that the Municipality has a duty to ensure that service delivery issues are attended to by the Committee.

Also commenting on the matter, the ActionSA mentioned that it was unfortunate that the Committee had to be re-structured due to the fall out of political parties. Indicating that the new Chairperson should be supported, and that politics matters be set aside given that this was a Committee responsible for critical service delivery matters.

Thereafter, the above recommendations were, **NOTED.**

(His Worship the Mayor, Councillor VC Xaba, presented the Second Report of the Executive Committee)

SECOND REPORT OF THE EXECUTIVE COMMITTEE

(Meeting held 2024-10-29)

- PRESENT : Executive Committee Members VC Xaba (Mayor and Chairperson), ZP Myeni (Deputy Mayor), A Beetge, Y Govender; TM Mthethwa, OB Mvubu, MS Nkosi, BT Ntuli and ZR Sokhabase.
- PRESENT : Executive Committee Member NI Madlala (Personal Commitments Leave).

1. REPORT OF GOVERNANCE AND HUMAN RESOURCE COMMITTEE:
MEETING HELD 2024-10-23

(Page R1)

1.1 Naming of Streets in Ward 7 Covering Westown Estate (25/4/15/1):
(Page 70: Governance and Human Resource Committee - Agenda 2024-10-23)

The eThekweni Municipality embarked on a process to name the streets within the entire eThekweni Municipal area. This is in line with the eThekweni Municipality Street Naming and Addressing Policy. The naming of streets is crucial for the purpose of achieving identification thus ensuring efficient service delivery and speedy response to urgent needs of the citizens.

In line with the provisions of the Policy, the Ward 07 covering Westown Estate underwent a process to name the streets in this area, with the Ward Councillor and the community at large being involved in this process. Subsequent to a sufficient consultation process, the community identified the names reflected under the recommendation below, and with these names believed to be continuing an existing

theme within Ward 07, creating a sense of unity; cohesiveness; and reflecting the sentiments of the community of Ward 07.

As indicated, it is in the best interest of the Municipality to name the streets for identification purposes, and provision of efficient service delivery. All due processes have been followed and satisfied in the naming of the streets in Ward 07 covering Westown Estate. Therefore, the names proposed have already been accepted by the community through consultation with various structures and the Ward Councillor confirmed that consultation was made and agreed with the developer about the name reflected on the Plan No.: STN No.: 27/08/2024. Accordingly,

COMMITTEE RECOMMENDS:

That given that all requirements for the naming of streets have been satisfied, and it is in the best interest of the eThekweni Municipality and the communities affected to name the streets, the Council approves the street names identified for Ward 07 covering Westown Estate, as indicated on the Plan Number STN 27/08/2024, and reflected in the table below:

STREET CODE	PROPOSED NAME	REVIEWED NAME	MEANING
400408 Street	Bridle	Bridle Crescent	Equestrian heritage
400409 Street	Westown	Wstown Boulevard	Development referenced name
400822 Street	Farrier	Farrier Drive	Equestrian heritage- Farrier is a person who shoes horses
400823 Street	Umgola	Umgola Way	IsiZulu name for Blood Lily
400824 Street	Westown	Westown Crescent	Development referenced name
400825 Street	Injobo	Injobo Way	IsiZulu name for African Hosta
400826 Street	Iboza	Iboza Way	Isizulu name for Wild Ginger
400827 Street	Inkosi Nkosenye Shoji	Inkosi Nkosenye Shoji Drive	Renowned traditional leader
400828 Street	Umoba	Umoba Way	IsiZulu name Sugar Cane
400829 Street	Idama	Idama Way	IsiZulu name for Date Palm
400830 Street	Saddle	Saddle Row	Equestrian heritage and a play on "Saville Row"
400831 Street	Ingadi	Ingadi Way	IsiZulu name for Garden
400832 Street	Fika	Fika Way	IsiZulu name for Arrive
400833 Street	Arena	Arena Lane	Equestrian heritage- where horses or other animals graze
400834 Street	Paddock	Paddock Lane	Equestrian heritage- where horses parade/ show jump)

ADOPTED.

1.2

Request for the Reprioritisation of 2024/25 Approved Capital Budget for eThekweni Municipal Academy (EMA) (7/1/2/1):

(Page 127: Governance and Human Resource Committee - Agenda 2024-10-23)

Authority is sought to reprioritize funds allocated for ISDG (Infrastructure Skills Development Grant) - Computer Equipment for the 2024/2025 financial year to Software Equipment budget for the 2024/2025 financial year and funds allocated for

the Furniture and Equipment for the 2024/2025 financial year to Renovations of the 2024/2025 financial year approved Capital Budget for eThekweni Municipal Academy Unit as follows:

- The reprioritization request of R53 964.90 (Fifty-Three Thousand Nine Hundred and Sixty-Four Rand Ninety Cent) from the ISDG Computer Equipment to the ISDG Software Equipment.
- The reprioritization request of up to R730 000.00 (Seven Hundred and Thirty Thousand Rand) from furniture and Equipment to Renovations.
- The reprioritization request of up to R1 217 000.00 from Computer Equipment to Renovations.

It was advised that there is a need to increase the number of training rooms utilized by eThekweni Municipal Academy to implement WSP courses, which are aimed at capacitating employees to better perform their duties, and to capacitate eThekweni Municipality unemployed youth. For quite some time, the eThekweni Municipal Academy has been experiencing challenges with insufficient training rooms, this has resulted in a hunt to secure office space for two departments to ensure that the Academy is provided with the core resources needed for it to carry out its mandate and fully deliver services to both its internal and external clients.

One of the two departments requiring office space is currently operating from an office space at Intuthuko Junction (Cato Manor), an office which often experiences network outages and many other maintenance issues. This process was handled by Real Estate Unit and has taken over three years. During 2025 FY, a budget of R520 000.00 (Five Hundred and Twenty Thousand Rand) was allocated to the Academy for repairs and maintenance; this is what the Academy planned to utilize should there be any work to be done by the municipality to prepare the new office space for occupation.

The office space procured is an open plan office and therefore needs serious partitioning for all the required offices, training rooms and boardrooms. This as per the quotations provided, requires over two million rands for both half floors to be occupied by the two departments. The work which is to be done appear to be capital in nature and therefore will require capital budget. Currently, the Academy only has R200 000.00 (Two Hundred Thousand Rand) allocated to it renovations budget.

It is for this reason that the eThekweni Municipal Academy seeks authority for approval to reprioritize the current budget allocation to ensure that this critical project is completed, and the office space is made suitable for the work carried out by the Outreach & Capacity Building Department as well as Competency Learning and Development Department.

With the Committee being in support of the proposal,

COMMITTEE RECOMMENDS:

- 1.2.1 That authority be granted to reprioritise the amount of R53 964.90 (Fifty-Three Thousand Nine Hundred and Sixty-Four Thousand and Ninety Cents) from the ISDG Computer Equipment to the ISDG Software Equipment.
- 1.2.2 That authority be granted to reprioritise the amount of R730 000.00 (Seven Hundred and Thirty Thousand Rand) from the Furniture and Equipment to Renovations within the approved Capital Budget for eThekweni Municipal Academy.

1.2.3

That authority be granted to reprioritise the amount of up to R1 217 000.00 (One Million Two Hundred and Seventeen Thousand Rand) from the Computer Equipment to Renovations.

Financial Implications:

Capital budget	Capital budget description	Fiscal year 2024/25
44630	Computer equipment (ISDG)	R200 000.00
44630	Computer equipment	R1 217 000.00
44520	Furniture equipment	R730 000.00

Project requiring additional funds:

Capital Budget	Capital budget description	Fiscal year 2024/25
New vote	Software equipment	R0.00
45541	Renovations	R200 000.00
TOTAL		R200 000.00

Reprioritization budget summary:

Computer equipment budget: main vote which includes budget for computer equipment software budget	R200 000.00
Funds that can be delayed to mid-term or 2025/26 financial year budget (R730 + R1 217 000)	R1 947 000.00
Projects on the 2024/25 capital budget that require additional funds- software equipment in 2024/25	R0.00
Additional budget required	R53 964.90
Projects on the 2024/25 capital budget that require additional funds Renovations	R200 000.00
Additional budget required	R1 947 000.00

ADOPTED.

1.3

Request For Extension of Closing Date - Sundry Grant-In-Aid for 2024/25 Financial Year (7/14/1):

(Page 136: Governance and Human Resource Committee - Agenda 2024-10-23)

Authority is sought to extend the closing date for the submission of applications to access Sundry Grant-In-Aid for the 2024/2025 financial year. It is intended to re-open the application process from 28 October to 08 November 2024 at 12h00.

It will be recalled that the Council previously approved the commencement of sourcing of applications for sundry Grant-In-Aid from the Non-Profit Organisations pursuing community development initiatives with the objectives similar to that of the Municipality. Accordingly, the advert was issued in May with the closing date of July 2024. The total number of applications received was 375, which is far lower than the applications of 837 received the previous financial year. Therefore, it is requested to consider extending the deadline to accommodate the NPOs that have been unable to make submissions.

The process will remain the same in terms of having the applications forms available on eThekweni Municipality website www.durban.gov.za. The forms will also be distributed to Councillors for their Wards through the Office of the Speaker. Such applications can be submitted via emails on dedicated email GIA.Sundry@durban.gov.za.

The process further allows applicants to submit their applications directly to the Office so that those who might not have access to emails can be accommodated to the following Regional Offices:

REGION	ADDRESS	CONTACT NUMBER
North Region	Tongaat Sizakala centre, 325 Main Road	031 322 2164
South Region	Kingsburgh Sizakala Centre, 9 Mayor Mews	031 311 5830
North Central Region	KwaMashu Sizakala Centre, E1139, Notombela Road	031 311 4608
South Central Region	Mega City Shopping Centre, 1 st Floor, Sizakala Centre, 50 Mangosuthu Highway	031 311 5203
Outer West Region	Pinetown Civic Centre, 60 Kings Road	031 322 4197
Central West Region	Westville Civic Centre, William Lester Drive	031 311 6683

During discussion, it was requested that the Unit must ensure that such information, including the contact number as well as the contact person must be for a relevant person that deals with the Grant-In-Aid for any other enquiries that might be required.

With the Committee being in support of the proposal,

COMMITTEE RECOMMENDS:

That given the poor turn out of the returned application forms for the sundry Grant-In-Aid, and in order to create an opportunity for other Non-Profit Organisations to make submissions, authority be granted to extend the invitation for applications for the Grant-In-Aid for the 2024/2025 financial year for an additional two (2) weeks with effect from 28 October to 30 November 2024.

MOTION TO AMEND

In terms of Rule 20 (4) of the Rules of Order By-Law 2014, as amended, Councillor JM Black, seconded by Councillor N Munien, moved as a procedural motion to amend the above Executive Committee recommendations.

Submission being made that the closing date for submission of applications for the 2024/2025 financial year Grant-In-Aid was in two (02) days' time, which left Councillors with insufficient time to assist prospective applicants with their applications so that all required documentation was collated and in order.

It being proposed that the recommendation read as follows:

“That given the poor turn out of the returned application forms for the sundry Grant-In-Aid, and in order to create an opportunity for other Non-Profit Organisations to make submissions, authority be granted to extend the invitation for applications for the Grant-In-Aid for the 2024/2025 financial year for an additional two (2) weeks with effect from 28 October to 30 November 2024”.

With all Council members being in support of the amendment, the recommendations were accordingly, **CARRIED**

Reverting back to the substantive matter, the IFP submitted that all prospective applicants be assisted with the application process, and to be treated equally. Meanwhile, the ActionSA registered its concern citing that the advertisement of the programme has already been done prior to obtaining the Council approval. Mention being made that this should be avoided in future.

Thereafter, the ANC supported the report and reiterated that the Council previously approved the commencement of a process to source applications for sundry Grant-In-Aid from Non-Profit Organisations pursuing community development initiatives, and pursuing the objectives similar to that of the Municipality. Accordingly, that the advert was issued in May with the closing date of July 2024. The total number of applications received was 375, which was far lower than the applications of 837 received the previous financial year. Therefore, this report sought approval to consider extending the deadline to accommodate the NPOs that might have been unable to make submissions.

Accordingly, the above Executive Committee recommendations were, **ADOPTED**, with the amendment of the closing to 30 November 2024.

1.4

Ad Hoc Grant-In-Aid to Support People with Disabilities Event (7/14/1):
(Laid-on-Table: Governance and Human Resource Committee - Agenda 2024-10-23)

Authority is sought to approve an amount of R49 070.00 (Forty-Nine Thousand and Seventy Rand) under the Ad Hoc Grant-In-Aid, to enable the Association for Persons with Disabilities to promote an understanding of disability issues, mobilise support for the dignity, rights, and well-being of Persons with Disabilities through International Day of Disabled Persons Annual Protective Workshop to be held on 28 November 2024.

The aim of this programme is to give People with Disabilities the opportunity through a sporting programme to showcase their abilities in various sporting codes to be conducted by the Association of Persons with Disabilities from KwaZulu-Natal (APD KZN). The programme will accommodate 132 people from 7 different areas as follows:

NO.	AREAS	NO OF PEOPLE
1.	Chatsworth	28
2.	Eleazor Merewent	32
3.	Vukuzame Hammarsdale	20
4.	Chesterville	13
5.	Mzamo – Inanda	11
6.	Phoenix	19
7.	Clare Estate	9
	TOTAL	132

With the Committee being in support of the proposal,

COMMITTEE RECOMMENDS:

That Council approves the allocation in the amount of R49 070.00 (Forty-Nine Thousand and Seventy Rand) under the Ad Hoc Grant-In-Aid, to enable the Association for Person with Disabilities to promote an understanding of disability issues, mobilise support for the dignity, rights, and well-being for the Persons with Disabilities through International Day of Disabled Persons Annual Protective Workshop to be held on 28 November 2024 aimed to provide an opportunity to People with Disabilities to engage through a sporting programme to showcase their abilities in various sporting codes to be conducted by the Association of and Persons with Disabilities from KwaZulu-Natal, it being recorded that the programme will accommodate 132 people from 7 different areas.

Financial Implications:

NO	DETAILS OF SPORTS DAY INCLUSIONS
	Association of and for Persons with Disabilities (APD KZN)
1.	Hiring of indoor sports facility
2.	Transport
3.	Meals
4.	Medals, trophies, frames and certificates
5.	T-shirts for participants
6.	Photography
7.	Water
8.	Food packaging containers
9.	Track tape
10.	Goodie bags
TOTAL	R49 070.00

Vote No.: 32301.25040.12120.0000.38870.0010

FC No.: 2025/06/03

Speaking on the matter, the IFP supported the programme aimed to provide opportunity for people with disabilities to engage through a sporting programme showcasing their abilities in various sporting codes, to be conducted by the Association of and Persons with Disabilities from KwaZulu-Natal. Further, urged the Municipality to also put in place programmes to educate community members about people living with disabilities, on the basis that discrimination acts were still prevalent.

Also commenting on the matter, the ANC mentioned that everyone's rights and needs had to be recognized, including people living with disabilities. Confirmation was given that the programme would enable the Association for Persons with Disabilities to promote understanding of disability issues, mobilise support for the dignity, rights, and well-being of Persons with Disabilities through the International Day of Disabled Persons Annual Protective Workshop to be held 28 November 2024.

Thereafter, the above recommendations of the Executive Committee were,
ADOPTED.

2. REPORT OF THE COMMUNITY SERVICES COMMITTEE: MEETING
HELD 2024-10-23

(Page R8)

2.1 Request for Authority to Rehabilitate Community Sports Infrastructure in 16 Wards
(17/2/2/6):

(Page 15: Community Services Committee - Agenda 2024-10-23)

It should be noted that the program of the infrastructural rehabilitation of 16 sports fields is in line with the City's Integrated Development Plan (IDP) of improving community infrastructure which will be the quick renovations within sports fields in various wards. This will contribute positively to enable environment within the City's facilities to be user-friendly towards its communities.

There has been an extensive damage to community sports infrastructure within the City which requires repairs of grassing, ablutions, change rooms, goal-posts and fencing. These damages are in North, South and Western region of the City. Most of these facilities are currently underutilised due to lack of proper maintenance and damages. The construction and rehabilitation of these facilities will improve service delivery of sports facilities within the community and will enhance user-friendly access to the youth and people living with disabilities.

At the Executive Committee level clarity was provided that the rehabilitation work was to be undertaken as per the assessment done by the Architecture, with the scope of work in this regard informing the budget estimates. A view was also submitted to consider leasing the sportsfield to attract private sector investment and promote even utilization of sportsfield across the City.

The DA abstained on the matter both at Support Committee and at the Executive Committee levels. With the majority of Political Parties present being in support,

COMMITTEE RECOMMENDS:

2.1.1 That authority be granted to allocate an estimated amount of 10 Million to rehabilitate 16 sports field in Wards: 01; 03; 14; 17,41; 44; 54; 58; 62; 72; 80; 89; 99; 101; 106; 111 during the 2024/2025 Financial year.

2.1.2 That subject to the adoption of .1 above, authority be granted for the Deputy City Manager: Community and Emergency Services to appoint service providers that are currently being utilized on the community infrastructure programme, as detailed in the report to undertake rehabilitation and construction 16 community sports field.

2.1.3 That subject to the adoption of .1 and .2 above, this report will serve as unbundling report 2024/2025 financial year which will carry the rehabilitation and construction of the sixteen (16) sporting fields as detailed in the report.

Financial Implications:

Item No.	Name of project	Ward	Details of scope of work	Budget estimate
1.	Magwaveni Fairbreeze	62	Grassing, goal post, ablution and change room	R625 000.00
2.	Nconcosi sport field	1	Grassing, goal post, ablution and change room	R625 000.00
3.	Canelands sport field	58	Grassing, goal post, ablution and change room	R625 000.00
4.	Klaarwater sport field	17	Grassing, goal post, ablution and change room	R625 000.00

Item No.	Name of project	Ward	Details of scope of work	Budget estimate
5.	Waterloo sports field	106	Grassing, goal post, ablution and change room	R625 000.00
6.	Ohlange Sports field	44	Grassing, goal post, ablution and change room	R625 000.00
7.	Magabheni sport field	99	Grassing, goal post ablution and change room	R625 000.00
8.	Village sport field	72	Grassing, goal post ablution and change room	R625 000.00
9.	Area 1 sports field	54	Grassing, goal post ablution and change room	R625 000.00
10.	Road 5 sport field	89	Grassing, goal post ablution and change room	R625 000.00
11.	Ndabazizile sport field	111	Grassing, goal post ablution and change room	R625 000.00
12.	eDampini sport field	41	Grassing, goal post, ablution and change room	R625 000.00
13.	Nazareth sport field	14	Grassing, goal post, ablution and change room	R625 000.00
14.	Ngonweni Sport field	03	Grassing, goal post, ablution and change room	R625 000.00
15.	Menzi sport field	80	Grassing, goal post, ablution and change room	R625 000.00
16.	Cato crest sport field	101	Grassing, goal post, ablution and change room	R625 000.00

Commenting on the matter, the IFP welcomed the initiative to refurbish dilapidated sports fields, citing these facilities have been vandalized, some left without ablution blocks. That sports promote mental well-being, physical health, and aid athletes to reach their potential etc. It was anticipated that all other sports fields that require necessary upgrades would be considered, further citing that security be installed in areas where the Municipality has invested on its assets.

Also commenting on the matter, the DA welcomed the initiative, however expressed a concern, citing that the Parks, Recreation and Culture (PRC) Unit which was tasked to manage these facilities is no longer doing so. Mention being that the functions of the PRC Unit have been reassigned to the Office of the Deputy City Manager: Community and Emergency Services, (DCM: CES) thus leaving the employees under this Unit not privy to some of the activities of their Unit.

Thereafter, the ANC confirmed that this project of the PRC Unit is being co-ordinated in the Office of the DCM: CES. It being cited that there has been a concern raised previously that the facilities and other functions of the Unit are not managed adequately. Therefore, the DCM: CES as the accounting officer for the Cluster reassigned the functions to his office. Speaking on the issue at hand, the ANC mentioned that this report pertained to work which commenced in 2023, with Phase 2 of the projects to be completed with these funds requested. It was also clarified that the Cluster has an implementing agent, which is the Municipal Architecture Unit, that is responsible for the structural designs and renovations of the facilities.

Accordingly, the above recommendations of the Executive Committee were, ADOPTED.

2.2

Request to Rescind Previous Council Decision to Erect 1860 Indentured Indian Labourers Monument and Grant Authority to Allocate for the KZN Premier to Erect this Monument (35/R):

(Page 43: Community Services Committee - Agenda 2024-10-23)

Council previously granted authority for the Parks, Recreation and Culture (PRC) Unit to erect the 1860 Indentured Indian Labourers Monument in commemoration of 150 anniversary of the arrival of indentured Labourers. The KZN Province was to fund the monument to be erected along the Ushaka Marine Promenade. Preliminary work started, until deadlock was reached when the representatives of the Indian

community could not agree on the design of the monument. This then resulted in the return of the funds of R4 Million previously transferred by the Province to eThekweni for this purpose.

The Province has since resuscitated the project and would like confirmation of the availability of the land along the Ushaka Marine Promenade. This submission therefore seeks authority for Council to grant authority for the Province to use this area for the monument at its own cost. The monument once erected will be handed over for the City to become a custodian. A Memorandum of Understanding will be signed to this effect, and the City would be responsible for the upkeep and maintenance of the monument.

At the Support Committee level, the DA Members abstained on the matter, with the EFF voting against. The majority of the Political Parties present were in support.

The Executive Committee supported the granting of land for the monument, it being acknowledged that both the Municipality and the Province were previously ready for this project, but that it was halted due to differences amongst the representatives of the Indian community.

Accordingly, with the Executive Committee being in support,

COMMITTEE RECOMMENDS:

- 2.2.1 That Council rescinds decision to grant authority to Parks, Recreation and Culture Unit to erect 1860 indentured Indian labourers' monument along the uShaka Marine promenade.
- 2.2.2 That subject to the adoption of 1. above authority be granted to the KwaZulu-Natal Premiers office to utilise the site along uShaka Marine promenade to erect the 1860 indentured Indian labourers' monument.
- 2.2.3 That subject to the adoption of 1. and 2. above, Council grants authority to the City Manager to conclude a Memorandum Of Understanding with the Premier's Office for the transfer of the 1860 Indentured Indian Labourers' Monument when it has been erected be transferred to the eThekweni Municipality.

REFERENCE BACK

In terms of Rule 20(1)(c) of the Rules of Order Bylaw 2014, as amended, Councillor ZM Mncwango seconded by Councillor BG Kubheka from the ActionSA, moved as a procedural motion that,

“Request to Rescind Previous Council Decision to Erect 1860 Indentured Indian Labourers Monument and Grant Authority to Allocate for the KZN Premier to Erect this Monument (35/R):”,

be referred back to the Committee to convene a meeting with the relevant stakeholders and the 1860 indentured Indian labourers' Monument Committee”.

NOT CARRIED

With the ActionSA voting in favour, therefore by the majority vote, the reference back was accordingly, NOT CARRIED

Subsequently, the following **MOTION TO AMEND**, was submitted:

In terms of Rule 20 (4) of the Rules of Order By-Law 2014, as amended, Councillor GJ Hegter, seconded by Councillor WJD Burne, moved as a procedural motion to amend the Executive Committee recommendations to read as follows.

- “2.2.1 That Council rescinds decision to grant authority to Parks, Recreation and Culture Unit to erect 1860 indentured Indian labourers’ monument along the uShaka Marine promenade.***
- 2.2.2 That subject to the adoption of 1. above authority be granted to the KwaZulu-Natal Premiers office to utilise the site along uShaka Marine promenade to erect the 1860 indentured Indian labourers’ monument.***
- 2.2.3 That subject to the adoption of 1. and 2. above, Council grants authority to the City Manager to conclude a Memorandum Of Understanding with the Premier’s Office for the transfer of the 1860 Indentured Indian Labourers’ Monument when it has been erected be transferred to the eThekweni Municipality.”***

CARRIED

With all Council members being in support of the amendments, the recommendations were accordingly, CARRIED

Reverting back to the substantive matter, the IFP welcomed the decision by the Provincial Government to erect the monument, emphasising that the 1860 Indentured Indian Labourer contributed enormously to the social, economic and political land scape of the nation. Reference being made to the building of schools, homes, healthcare centres, fighting anti-apartheid to realise a non-racial, non-sexist and unified nation. Also congratulating the KZN Premier on this move, citing that this was indicative of his Political Party path to shape the rainbow nation.

Also joining the discussion, the ActionSA supported the report, and provided brief background on the matter at hand. Mention being made that this project initially commenced in 2010 within the Office of Premier, following which a Committee was established to reach consensus on the monument design, and funds being transferred to the Municipality. It then transpired that there was no agreement reached on the design, and the funds being transferred back to the Provincial Government. On this basis, they mentioned that it was prudent for this matter to be referred back to the Executive Committee, to enable His Worship the Mayor to convene the meeting with the Committee established to finalise the design in order to iron out any previous bottlenecks so that the project is not halted again.

However, the DA shared a contrary view, citing that this has been a thorny issue often resulting in bloated expenditure. They reiterated that the project began in 2010 and 14 years later the statue is still not erected. A view being submitted that the Indian communities are being treated with contempt as there was no urgency to finalise the matter. They condemned the narrative that the Indian representatives on the Committee did not reach consensus on the design, hence delay of the project. However, mentioned that the design issue only emanated in 2021, mentioning that the members had agreed on the design, however, during the process it was alleged that the design has been changed to a slay bell. It being further emphasized that the statues, including that of King Shaka, are of great value to the communities, but unfortunately are being tainted by the politics. The DA was of a view that the Municipality and the Provincial Government have failed to finalise this project on time, however, supported the project and requested that the Indian community be treated with dignity and respect.

At this stage of the proceedings, a point of order was raised, it being cited that, allegedly, a Council Member made a comment that Indian Councillors should go back to Bombay. Thereafter, the Speaker, responded and indicted that as much as he could not make out which Councillor exactly made such a comment, he is apologizing and strongly condemning the use of such language that instigated racial discrimination. He indicated that the Council stands strongly against the use of discriminatory language, confirming that the Council does not discriminate in any form, and apologizing profusely for such an irresponsible behaviour by a Councillor.

Joining the discussion, the EFF mentioned that the delays that have occurred in this project are disturbing. That it was unfortunate that funds had to be redirected to other urgent infrastructure matters on the basis that the project was halted by the Indian Committee members tasked to finalise the design. The EFF then recorded its abstention on this matter.

Thereafter, the ANC mentioned that the report relates to a request to rescind a previous Council decision to erect 1860 Indentured Indian Labourers Monument and grant authority to allocate land for the KZN Premier to erect this Monument. Mention being made that this was after the Municipality has received a formal request by the Premier's Office to implement the project. Emphasising that the history of the project has nothing to do with the issue at hand.

With the EFF abstaining, the recommendations were by majority vote, ADOPTED, with amendments.

2.3

Request to Conduct Community Based Planning Zonal Workshops:

(Page 176: Community Services Committee - Supplementary agenda- 2024-10-23)

Section 152 of the South African Constitution stipulates that one of the key objectives of the local government is to encourage participation of communities and community organizations in matters of local governance.

The Municipal Systems Act (32 of 2000) determines that the Municipal Council must develop a culture of participatory governance that encourages and creates conditions for communities and other stakeholders to participate in the preparation, implementation and review of its Integrated Development Plan and preparation of its budget.

In compliance with the above legislative prescript requirement, the Community Participation and Action Support Unit on behalf of the eThekweni Municipality uses the Community-Based Planning Methodology which is linked to the Integrated Development Processes to enable greater stakeholders and community involvement in the development of the Municipal IDP.

Accordingly,

COMMITTEE RECOMMENDS:

- 2.3.1 That authority be granted to the Head: Community Participation and Action Support to implement the Community-Based Planning (CBP) for the 2024/25 financial year.
- 2.3.2 That subject to the adoption of .1 above, authority be granted for the Head: Community Participation and Action Support to incur expenditure in the amount of R871 250 00 (Eight Hundred and Seventh One Thousand Two Hundred and Fifty Rand) to implement the CBP review process.

Financial Implications:

	DETAILS		AMOUNT
1	Catering-breakfast & lunch @175.00 per person	1700 people	R297 500.00
2	Printing & stationary: ward-based plans: per 20 per ward @ R250 each	111 wards x 20 copies	R27 750.00
3	Venue Hire: (council halls): 17 Hall @ R3000	R17 X 3000	R51 000.00
4	Sound system for 100 people	R3000 X 17 venues	R51 000.00
5	Transport: 111 wards @ R4000 per 23 seater	111 wards x R 4000	R444 000.00
	TOTAL ESTIMATED COST		R871 250.00

Vote numbers:

	ITEM	VOTE NUMBER	AMOUNT
1	Catering	32313.1400.12120.0000.38300.0010	R297 500.00
2	Printing & stationary	32313.14105.48.12120.38300.0010	R27 750.00
3	Venue hire/sound system	32313.18950.10.12120.0000.38300.0010	R102 000.00
4	Transport	32313.21805.12120.0000.38300.0010	R444 000.00
	TOTAL		R871 250.00

FC No.: 2025/06/03

ADOPTED.

2.4

Request for Project Authority and Identification of Savings to Undertake Critical Capital Project at Umlazi AA Clinic):

Page 182: Community Services Committee Supplementary Agenda - 2024-10-23)

The Health Unit is responsible for 59 fixed clinics in the eThekweni Municipality and is responsible for ensuring that buildings are compliant with the building regulations, occupational health and safety, National core standards for clinics and related prescripts. Most of the Health Unit clinics are old and need to be upgraded to address facility faults, safety and security needs and improvements in the façade of buildings.

Following the Health Unit's ideal clinic status audits, it became evident that Umlazi AA clinic is in dire need of improvements to the interior and exterior of the building. The Unit attempted to accommodate the needs of this facility in 2023/204 and 2024/25 financial year but was unable due to budget constraints. The rehabilitation and upgrade of Umlazi AA clinic will improve the quality of its infrastructure and will comply with the National norms and standards set for clinics in the country.

Once this project is funded it will be placed on the current years capital project schedule to commence work through the current panels appointed by the Council through the Architecture department.

The Executive Committee discussed the issue of the provincialization of clinics. It then transpired that contrary to the overall understanding that the clinics will be handed over to the Province, the Council decision only related to the specific Cato Manor clinic, and which process has since been concluded. That the other clinics are still operated at the Municipal level pending the conclusion of the provincialization process whenever this occurs. Meanwhile, the rehabilitation work was supported

taking into account the significance of providing efficient primary health care services to the local communities.

Accordingly,

COMMITTEE RECOMMENDS:

- 2.4.1 That authority be granted for the Head: Health to implement capital project at Umlazi AA Clinic for the building to be compliant with the building regulations, occupational health and safety, National core standards for clinics and related prescripts.
- 2.4.2 That subject to the adoption of .1 above, authority be granted for the Deputy City Manager: Finance to identify savings in the amount of R5 000 000.00 (Five Million Rand) in the 2024/25 financial year budget to undertake Umlazi AA clinic project.

Financial Implications:
R5 000 000.00

Commenting on the matter, the IFP expressed concern that issue of the provincialization of clinics has been delayed. They emphasised that access to primary health care services is essential, which enables communities to avoid high travelling costs. That the Clinic in question has failed to have Doctors on site on planned patient appointments. However, they welcomed the report for the upgrade of Umlazi AA Clinic to meet prescribed safety standards and further requested the Head of Health to act with speed on this matter.

Also commenting on the matter, the ANC welcomed the report and reiterated that once this project is funded it will be placed on the current year's capital project scheduled to commence work through the current panels appointed by the Council through the Architecture department. Also, that the rehabilitation and upgrade of Umlazi AA clinic will improve the quality of its infrastructure and comply with the National norms and standards set for Clinics in the Country.

With the ACDP Abstaining, the recommendations were, by the majority vote, **ADOPTED.**

- 2.5 Request for Authority to Reprioritise Health Capital Budget for 2024/2025 to Cater for Umlazi G Clinic Project:
(L132: Community Services Committee - Agenda 2024-10-23)

Umlazi G Clinic project is 98% complete. This project needs an additional R3 Million Rand to reach completion, including installation of water and electricity. It is imperative to secure funding to complete the project as the clinic operations are currently displaced.

The Unit has identified savings from other projects which were allocated a higher budget, and with their actual costs ended up being lower than the estimates. During the renovations of the Health Unit Headquarters, the actual renovations costs ended up being R2.5 Million Rand. This resulted in savings in the amount of R3.8 Million Rand under this renovation project. It is accordingly requested to then utilize these savings to complete the Umlazi G Project.

Accordingly,

COMMITTEE RECOMMENDS:

- 2.5.1 That Council notes that the Umlazi G Clinic is 98% complete and requires an additional amount of R3 800 000.00 (Three Million Eight Hundred Thousand Rand) to reach 100% completion.
- 2.5.2 That in view of .1 above, the Council notes that savings in the amount of R3 800 000.00 (Three Million Eight Hundred Thousand Rand) have been identified under the Health Unit Headquarters renovation project and therefore authority be granted for the Head: Health to utilise this amount to complete the Umlazi G Clinic Project.
- 2.5.3 That subject to the adoption of .2 above, the budget transfer of R3 800 000.00 (Three Million Eight Hundred Thousand Rand) be reported through the Deputy City Manager's Finance Adjustment Budget 2024/2025 financial year.

Financial Implications:

R3 800 000.00 - Health Internal Savings

ADOPTED.

3. **REPORT OF THE FINANCE COMMITTEE: MEETINGS HELD 2024-10-17 & 24.**

(Page R14)

3.1 **Report on Debt Owing by Zoloscore Investments (Pty) Ltd (7/6/3/1):**
(Page 28: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

Zoloscore Investments (Pty) Ltd, the Debtor, is a company duly incorporated with limited liability in accordance with the provisions of the Company laws of the Republic of South Africa.

Outstanding Rates:

Zoloscore is the owner of the sectional title units comprising sections 301 to 325, 327 to 353, 427, 428, 453, 501, 601, to 627 and 701 to 727, inclusive, ("the units") in the sectional title scheme known as "XIN HUA", Erf 12464, Durban, and Erf 10946, Durban, within the eThekweni Municipality, Registration Division FT, Province of KwaZulu-Natal, and having its physical address as 564 Anton Lembede and 579 Dr Pixley KaSeme Streets, Durban ("the sectional title scheme") known as China Mall Emporium.

Zoloscore Investments (Pty) Ltd has failed to pay the rates levied in line with the provisions of Section 229(1) of the Constitution and Section 2(1) of the Local Government: Municipal Property Rates Act, and in compliance with the provisions of the Rates Policy and the Rates By-law.

Interest has accrued, and continues to accrue on the said unpaid rates, duly calculated at the applicable legal rate from time to time and compounded monthly on the last day of each month.

As at 30 September 2024, the sum of R11 122 854.29 (Eleven Million One Hundred and Twenty Two Thousand Eight Hundred and Fifty Four Rand Twenty Nine Cents) was unpaid by the Debtor in respect of the rates levied.

Securing the Building:

The building forming the sectional title scheme was extensively damaged by fire on or about 21 January 2022. Pursuant to the provisions of the National Building Regulations and Building Standards Act No. 103 of 1977, eThekweni Municipality was of the opinion that this building has become dangerous, to life or property, and accordingly ordered its owner to demolish the building.

The customer failed to demolish the building and eThekweni Municipality approached the High Court wherein the Municipality was authorised, in the event of the customer failing to secure the building as aforesaid, to do all things necessary to secure the property; the same Court ruling further directed the customer to pay all and any costs incurred by eThekweni Municipality consequent upon securing building.

The Debtor failed to secure the property as so directed by the Court and eThekweni Municipality accordingly, and so as to ensure that the building did not constitute danger to both person and property, provided services in securing the building as aforesaid during the period from 26 January 2022 to 29 July 2022 in the total cost of R11 157 695.91 (Eleven Million One Hundred and Fifty Seven Thousand Six Hundred and Ninety Five Rand Ninety One Cent). These costs of R13 381 137.85 (Thirteen Million Three Hundred and Eighty One Thousand One Hundred and Thirty Seven Rand Eighty Five Cents) inclusive of interest remains unpaid by the Debtor in respect of the services provided.

Outstanding Municipal Services:

The Debtor receives and get charged for municipal services under the following accounts:

- a) account number “83407513363” in respect of the supply electricity;
- b) account number “83421359050” in respect of the supply water; and
- c) account number “83420242494” in respect of the supply water, electricity, sanitation and sewerage disposal.

The Debtor has failed to pay the amounts so levied and interest has accrued on the aforesaid amounts. The amount that remains due, owing and payable by the Defendant to the Plaintiff in respect of the municipal services so rendered:

- a) Under Reference Number “83407513363”, is in the sum of R662 022.89 (Six Hundred and Sixty-Two Thousand and Twenty-Two Rand Eighty-Nine Cents);
- b) Under Reference Number “83421359050” is in the sum of R171 210.79 (One Hundred and Seventy-One Thousand Two Hundred and Ten Rand Seventy Nine Cents); and
- c) Under Reference Number “83420242494” is in the sum of R7 653 192.67 (Seven Million Six Hundred and Fifty-Three Thousand One Hundred and Ninety-Two Rand Sixty-Seven Cents).

Upon an enquiry on the Municipal action/s taken relating to the outstanding prior debt owed for Municipal services, information was given that the Municipality had already commenced with the normal debt collection processes, however, this was halted due to the court proceedings as all monies owed by Zoloscro Investments (Pty) Ltd had to be consolidated. It being also noted that the final cost for demolition of the building has not yet been quantified, since the demolition process was still underway, and that

upon completion of the process, only then will the final demolition costs be added to the consolidated amount.

Management further advised that the above relevant information was extracted from the affidavits submitted by both the Property Owners and the Municipality. It being further noted that there were no further developments of the site that has been brought to the attention of the Municipality, however, the Real Estate Unit would re-value the vacant piece of land and relevant determinations being made, after the completion of the demolition process.

With the Committee noting the report,

COMMITTEE RECOMMENDS:

- 3.1.1 That the report on the breakdown of the debt owed by Zoloscore Investments (Pty) Ltd on municipal services rendered by the eThekweni Municipality, be noted.
- 3.1.2 That the matter between Zoloscore Investments (Pty) Ltd and the eThekweni Municipality is currently before the Courts of law and thus sub-judice, except for information in the affidavits, already filed by parties.
- 3.1.3 That it being noted that the amounts owed by Zoloscore Investments (Pty) Ltd as at the 30 September 2024 were as follows:
 - 3.1.3.1 The sum of R11 122 854.29 (Eleven Million One Hundred and Twenty-Two Thousand Eight Hundred and Fifty-Four Rand Twenty-Nine Cents) In respect of its claim for rates;
 - 3.1.3.2 The sum of R13 381 137.85 (Thirteen Million Three Hundred and Eighty-One Thousand One Hundred and Thirty-Seven Rand Eighty-Five Cents) in respect of its claim for fire services; and
 - 3.1.3.3 The sum of R662 022.89 (Six Hundred and Sixty-Two Thousand and Twenty-Two Rand Eighty-Nine Cents) in respect of its claim for electricity; supplied under Reference Number “83407513363.
 - 3.1.3.4 The sum of R171 210.79 (One Hundred and Seventy-One Thousand Two Hundred and Ten Rand Seventy-Nine Cents) in respect of its claim for water supplied under Reference Number “83421359050”.
 - 3.1.3.5 The sum of R7 653 192.67 (Seven Million Six Hundred and Fifty-Three Thousand One Hundred and Ninety-Two Rand Sixty-Seven Cents) in respect of its claim for water, electricity, sanitation and sewerage disposal supplied under Reference Number “83420242494”.

Financial Implications:

Monies owed by the Debtor are due to the Council and need to be utilised for the continued provision of services to customers of eThekweni Municipality.

Speaking on the matter, the ActionSA noted the report and mentioned that the Municipality should learn from this experience. Submission being made that to overcome similar occurrences in future, amendments of the relevant Municipal policies may be required to address these cases and to avoid Court battles.

The DA also noted the report and reiterated that the building had caught fire, and the eThekweni Municipality is of the opinion that this building has become dangerous to life or property, and accordingly ordered its owner to facilitate its demolition. That the customer failed to demolish the building and the eThekweni Municipality approached the High Court wherein the Municipality was authorised, in the event of the customer failing to secure the building as aforesaid, to do all things necessary to secure the property.

The same Court ruling further directed the customer to pay all and any costs incurred by the eThekweni Municipality consequent upon securing building. However, the company failed to pay for utilities charged and demolition costs which was cited to be approximately R32 Million. They expressed concern that the Municipality might not be able to recover this amount and would suffer financial loss. A view being expressed that the Municipality should not wait for such incidents to occur in future, but rather enforce the National Building Regulations, citing other several illegal structures within the Municipality. Therefore, that the Municipality be proactive to enforce the Act, demolish the buildings, collect rates and recover monies owed the Municipality before a similar situation occurs.

Thereafter, the ANC noted the report and emphasised that the matter is subjudice and the Council should await the Court decision on the matter.

Accordingly, the above Executive Committee recommendations were, NOTED.

3.2

Report on Billing for the Month of September 2024 (7/6/2/R):

(Page 32: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

As part of the background information given, the Committee noted that the Accounts Management Section comprises of Billing, Housing Loans, Vacant Land Rebates, Account adjustments and Dispatch subsections. That the Billing is responsible for day-to-day billing, processing development incentives, processing of customer rates rebates, refunding customers, managing and administration of Special Rating Areas (SRAs), property ownership updates and all other customer accounts management administration. It being noted that the Housing Loans focuses on administration of housing loans, and a newly added process of receiving and processing of vacant land rebates applications. While Dispatch is responsible for dispatching of customer bills, online e-Services registrations and attending to returned mails (both manual and electrically). That there is reconciliation of general and supplementary valuation rolls with the billing system to ensure 100% billing completeness.

The synopsis of the report on billing for the month of September 2024 was presented as follows:

Accounts Management Reports:

Billing:

- There were 927 104 accounts eligible to bill for the month ended 30 September 2024, and 927 074 accounts were billed resulting in 99.99% in completeness of billing.
- The same percentage of 99.99% was obtained for the month of September 2024 and the Municipality have been consistent for the last financial year which ended 30 June 2024;
- Daily and monthly monitoring of the completeness of billing is performed and this is measured through SDBIP on a monthly basis.

Completeness of Billing - September 2024:

Description	Count
Accounts eligible for billing	927104
Billed Accounts	927074
Total Unbilled Accounts	30
Billing %	99.99%

Completeness of billing and meters variances are as follows:

- between accounts eligible for billing and billed accounts is as a result of new accounts creation to be billed in the next cycle for the next month.
- between the accounts eligible for billing as per above table and services meters as per below table are as a result that some of the properties are vacant with no services and only billed for property rates with other properties having multiples meters for services.

Number of meters for the month of September 2024:

Description	Total number of meters	Total number of Accounts
Water meters	538 469	516 293
Electricity – Credit meters	314 109	283 863
Electricity – Pre-paid meters	405 737	189 343

- Variances between number of meters and number of accounts is as a result of accounts with multiple meters in a property.

Electricity unread meters for the first quarter:

Bucket	July 2024	August 2024	September 2024
91 - 120 Days	25 220	18 741	29 205
121 - 180 Days	28 140	33 216	25 920
181 - 365 Days	47 068	16 119	39 783
Above 365 Days	20 715	510	23 422
TOTAL	121 143	68 586	118 330

Water unread meters for the first quarter:

Bucket	July 2024	August 2024	September 2024
91 - 120 Days	8 012	8 049	7 598
121 - 180 Days	12 665	9 766	7 367
181 - 365 Days	9 224	14 057	11 032
Above 365 Days	90 539	48 608	84 288
TOTAL	120 440	80 480	110 285

Revenue intended to develop a special programme to attend to unread meters prioritizing those above 91 (ninety one) days for water and anything above 120 (one hundred and twenty) days for electricity.

Property Values:

As per the 2022 General Valuation Roll with its Supplementary Rolls, the Municipality has five hundred and fifty two thousand one hundred and sixty two (552 162) total number of properties with the rand value of R711 000 952 646.00 (Seven Hundred and Eleven Billion and Nine Hundred and Fifty Two Thousand Six Hundred and Forty Six Rand) as at September 2024 all combined as tabulated below:

Rates Summary 2024/2025:

	August 2024		September 2024	
Row Labels	Market Value	No. of Properties	Market Value	No. of Properties
	R		R	
Agricultural	44,810,784,000.00	1,143	4,810,784,000.00	1,143
Agricultural (Non Sewered)	-	11	-	11
Agricultural (Sewered)	2,650,000.00	10	2,650,000.00	10
Business & Commercial	145,603,430,500.00	17,111	145,603,430,500.00	17,111
Business & Commercial (Non Sewered)	-	14	-	14
Business & Commercial (Sewered)	-	517	-	517
Development Phasing Line (vacant land)	204,528,000.00	456	204,528,000.00	456
Industrial	72,637,542,700.00	7,360	72,637,542,700.00	7,360
Industrial (Non Sewered)	-	6	-	6
Industrial (Sewered)	78,972,000.00	115	78,972,000.00	115
Mining Property	227,544,000.00	11	227,544,000.00	11
Public Benefit Activities	1,029,985,000.00	39	1,029,985,000.00	39
Public Service Infrastructure	16,887,592,900.00	6,487	16,887,592,900.00	6,487
Public Service Infrastructure (Non Sewered)	750,000,500.00	16	750,000,500.00	16
Public Service Infrastructure (Sewered)	9,721,500.00	156	9,721,500.00	156
Public Service Purposes	21,055,086,000.00	757	21,055,086,000.00	757
Residential	430,798,695,682.00	480,664	430,798,695,682.00	480,664
Residential (Non Sewered)	14,350,000.00	90	14,350,000.00	90
Residential (Sewered)	100,101,000.00	426	100,101,000.00	426
Sectional Title Real Right	12,285,000.00	7	12,285,000.00	7
Unauthorised / Illegal Dev. / Use	826,323,000.00	492	826,323,000.00	492
Unauthorised / Illegal Dev. / Use (Sewered)	230,000.00	1	230,000.00	1
Vacant Land	15,681,867,864.00	35,227	15,681,867,864.00	35,227
Vacant Land (Non Sewered)	22,482,000.00	183	22,482,000.00	183
Vacant Land (Sewered)	73,384,000.00	863	73,384,000.00	863
	710,827,555,646.00	552,162	710,827,555,646.00	552,162

Residential properties are charged rates depending on the value of as tabulated below:

Number of Properties Billable for Rates – Residential Property:

Description	> 350 000 (Rateable)		< 350 000 (Non-Rateable)	
	Market Value	Number of Properties	Market Value	Number of Properties
Residential Properties	R400 326 880 500.00	329 639	R28 110 699 182.00	151 541

Properties below R350 000.00 (Three Hundred and Fifty Thousand Rand) are 100% exempted from rates and those above R350 000.00 (Three Hundred and Fifty Thousand Rand) are charged as per approved tariff less R120 000.00 (One Hundred and Twenty Thousand Rand) property value as permissible which R15 000.00 (Fifteen Thousand Rand) regulated by Municipal Property Rates Act and additional R105 000.00 (One Hundred and Five Thousand Rand) rebate.

Special Rating Areas:

Special rating areas are established with the purpose of assisting those areas with up-keeping of services where the affected area performs municipal functions with billing and collection done by the Municipality and pay over to SRA's bodies.

SRA Report September 2024:

SRA	SRA Description	Transaction Amount	Paid Amount	CA Amount	Balance Outstanding	Collection %
		R	R	R	R	
61	Eastern Business District	118 551.49	102 051.84	-	16 499.65	86%
96	Central Business District	756 112.49	486 865.56	9 638.52	259 608.41	66%
AO	South Beach	411 331.47	330 110.08	6 509.12	74 712.27	82%
BH	Burlington Heights	56 785.70	31 173.95	7 865.14	17 746.61	69%
FR	Florida Road	359 158.54	227 801.48	10 147.36	121 209.70	66%
G7	Umhlanga Promenade	724 853.07	592 168.78	8 435.90	124 248.39	83%
GG	Giba Gorge	16 839.58	13 382.61	428.75	3 028.22	82%
GW	Glenwood	373 193.20	303 480.34	8 267.05	61 445.81	84%
MA	Maytime	353 398.61	298 942.95	1 941.99	52 513.67	85%
PV	Pigeon Valley	309 665.09	271 275.63	5 699.24	32 690.22	89%
UV	Umhlanga Village	510 982.38	287 937.09	220 194.98	2 850.31	99%
WP	Westville Perth	115 238.05	92 116.57	1 897.59	21 223.89	82%
TOTAL		4 106 109.67	3 037 306.88	281 025.64	787 777.15	

Vacant Land Rebates:

Vacant Land Rebate is a newly introduced rebate effected from 01 July 2024 where qualifying vacant landowners are given 10% discount on their rates in line with the approved policy. For the month of September 2024, 20 applications have been processed and approved where ratepayers are receiving 10% amounting to the total revenue forgone of R65 767.00 (Sixty Five Thousand Seven Hundred and Sixty Seven Rand).

Vacant Land Rebate for September 2024:

No .	Date Received	Date processed	Monthly Rates	10% Monthly Revenue Forgone	Monthly Rates After 10% Rebate	Rate No.	Account Number	Area
			R	R	R			
1	16/08/2024	04/09/2024	7,206.70	720.67	6,486.03	97637957	83628448137	Salta Estate Sibaya
2	20/08/2024	04/09/2024	13,298.95	1,329.90	11,969.06	97627554	83625043427	Salta Estate Sibaya
3	05/08/2024	04/09/2024	201,044.52	20,104.45	180,940.07	28834332	83601694852	Umlhanga Rocks
4	05/08/2024	04/09/2024	253,868.86	25,386.89	228,481.97	97217191	83624563373	Sibaya
5	09/09/2024	09/09/2024	6,463.74	646.37	5,817.37	97637654	83628448642	Salta Sibaya
6	06/09/2024	09/09/2024	15,750.72	1,575.07	14,175.65	97621796	83628405212	Sibaya
7	26/07/2024	10/09/2024	9,212.68	921.27	8,291.41	97637351	83625012521	Sibaya
8	24/07/2024	10/09/2024	10,921.49	1,092.15	9,829.34	97653713	83629972024	Sibaya
9	10/09/2024	10/09/2024	7,209.70	720.97	6,488.73	97625231	83627820219	Sibaya
10	11/09/2024	11/09/2024	11,292.97	1,129.30	10,163.67	97636341	83628699627	Salta Estate Sibaya
11	29/07/2024	11/09/2024	12,184.52	1,218.45	10,966.07	97622403	83625044942	Sibaya
12	15/09/2024	16/09/2024	12,556.00	1,255.60	11,300.40	97634725	83624955657	Salta Sibaya
13	16/09/2024	17/09/2024	11,813.04	1,181.30	10,631.74	97618363	83628745682	Salta Estate Sibaya
14	16/09/2024	17/09/2024	11,367.26	1,136.73	10,230.53	97622807	83625099684	Salta Estate Sibaya
15	17/09/2024	17/09/2024	7,949.66	794.97	7,154.69	97761580	83629933745	Sibaya
16	17/09/2024	18/09/2024	20,95.43	2,095.14	18,856.29	97464641	83630641755	Umlhanga Ridge
17	18/09/2024	18/09/2024	15,230.65	1,523.07	13,707.59	97624726	83625100794	Salta Estate Sibaya
18	19/09/2024	19/09/2024	7,949.66	794.97	7,154.69	97633210	83628701747	Canelands
19	23/09/2024	25/09/2024	12,258.81	1,225.88	11,032.93	97618767	83625042114	Salta Estate Sibaya
20	25/09/2024	26/09/2024	9,138.39	913.84	8,224.55	97627958	83625022621	Salta Estate Sibaya
			657,669.75	53,766.98	591,902.78			

August 2024 Summary Vacant Land Rebates Processed:

Number	Monthly Rates Raised	10% Revenue Forgone
	R Value	R Value
26	331 730.87	33 173.09

Dispatch:

With the introduction of online e-Services platform where customers register to view, download, and pay for their customer bills, the Unit have seen a reduction in the number of manually posted bills. EThekweni Municipality has 924 585 active customer accounts as at end of September 2024 and currently still posting through the South African Post Office 517 188 of the total number, which equals to 56% of our customer database with 407 397 customers registered on e-Services.

Accounts Management has begun a region-by-region project where they are working on systematically region download report indicating all customers who are not on e-Services and those that have email addresses as contacts are immediately registered

on e-Services with those with cellphone numbers as contact being sent a bulk SMSs requesting them to provide email addresses to be on boarded onto online platform. The Unit also embarks on monthly online platform awareness where teams visit customer centres to register customers on the online eThekweni e-Services to be able to receive their bills via email/ or by logging onto the system to view and print.

The online e-Services platform is incorporated into the eThekweni App, which means by downloading eThekweni App customers are then able to use e-Services platform. Accounts Management is also in the process of completely doing away with manual posting with date of implementation anticipated to be at the end of December 2024.

Summary Posting Stats: September 2024:

Method of Posting	Number of customers	Percentage (%)
Post Office	517 188	56%
E-Services	407 397	44%
TOTAL	924 585	100%

The online E-services platform offers many benefits to customers as the customers can do the following:

- a) Update their account information
- b) Capture their meter readings
- c) View their utility bills
- d) Pay their accounts online through MasterPass/ QR Code/ Direct Debit

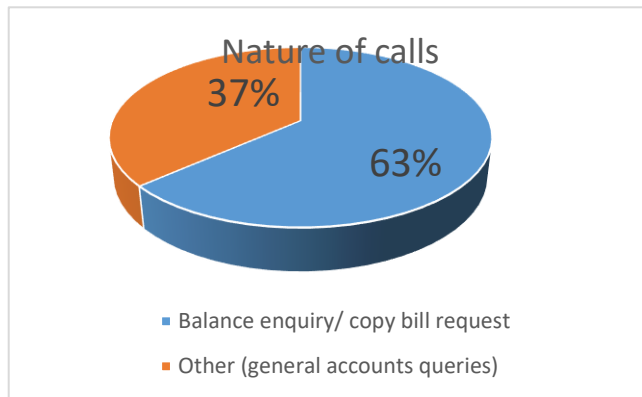
Accounts Management Section Challenges:

Challenges	Plans in place (Possible solutions)
1. Post Offices challenges as it has its own challenges which affects the posting of our customer bills;	Current projects in place to on board more customers onto eService online Platform
2. Data cleansing challenges. People change contact details frequently, the data you update today could be history the next day;	Currently working with SALGA to access different databases e.g. SARS, Home Affairs in order to have updated customer information
3. Unread meters which result in long estimated billing and compromises the accuracy of revenue;	The Council has resolved that RMU takes over meter reading from Trading services with immediate effect
4. No control of logging customer queries, resulting in influx and duplication of emails, and long response time- period.	RMU has a correspondence system for customers to log queries, customer education/ more awareness needs to be done by RMU so that all RMU customer queries can be logged in one place and can therefore be timeously resolved.
5. Non completion of monthly billing due to network and technical glitches.	Engagements with IMU and RMS for a possible solution

Enquiries Management:

The Call Centre and Correspondence Department is responsible for handling inbound calls from customers, enquiring their accounts, among other things, billing related queries, payment of accounts and responding to enquiries received from customers through E-Correspondence System. E-Correspondence System manages all written correspondences including emails, letters official documents ensuring timely and professional communication with customers.

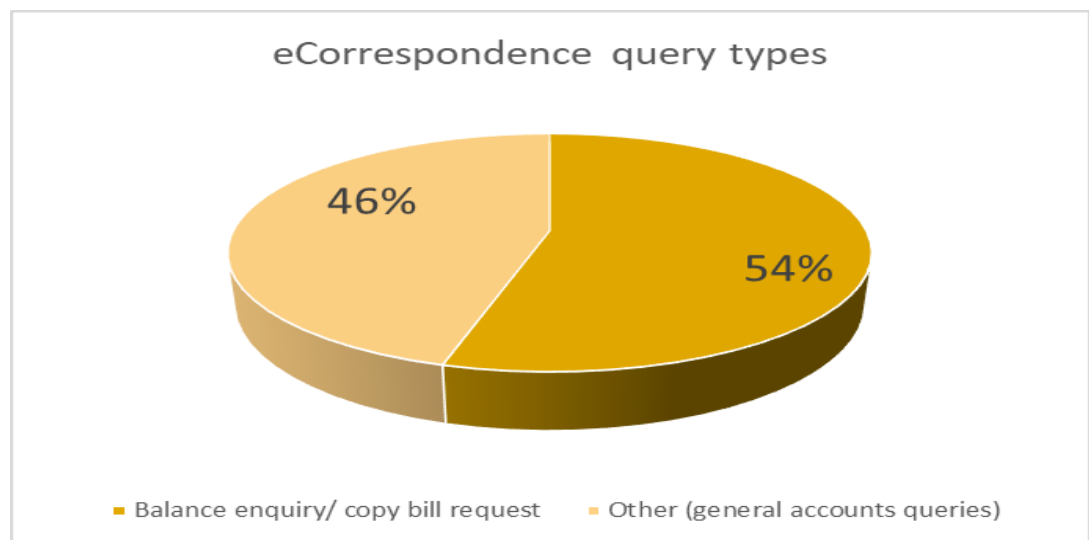
Below is the statistical information on Call Centre and Correspondence Department for the month of September 2024, which indicates number of calls received, nature of customer queries measured in a percentage % form.



Number of enquiries received through calling for the month of September 2024 as per below totalled to 29 174.

Balance Enquiry/ Copy Bill Request	18523	63%
Other (General Accounts Queries	10651	37%
TOTAL	29174	

Number of enquiries received through correspondences for the month of September as per statistics below totalled to 2489.



Total Correspondence		
Balance Enquiry/ Copy Bill Request	1356	54%
Other (General Accounts Queries	1133	46%
	2489	

In noting the presentation, the following salient points were raised:

- An enquiry was submitted on the alternative available mechanisms for distribution of billing statements to customers, in consideration of collapse of the Post Office services. Information was given that the Municipality was currently relying on its E-services App; and that 44% of the billing statements were already being issued to customers through Emails, with a target for a complete distribution of bills through other alternative platforms by 30 June 2025.
- In response to a concern raised on estimated bills that the Municipality continue to issue irrespective of the service not being utilized for a particular month, it was advised that in the absence of a meter reading being submitted for accurate billing, the Municipality continues to bill according to estimated amounts. It being advised that the system was built in such a way that accounts were kept alive, therefore, the system reads past consumptions and then generates estimates, however, it being further emphasised that the systems automatically correct itself when new readings are captured on the system, with credit and/or negative balances being reflected on the new bill statements.
- A proposal was made for the Finance Team to submit a list of all Policies relevant to the Cluster in the first instance at the next Committee meeting, and thereafter a determination will be made on how the Workshop and/or presentation of these Policies will be structured with a focus on Policies of high importance.

With the Committee in agreement,

COMMITTEE RECOMMENDS:

That Council notes the dashboard overview of the Accounts Management Billing report for the month of September 2024, it being further noted that Municipalities are empowered to ensure that billing systems are accurate, send out accounts to residents and follow-up to collect revenues owed.

In noting the report, the IFP appreciated the initiative by His Worship the Mayor to dedicate platforms to unpack revenue matters in isolation, and another platform to unpack expenditure matters. They further appreciated good quality of revenue reports being submitted to the Finance Committee, citing that it enables Councillors to thoroughly interrogate the reports and provide relevant oversight. It being reported that vacant land rebates were already gaining momentum with an increased number of applications, however, they further mentioned that advertisement for such rebates had to be intensified.

The IFP requested to note going forward the billing processes for Social Housing Institutions. While also emphasising that the Municipality should recover funds from the Developers specifically Woodglaze, owing the Municipality enormous amounts for services, but has no mercy on its own tenants. They noted with appreciation the increased number of read electricity meters, but reservations expressed on the low number of read water meters, thus negatively affecting customers in terms of accurate bills and undetected underground water leaks, and customers no longer being able to participate on the water loss insurance due to the prescription of time lapsed. They further expected to note improvements going forward on housing loans and rentals for Municipal tenants, to deal with account in arrears.

Also commenting on the matter, the VF Plus congratulated the Municipality for the increased number of customers registered on the Municipal App. Appealing that the Municipality should focus on upgrading the Municipal App so that customers can also

be able to capture the meter reading on the systems. Councillors to be also able to view issues being raised by customers on the App within their Wards and assist prompt service delivery matters.

Meanwhile, the DA submitted that the 99, 99% completeness of billing does not relate to what is on the ground in terms of revenue collection. They mentioned 22% of water meters and 38% for electricity that remain unread between 90 and 365 days. It being emphasized that this has to be changed to increase revenue collection. Mention being made that the main reasons for non-compliance with the rates payment is poor service delivery. It being also cited that illegal developments should be rezoned, rates accordingly adjusted, and sanctions issued where required. In terms of the vacant land, they emphasized that only 20 of the 35 000 properties have applied for rebates and that this be improved.

Also joining the discussion, the ANC applauded the outcome that during the September month, the collection rate target was 95%, but the Municipality collected 99, 99%. Further, reporting with great appreciation that the meter reading function has been successfully migrated from the Trading Services to the Revenue Unit on 01 October 2024. This to ensure the necessary improvements on revenue collection. Residents were also encouraged to download the Municipal App to submit readings and to have access to their monthly consumption. Mention being made that there was a plan and strategy developed by the Finance Committee which contain mitigation measures to address high bills

Thereafter, the above Executive Committee recommendations were, NOTED.

At this stage of the proceedings, time being 13h00pm, Council took a comfort break and later resumed at 14h40pm.

3.3

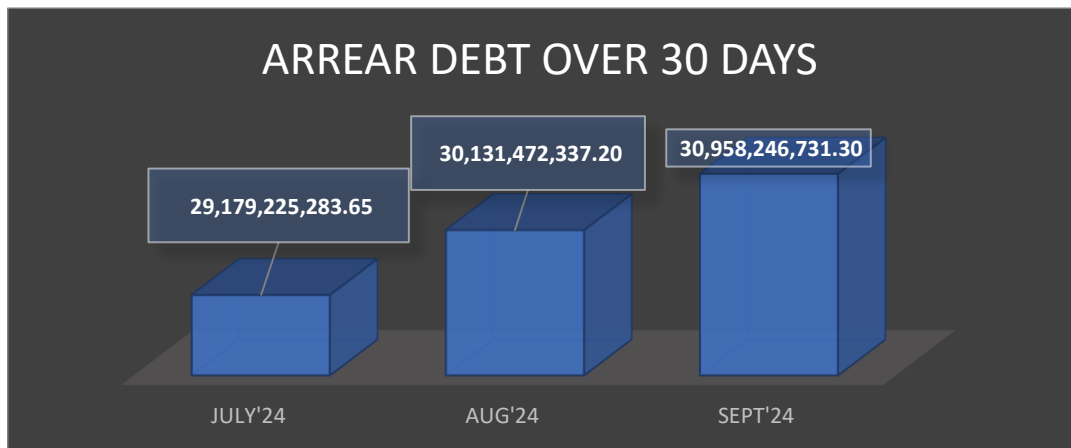
Debt Collection Report for the Month of September 2024 (7/6/3/1):
(Page 42: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

In terms of Section 64(1) of the Local Government: Municipal Finance Management Act No. 56 of 2003, the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality and must for this purpose take all responsible steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. It being noted that revenue management is a fundamental and routine financial management function of the Municipality's revenue generating business that encompasses billing and collection activities in respect of trading services and property rates levied.

It being further noted that the Local Government: Municipal Systems Act No. 32 of 2000, Chapter 2, Legal Nature and Rights and Duties of Municipalities, establishes the right of Municipal Councils 'to fund the affairs of the Municipality by charging fees for services. Furthermore, Chapter 8, Municipal Services, Section 75A, provides general powers to the Municipality to levy and recover fees, charges, and tariffs in respect of any Municipal function or service provided. It being further noted that Chapter 8 goes on to provide specific information as to what is required from the Municipality to give effect to executing such general powers and functions. That the legal framework provides for municipal powers and functions that enable Municipalities to charge for services rendered, to collect monies due and to levy interest on outstanding amounts.

Committee also noted that the Local Government: Municipal Systems Act No. 32 of 2000, sections 12 and 13, deals extensively with municipal legislative processes, particularly the passing and publishing of Municipal By-laws in a provincial government gazette

State of Debtors:

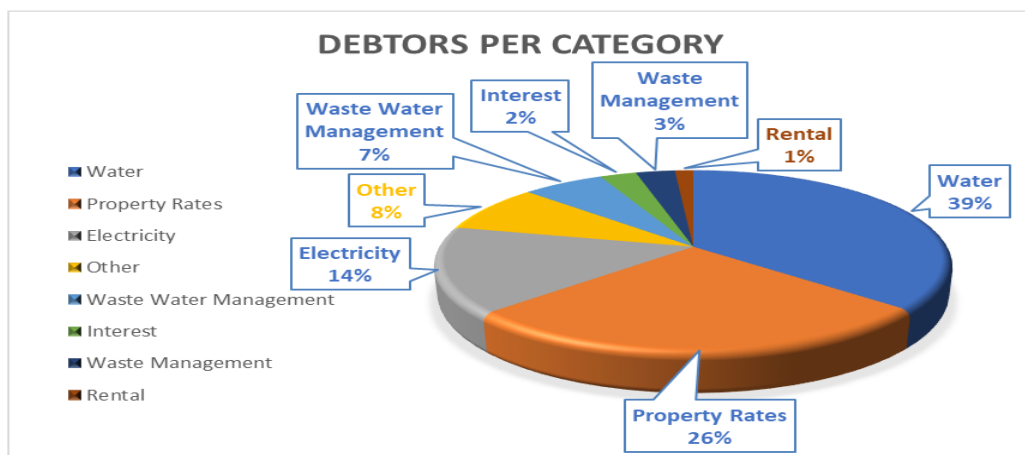


The Municipality's debt is steadily growing at an average of 3% per month (amount includes interest). The total debtors including current charges as of 30 September 2024 was R34,638,293,542 the debtors book grew significantly by R7,3 Billion, from September 2023 this is mainly due to high billings as a result of backdated charges including the 6kl back charge.

Also, that the continuing increase in debtors can be attributed to the following factors which have impacted on the customers' ability to pay/pay on time:

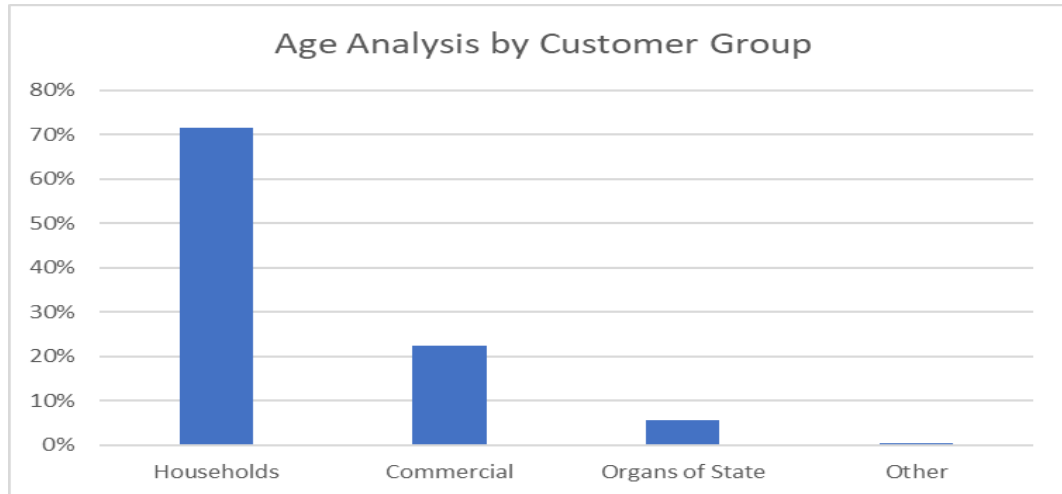
- Declining state of the economy and rising unemployment;
- Increasing tariffs and property values;
- Un-affordability due to low or loss of income;
- Dissatisfaction with service delivery;
- The effect of covid 19 pandemic and the National Lockdown;
- Natural disasters;
- Political unrest and the looting that took place in EtheKwini mostly affecting eThekweni;
- Internal billing issues, especially on water and the back charge of the six (6) kilo litres of water; and
- Poor indigent support management processes/low number of indigent support take ups.

Debt by Income Source:



It being noted that water makes up 39% of total debt, while property rates and electricity are 26% and 14% respectively. The remaining debt is made up of Wastewater, Waste Management, Interest and Property Rental.

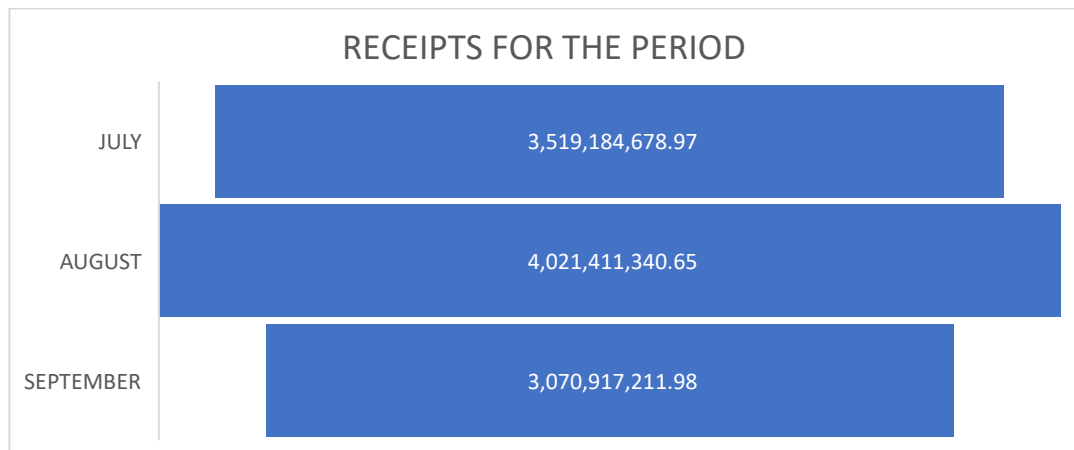
Debt by Customer Groups:



Committee noted that residential debt contributes the highest percentage of debtors at 72% of the total debtors, the high household debt shows that a significant number of households are struggling to pay their Municipal bills. Commercial debt contributes 22%. Organs of States make up 5% of the total debt. That the balance of the debts is for other accounts which includes sundries.

Revenue Receipts and Collection Rate:

Receipts for the period July 2024 to 30 September 2024:



MONTH	TOTAL VALUE
JULY	R3,519,184,678.97
AUGUST	R4,021,411,340.65
SEPTEMBER	R3,070,917,211.98
YTD COLLECTIONS	R10,611,513,231.60

Highlights: Revenue collected for the quarter July 2024/ September 2024 was higher than budgeted and this is mainly due to the debt relief programme coming to an end and the receipting of down payments from customers. An amount of R10 611 513 231.60 (Ten Billion Six Hundred and Eleven Million Five Hundred and Thirteen Thousand Two Hundred and Thirty One Rand Sixty Cents) has been collected from the Municipality's own income sources for the quarter. The collection rate measures the total billing versus total collections on the Municipalities main revenue sources (Water, Electricity, Sewer, and Refuse). For the quarter ending September 2024 – A collection rate of 99% was achieved against the target of 95%.

Government Debtors:

Comparison of Government Debt over 3 Months			
Account Name	Outstanding Amount		
	July 2024	August 2024	September 2024
	R	R	R
National Government			
National Public Works	29 346 105	25 657 303	28 783 131
Rural Development & Land Reform	29 000	29 000	29 000
Dept of Water Affairs	48 407 588	49 078 267	7 750 813
Dept of Defence	2 746 413	3 513 923	6 396 445
Dept of Correctional Services	13 062 674	13 413 378	13 973 439
Dept of Justice	14 613 793	10 244 244	
Totals for National Government	108 205 572	101 936 116	106 306 320
Ingonyama	263 216 953	266 254 559	269 076 733
Provincial Government			
Education – Section 21 Schools	210 796 776	208 383 259	215 280 829
Provincial Public Works	718 523 039	583 417 715	580 324 132
Dept of Health	67 820 818	65 062 072	65 658 582
Human Settlement	113 105 254	123 545 852	123 550 030
Education – Section 20 Schools	170 580 879	185 682 111	206 128 440
Dept of Transport	1 679 843	2 954 742	3 724 479
Dept of Social Welfare	4 173 650	4 642 342	4 556 145
Office of the Premier	966 553	788 964	1 088 070
Dept of Arts & Culture	94 025	104 403	38 286
COGTA	7 620 621	859 909	747 022
Dept of Economic Development	119 366	198 953	71 674
Dept of Agriculture	13 977	11 389	12 197
Totals for Provincial Government	1295 494 801	1 175 651 712	1 201 179 886
TOTAL	1 666 917 325	1 543 842 386	1 576 562 940

The following Government Department have long outstanding issues:

- a) **Ingonyama Trust:** The total debt owing by the ITB is R266,254 Million and it is to be addressed as follows:
 - (i) R19,876 Million to be paid by the ITB subject to Board approval;
 - (ii) R51,247 Million to be paid by the Hammarsdale Junction Mall subject to submission of leases
 - (iii) R166,790 is being disputed as Traditional Council land and won't be paid
- b) **Department of Water Affairs (Dams) -** The matter has been brought to the attention of the DG DWS and the DG raised dispute and the city has resubmitted all invoices and statements to NT and COGTA to address the dispute, no feedback to date. It remains the view of the City that DWS is liable for this debt as it was incurred prior to 2014.
- c) **Department of Education (S21 Schools):** The outstanding debt is R215.3 Million. After protracted engagements with DoE, we finally agreed on the payment plan. Although payments are received from DOE, they are received late, and September payment is still not received. Constant reminders are done for payment.
- d) **Human Settlement (LLA debt):** R53.6 Million relates to Land Availability Agreements (LAA) queries, the department is investigating the validity of the LAA's, this debt has been outstanding for years and a decision needs to be made as to the feasibility to collect.
- e) **Annual rates (Provincial Public Works):** R578.9 Million is outstanding in annual rates from Provincial Public Works, although the due date is October 2024, it is anticipated that the department might not be able to settle the full debt by due date as they have sighted budget issues.

Rates Clearance:

The RCC Unit had challenges that required the development of a Turnaround Plan, this was approved by the Head Revenue and the Chief Financial Officer in November 2023. Since the adoption and successful implementation of the Turnaround plan, a reduction in enquiries and threats of litigation has reduced drastically. The backlog that existed prior to the introduction of the turnaround plan has been completely attended to and the remaining list of pending applications is due to the water and electricity meter investigations.

The targets set for the Unit is that:

- a) At least 75% of the Certificates should be issued within 10 days from the receipt of cost paid messaging in the system;
- b) A minimum of R50 Million should be collected per month; and
- c) A minimum of 1800 certificates should be issued per month

The performance for the previous financial was as follows:

MONTH	RCC'S ISSUED	VALUE
		R
July 2023	1495	56,882,101.37
August 2023	1773	54,869,868.00

MONTH	RCC'S ISSUED	VALUE
		R
September 2023	1081	40,391,738.50
October 2023	1099	39,991,589.96
November 2023	1506	57,677,688.73
December 2023	1200	59,837,687.19
January 2024	999	30,068,167.21
February 2024	1643	76,758,033.29
March 2024	1894	81,738,275.80
April 2024	1978	74,652,854.48
May 2024	1904	72,987,050.76
June 2024	2022	73,926,656.08

The performance for the year under review was noted as follows:

MONTH	RCC'S ISSUED	AMOUNT COLLECTED
July 2024	2008	71,014,388.06
August 2024	1856	63,523,255.79
September 2024	1733	50,518,322.76
		185,055,966.61

Challenges Relating to Collections:

The following challenges are experienced in collection:

- a) Unaffordability by the customers to pay for services;
- b) High billing charges which results in disputes/queries and delayed payments;
- c) Slow/late payment rate from government and parastatals;
- d) Water and Electricity meter reading queries (backdated charges/6 kl);
- e) General delays in payment due to competing priorities;
- f) Schools not paying for services Section 21 Schools;
- g) Department of educations challenges with maintaining payment arrangement
- h) Inadequate disconnection of both water and electricity/ follow ups/investigation services for non-payment;
- i) Customers tampering with meters resulting in loss of income;
- j) Deceased, Liquidated Estates matters;
- k) Deregistered company and increase in business liquidations;
- l) Final demands/handover process slow;
- m) Slow legal process; and
- n) Prescription of debt due to slow process of issuing summons.

Debt Reduction Strategy:

Arrears Management – Debt Reduction Strategy:

ITEM	ACTIONS	REMARKS	TIME-LINES
Debtors categorisation	<ul style="list-style-type: none"> Focus on collectable debt based on property value 	<ul style="list-style-type: none"> Target debtors with high property values Target debtors with high consumption of electricity and water Identify deceased estates and make recommendations to council 	<p>30 June 2025</p> <p><u>Progress</u></p> <ul style="list-style-type: none"> Targeted approach to collections is an ongoing process Deceased Estate write-off has been approved by council and the program is in place.
Electricity pre-paid 80/20	<ul style="list-style-type: none"> 80/20 agreements should be assessed before concluded. 	<ul style="list-style-type: none"> Ensure agreements are calculated to settle debt within 36 months. Allow multiple agreements where no cancellations of Credit agreements should be done. Ensure alignment and timely reconciliations between RMS and SUPREMA systems 	<p>30 June 2025</p> <p><u>Progress</u></p> <ul style="list-style-type: none"> No progress on reconciliation between Suprema and RMS
Debt Arrest	<ul style="list-style-type: none"> Credit control teams to follow up all debts on 60 days. 	<ul style="list-style-type: none"> SOP for credit control to be reviewed and approved by the Head: revenue ; Credit control teams to have at least to members working on this debt arrest; Each team member allocated 50 accounts per day to pursue 	<p>30 September 2025</p> <p>SOP Submitted for Heads approval</p> <p>30 June 2025</p> <p>Ongoing</p>
Property values on indigent threshold	<ul style="list-style-type: none"> Identification of all properties on indigent threshold listing of customer details listing of amounts owed 	<ul style="list-style-type: none"> Each team to have a list of accounts where property value is less than R650k Contact to be done to customers to apply as an indigent 	<p>31 December 2024</p> <p>The project will commence in November 2024, report is received however it is not accurate and is still being analysed.</p>
Section 21 Schools	<ul style="list-style-type: none"> Agreement with DoE to settle debt Electricity and water Pre-paid meters roll-out to schools 	<ul style="list-style-type: none"> Disconnections for arrears settlement to be done to DoE offices. Schools to make monthly payments. Roll out of prepaid electricity and water meters on schools 	<p>31 January 2025</p> <ul style="list-style-type: none"> Arrangement in place with DOE Disconnections for arrears are on going The process of prepaid meters for schools has been rolled out with electricity, however there are some challenges as electricity wants schools to go through the normal application process.

ITEM	ACTIONS	REMARKS	TIME-LINES
E-Services Accounts (messages)	<ul style="list-style-type: none"> Identification and listing of customers on arrears registered on e-services 	<ul style="list-style-type: none"> Monthly report of accounts in arrears on eservices to send follow up messages 	30 June 2025 Ongoing
Multiple Accounts	<ul style="list-style-type: none"> Identification of duplicates accounts Disconnect, redline, Final Demands and summons Legal process 	<ul style="list-style-type: none"> IMU to create the report with duplicates accounts. 	30 June 2025 Ongoing
Businesses	<ul style="list-style-type: none"> Identify top 300 - 500 value accounts Ensure that top value accounts are free of disputes Electricity, water & Metro to avail resources to assist on the recovery campaign. 	<ul style="list-style-type: none"> Embark on target disconnection drive Involve political and senior administration leadership as awareness on importance to pay municipal accounts 	30 June 2025 Ongoing
Households	<ul style="list-style-type: none"> Identify top 600 - 1000 value accounts Ensure that top value accounts are free of disputes Electricity & Metro to avail resources to assist on the recovery campaign 	<ul style="list-style-type: none"> Embark on targeted disconnection drive Involve political and senior administration leadership as awareness on importance to pay municipal accounts Advocate for the debt relief which will encourage customers to pay and write off accrued interest; Text messages sent on a monthly basis to all customers in arrears for more than 91 days Special disconnection program for employees in arrears 	30 June 2025 Ongoing
High values Disconnections	<ul style="list-style-type: none"> Disconnection lists to be provided at high values to low values 	<ul style="list-style-type: none"> Electricity to prioritise high value disconnections. Weekly meetings to be held to check high debt, disconnections and tempering on all accounts 	Ongoing weekly
Businesses Water disconnections	<ul style="list-style-type: none"> Water to embark on water disconnections 	<ul style="list-style-type: none"> Water disconnections to be done to all businesses in arrears in conjunction with electricity disconnections 	Ongoing
Procurement of a panel of external debt collectors	<ul style="list-style-type: none"> Procurement of a panel of at least 10 (ten) External Debt Collectors to assist with the recovery of outstanding debt 	<ul style="list-style-type: none"> Reconciliation of disconnected meters with customer accounts 	30 June 2024 Appointment done and SLA done sent to legal for vetting: Expected commencement date 01 December 2024.

Sale in Execution (SIE) - Debt Reduction Strategy:

ITEM	ACTIONS	REMARKS	TIME-LINES
Bad apples accounts	<ul style="list-style-type: none"> Identification of non-paying and credit agreement defaulters Disconnections Legal processes 	<ul style="list-style-type: none"> To disconnect all the non-paying and non-responding to red letters Hand over to debt collectors 	<p>30 June 2025</p> <p>Ongoing</p>
Irrecoverable debt (Liquidations & Business rescues)	<ul style="list-style-type: none"> Listing of accounts not paying Value categorisation of irrecoverable Listing of deceased estates 	<ul style="list-style-type: none"> Consideration of write-offs where monies are regarded as irrecoverable in terms of the Credit Control Policy 	<p>30 June 2025</p> <p>Ongoing</p>
Body Corporates	<ul style="list-style-type: none"> Listing of non-paying body corporates 	<ul style="list-style-type: none"> Appointment of administrators 	Ongoing
Terminated Accounts	<ul style="list-style-type: none"> Listing of terminated accounts 	<ul style="list-style-type: none"> Investigate the existence of the debt Consideration of irrecoverable debt 	30 June 2025
Deceased estates	<ul style="list-style-type: none"> Identification and analysis of all deceased estates Preparation of a report to council on how best to deal with deceased estates older than 18 months 	<ul style="list-style-type: none"> Analytical review process Presentation of the report to council for consideration 	<p>31 August 2024</p> <p>Report approved by Council and recommendations in place.</p>

Rates Clearance Certificates (RCC'S) - Debt Reduction Strategy:

ITEM	ACTIONS	REMARKS	TIME-LINES
Timely issuing of Rates Clearance certificates	<ul style="list-style-type: none"> Issuing of RCC's on time and ensuring that all debt owing on the account is called and paid prior to the issuing of the RCC. 	<ul style="list-style-type: none"> Compliance with the SOP as approved by the Head: Revenue 	Ongoing
Implementation of the CIU reports and recommendations	<ul style="list-style-type: none"> Implementation of the CIU report on the issuing of the RCC's (systems improvement and introduction of the watermark in the Certificates 	<ul style="list-style-type: none"> Implementation of the CIU report 	30 June 2025
Review of all accounts where RCC's were issued without all debt being called and recommend for write off	<ul style="list-style-type: none"> Analytical review of all accounts where RCC's were issued without all outstanding debt being called and make recommendations for debt write off, where debt is deemed irrecoverable 	<ul style="list-style-type: none"> Analytical review of the change of properties with emphasis where billing is unable to effect MOC 	30 June 2025

In noting the presentation, the Committee unanimously commended Management for the additional detailed information on the report relative to issuing of the rates clearances certificates. A suggestion being made that the set target of at least 75% of the Certificates being issued within 10 days from the receipt of cost paid messaging in the system, be further pushed to a 80% target, pending monitoring and review of the results achieved on the current set target. Mention being made that the developed strategy, when implemented accurately, will ultimately enhance revenue collection.

In relation to the debt owed by Ingonyama Trust Board (ITB), clarity was given that there were debts that ITB disputed as being debts that should be paid by the lessee,

in consideration that the ITB in some instances, leases out sites for development, reference being made to the R51,247 Million to be paid by the Hammarsdale Junction Mall. Regarding the R19,876 Million to be paid by the ITB subject to Board approval; information was given that the Department of Cooperative Governance and Traditional Affairs will assist to prepare a report for onward submission to the Board. Also, that the R166,790.00 debt being disputed as Traditional Council land, relates to rural areas at KwaXimba etc., where sites were allocated by Executive Advisors to the Chief (Izinduna) to residents, it being noted that Courts will be approached in this regard for declaration orders. In terms of the previously proposed R100.00 (One Hundred Rand) flat rate for rural areas under ITB, information was given that consultations were still underway.

A suggestion was also made the Municipality should fastrack the installation of prepaid electricity meters for Section 21 Schools, with the Department of Education committing to paying for the installations, it being emphasised that this would further enhance revenue collection for the Municipality. A recommendation also being made that the Memorandum of Understanding entered into between the Municipality and the Department of Education relative to payment for Municipal services, be presented at the next Committee meeting.

Clarity was further provided that the tenants are being allowed to enter into the debt relief programmes with the Municipality, on the basis that a consent is sought from the property owners in the first instance.

A concern was also expressed on the piles of unprocessed applications for indigents, due to the shortage of Social Workers to profile applicants, however, this was then re-directed to be further deliberated upon, during the envisaged Committee Workshop on Policies. On the spirit of revenue enhancement, the Committee further requested that an update on the progress on the implementation of the deceased estate debt write-off in the future meetings.

On the other hand, it being noted with appreciated that the integration of the Revenue Management System with Suprema System from the Electricity Unit was to be resolved, in terms of the 80/20 debt relief programme, where customers purchase prepaid electricity, and 80% of the amount thereof being for electricity and 20% being directed towards customers historic debt, the set target for integration was set for 30 June 2025.

With the Committee noting the Debt Collection report for the month of September 2024,

COMMITTEE RECOMMENDS:

That Council notes the report on debt collection as well as the performance of the Revenue Management Unit with regards to the management of the Council's debtors' book, that Council further notes the Debt Collection and Debt Reduction Strategies developed by the Revenue Management Unit.

Speaking on the matter, the IFP emphasised that debt collection is crucial for the Municipality to achieve financial sustainability and continue providing services to its residents. They emphasized the importance of taking actions against defaulters, reference being made to social housing developers owing the Municipality huge amounts for services. In this regard, they reported that in April 2021, a Presidential Proclamation was handed to the Municipality which specified that an amount of R400 Million be recovered from these

developers for misrepresentation of Social Housing Development. Also calling for this matter to be placed as a standing item on the Committee agenda to enable Councillors to receive updates on progress being made by the Municipality to recover these funds. They were also concerned about the Municipality enlisting debt collectors from 01 October 2024, while the Debt Relief Programme is only terminating in the month of December 2024.

The IFP called on the Municipality to consider extending the Deceased Estate Debt Write-off to those married in Community of Property, and traditional marriages. Also indicating that the issue of disconnection of services for schools remains a great concern, however, it being noted with appreciation that schools will not be disconnected during the exams period. That schools should be encouraged to take up this opportunity to install prepaid meters, and the Department of Education to be engaged further on this matter.

The ANC also spoke on the matter emphasizing that 95% debt collection rate has been achieved in the month of September, surpassing the other Metropolitan Municipalities. Also acknowledging that debtors have increase expeditiously, hence the Municipality has developed strategies and implementing Debt Relief Programmes to mitigate such. Mention being made that this was further undertaken against unfavorable economic conditions.

Also speaking on the report, the DA noted with concern that the debtors' book has increased to R34,6 billion, which was rising at 3% per month, emphasizing that this is unsustainable. With the water revenue contributing 39% of uncollected debt, a view being submitted that this relates to R13 billion irrecoverable debt. On the other hand, they commended the Debt Reduction Strategy developed by the Revenue Management Unit.

Thereafter, the above Executive Committee recommendations were, NOTED.

3.4

Report on High Bills and Plan of Action (7/6/2/R):

(Page 56: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

The Committee was advised that the Municipality continued to receive a number of media queries regarding complaints by customers and pensioners about high bills which are not affordable. It being noted that as a response to these complaints, Revenue Management Unit initiated discussions with Trading Services Unit in order to work on the action plan on how the challenges of high bills should be resolved.

Challenges Causing High Bills Complaints:

High bills complaints by customers are as a result of challenges being experienced during the implementation of billing affected by readings or estimations of consumption which is used to determine what customer should be liable for during a particular period. Some of these factors are as follows:

- Water back billing of 6kls – additional 7000 customers identified later;
- Water consumption long estimations;
- Under estimations;
- Unidentified water leaks as a result of long estimations;
- Indigent management processes;
- Postal services failure to deliver statements on time;
- Poor payment of accounts;
- The application of stepped tariffs in water results in overall bill charges being higher than they should have, had eThekweni read monthly and raised charges on actual consumption;
- Manual Adjustments processed by service departments;

- Non-auditing of readings logged on e-Services and on eThekweni App results in consumers being estimated even though they have submitted their actual readings;
- Direct connections done on the ground but not updated on the Revenue Management System which results in consumers being billed on tempering tariffs which is way higher than the normal tariff.
- Incorrect recalculations effected by service departments resulting in higher bills and disputed charges by consumers.
- Bulk of the complaints relates to customers who are not maintaining their accounts and claiming high bills due to accumulated balance caused by their non-payment.

Conclusion:

Some observations have been made during the processed of attending to account enquiries of high or incorrect bills. There are various factors which lead to customers dissatisfactions when the municipality is dealing with queries, and these are as below but not limited:

Policies compliance & implementation Negative Perceptions:

- a) Credit control & debt collection policy enforcement resulting to customer complaining of unhuman staff:
 - Down payment requirement,
 - Default revoke
 - Disconnections
- b) Indigent support policy resulting to some households not qualifying:
 - Pensioners on property values above threshold of R650 000
 - Non property owners
 - Lack of communication
 - Lack of pre-paid meters
- c) Rates policy where non-compliance is affected by punitive tariffs:
 - Illegal/unauthorised rates charges – rate code change
 - Vacant land

Following the presentation, the Committee commended Management for developing a strategy which will ensure that enquiries on Municipal services are resolved timeously. On the other hand, a proposal was also made for the smart meters to be incorporated as part of the strategy to address challenges of high bills. A submission being made that an intensified Ward-based road shows or campaigns be arranged, whereby the Customer Services Team would be on the ground to assist customers in a quest to resolve their billing statement queries. That in addition, a visit be organised for the Finance Committee to also be part of the outreach programmes by the Municipality.

With the Committee in agreement,

COMMITTEE RECOMMENDS:

That Council notes the report on high bills action plan as well as the strategy below to be implemented in ensuring that enquiries are resolved within reasonable time, it being further noted that the complaints on high bills by customers are mainly on water and electricity.

ITEM	PROBLEM STATEMENT	ACTION ITEMS	TIME-LINES
Unread meters	<ul style="list-style-type: none"> Water & Electricity meters unread for a longer period of time. 	<ul style="list-style-type: none"> Meter reading for both water & electricity transferred from Trading Services Unit to Revenue Management Unit. Electricity meters to be read at least every three months. Water meters to be read at least every month. 	<p>01 October 2024</p> <p>Ongoing</p>
Over/under estimation meter readings	<ul style="list-style-type: none"> Water & Electricity meters are over/underestimated for a extended of time due to non-readings. 	<ul style="list-style-type: none"> Electricity meters to be read regularly. Water meters to be read at least every month. Revenue billing Section to produce monthly exception reports for all unread meters to be prioritised. 	Ongoing
Water leaks	<ul style="list-style-type: none"> High bills as a result of undetected leaks due to non-reading of meters. Water loss insurers repudiating claims on insurance claims 	<ul style="list-style-type: none"> Revenue to conduct a detailed analysis on the performance of the insurer over the past financial year. Revenue to consider alternative options to address water loss challenges (self-insurance or water loss tariff). Revenue to make formal submission to the executive on the best option. 	28 February 2025
Postal Services	<ul style="list-style-type: none"> Customers receiving their bills late due to the poor performance by the SA Post Office. 	<ul style="list-style-type: none"> Revenue and ABM to jointly embark on a marketing programme to popularize eThekweni Municipality APP and e-Services 	31 March 2025
Account Enquiries Access	<ul style="list-style-type: none"> Customers visit Sizakala/Payment Centres with no ideas of how much to pay forcing them to first que for printing of statements. 	<ul style="list-style-type: none"> Revenue to look at establishing statement printing kiosk at Sizakala Centres and Malls to cater for those who are affected by the absence of the SA Post Office. 	30 June 2025
Community Awareness Campaigns	<ul style="list-style-type: none"> Customers are not getting accounts regularly resulting 	<ul style="list-style-type: none"> Revenue with other services Units to run 	To be run every month till February 2025

ITEM	PROBLEM STATEMENT	ACTION ITEMS	TIME-LINES
	<p>to non-payments for services and rates.</p> <ul style="list-style-type: none"> Customers are not well informed of payment plans. Customers are not well informed about indigent support. Customers are not well informed of electronic services at their disposals (e-Services, APP) for loading meter readings. 	<p>community campaigns in all regions to assist:</p> <ul style="list-style-type: none"> Customers on resolving their account queries. Indigent applications Meter readings Payment arrangements (debt relief and deceased estates) Fixing of water leaks and insurance claims. 	
Over the Counter Enquiries Capacity Enhancement	<ul style="list-style-type: none"> Customers dissatisfaction with the speed of attendance when visiting Sizakala/Payment Centres. Perceptions of poor treatment by front-line staff when visiting municipal Centres for account enquiries. 	<ul style="list-style-type: none"> Recruitment of unemployed graduates to be utilised as customer enquiries consultants and cue marshals (projects to run for a period of 12 months). On job training to be conducted to ensure the success of a campaign. 	Urgent
Billing Process	<ul style="list-style-type: none"> Customers campaigning about high bills and thus refusing to pay. Customers not receiving their bills on time due to the collapse of the SA Post Office. 	<ul style="list-style-type: none"> Customer disputes to be extended to timeously. Revenue embarking on the marketing strategy for the migration to e-Services for the majority of customers. eThekweni to ease sending bills to customers via the SA Post Office. 	<ul style="list-style-type: none"> 30 days Ongoing 31 March 2025
Implementation of the Policy	<ul style="list-style-type: none"> Indigent Policy not implemented. Indigent Register not a true reflection of the customer base. Shortage of prepaid meters (water and electricity) for installation on 	<ul style="list-style-type: none"> Review of the Indigent Policy and processes. Acquisition and population of the Electronic Indigent Register. Alignment with trading services on the acquisition and toll out of the prepaid meters for all indigent households. 	<ul style="list-style-type: none"> 31 March 2025 31 March 2025 Ongoing.

ITEM	PROBLEM STATEMENT	ACTION ITEMS	TIME-LINES
	indigent households.		
Top High Accounts Analysis	<ul style="list-style-type: none"> High accounts due to: <ul style="list-style-type: none"> Non-payments Water leaks Readings (actuals vs estimates) 	<ul style="list-style-type: none"> To work on analysis to identify reasons on why accounts are high due to: <ul style="list-style-type: none"> Long unread meters Poor payments Consumption inconsistencies. Suspected leaks Other factors. 	31 October 2024

Commenting on the report, the IFP noted the reasons for high bills as submitted, emphasizing that the time that lapses prior to reading water and electricity meters should be addressed. However, also noting an increase in meters read the previous month. Submission made that as part of the plan of action to address high bills, grey areas that exist in the implementation of the Indigent Policy, including property values as a requirement, should be revisited, a suggestion being made that assessment should be based on income and affordability. They also reported with concern that was a change on the rates coding, in terms of punitive charges for illegal and unauthorised developments in residential areas, including small businesses etc, they emphasized that this be addressed, also calling for the process of rolling out the smart meters to be accelerated. Overall, the IFP welcomed the Strategy to address high bills, citing that this will assist with debt reduction.

Also commenting on the report, the ActionSA commended the Finance Cluster for developing strategies to address high bills with the aim of assisting residents. Meanwhile, the DA drew the attention of Council to the thirteen (13) points on the report which indicate the challenges causing high bills complaints. They were of the view that most of the reported challenges were as a result of the Municipal failure. They further indicated that the Municipality should have avoided the debt from rising to the current figure of R34 billion through vigorous and timeous resolving of customer queries.

However, the ANC submitted that the Municipality continues to receive complaints from customers on high bills, and cited amongst others, the reasons thereof, which included unidentified water leaks, tampering with infrastructure with prolonged water estimations without actual billings etc. That, to address these challenges, the Municipality, through the Finance Committee, has developed a plan to address the issue of high bills, which contains mitigation strategies to deals with unread meters, alternative dispute resolution mechanisms, introduction to modernise delivery of billing statements, embarking on an intensive educational campaign to create community awareness about the importance of paying for services.

Additionally, they reported that the Finance Committee has recommended that the Municipality revisit the Debt Reduction Strategy, and that it is currently being implemented and includes addressing tampering with the Municipal infrastructure and outstanding debt. That the Municipality is also embarking on a process to increase monthly collections, mention being made that during the first quarter of the 2024/2025 financial year, an amount of R10,6 billion has been collected as a result of the interventions, further that during the month of September 2024, a collection rate of 99.9% was achieved against the targeted 95%.

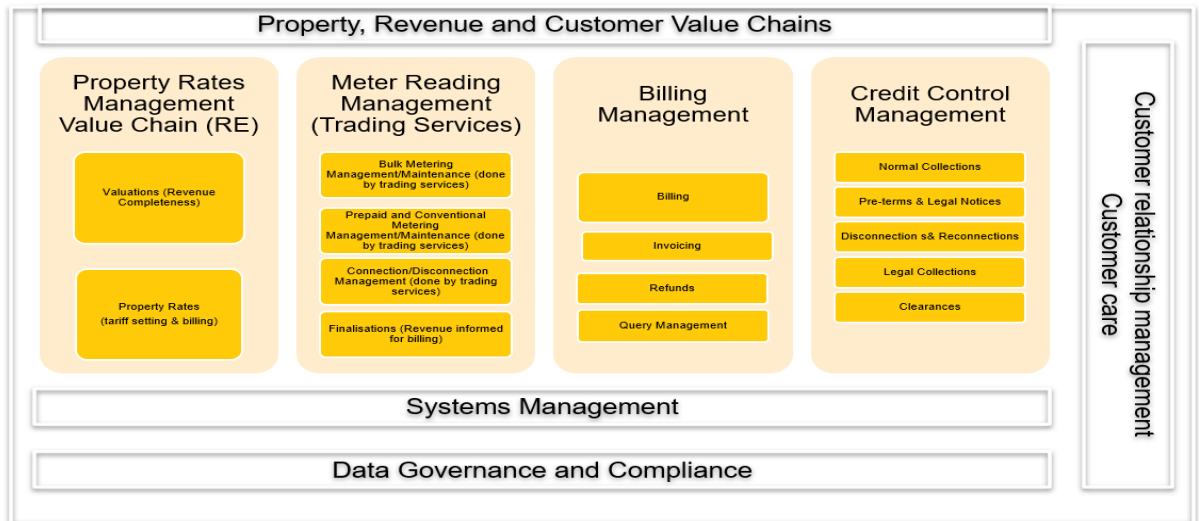
Thereafter, the above recommendations of the Executive Committee were, NOTED.

3.5

Progress Report on the Transfer of Meter Reading Functions from Trading Services to Revenue Management September 2024 (4/1/1/2/6):
(Page 62: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

It was recalled that eThekweni Municipal Council at its meeting held 31 August 2020 resolved to combine the Electricity and the Water & Sanitation Meter reading Departments, which were to be located within the Finance Cluster. It being noted that the primary objective of migration was to minimize the rate of estimated charges of accounts, ensuring accurate and a smooth billing process. In terms of the Council resolution, the migration process was to be completed by 30 June 2021. It also being noted that consultations with affected employees started, albeit with varied challenges, which were later compounded by the Turnaround Plan proposed by the National Treasury which recommended a single window of coordination. It being further recalled that at its August meeting, the Council resolved that migration should be implemented without further delay and mandated the Finance Committee to oversee the migration. That the revised deadline for the migration was 01 October 2024.

The Revenue Management Value Chain:



The Committee noted that the revenue management value chain is a series of processes and activities that enable the Municipality to maximise revenue, which is the resource utilised to deliver basic services to the communities.

The value chain involves many activates but is not limited to the following:

- Data collection
- Data analysis
- Tariff setting
- Ownership of the property (Valuation Roll)
- Opening of municipal account
- Installation of a meter for consumable services
- Regular reading of services meter
- Processing of readings to the billing system
- Issuing of statements of accounts detailing charges for municipal services consumed (water, electricity, refuse removal & etc. and property tax (Rates)
- Postage or distribution of such statement
- Customer queries
- Receipting of cash received
- Accounts or amounts owed reminders

- Enforcement of credit control
- Disconnection of services
- Indigent
- Write off irrecoverable debts
- Reporting

It being noted that the above processes of value chain are meant to ensure maximum revenue management processes which will provide revenue completeness.

Challenges in Revenue Management:

The Municipality, like any other municipality in the world, does have challenges which are affecting revenue management to all the listed activities but for the purposes of this discussion Revenue will focus on the following:

Meter Reading:

Meter reading feeds to the billing of the customer and provides the billing on how much should be charged for consumed services. Meter reading activities should be done monthly to all customers and failure to provide such reading leaves the billing activities to be estimated, which at least as per acceptable practices should not be more than 3 months for electricity and monthly for water due to underground leaks.

The current situation in the Municipality is that meter reading remains with unread meters for periods of over 3 months which is way above the norm and requires urgent attention. Currently, eThekweni Municipality has separate meter readings for electricity and water. This means that different meter readers are utilised to reading different meters in one property on different days. *For example, property A with both meters will be read by meter reader Jackson on Monday 20 June for electricity readings and same property will be read by Belly on Friday 20 November for water.*

The bills with estimates negatively affects collections as customers will question the credibility of bills sent to them resulting in lodging of disputes which delay the enforcement of credit control. Making situations worse for customers are unread meters for water which prohibits the customers and the Municipality to identify water leaks as the estimations are based on average and cannot reflect anomalies on high water consumptions. Once the actual readings for water are then, if there are leaks then result to high water bills which put customers off and end up not affording to pay.

Benchmarking Exercise:

During the previous financial year (2023/2024), the Revenue section visited the following Metro Councils:

- a) City of Johannesburg;
- b) City of Tshwane;
- c) City of Cape Town; and
- d) Buffalo City

The purpose of the benchmarking exercise was amongst others to do the following:

- a) Benchmark engagements on metering as the fundamental baseline of accurate and timeous billing;
- b) Benchmark engagement on rebates offered to customers and how vacant land, abandoned / illegal developments properties are treated;
- c) Hold meetings with relevant officials to discuss revenue collection policies, strategies, and challenges;

- d) Discuss systems available to monitor debt and processes involved in revenue collection;
- e) Discuss various rebates offered to customers and the implementation of the indigent policy.
- f) Discuss the implementation process of the Development Charges / Contribution Policy and development incentives available;
- g) Make available to both parties, access to relevant documentation, reports, and other materials related to revenue enhancement, generation and/or collection;
- h) Hold discussions on any innovative technologies or systems employed in revenue collection and debt management;
- i) Engage on Revenue Rates Clearance Certificates /Property registration system process;
- j) Discuss the procurement and management of the external debt collectors' and systems management processes;
- k) Discuss meter reading & disconnection management processes as well as the best strategic location of such services; and
- l) Standard Operating Procedures and systems utilised for the effective and efficient processing of the rates clearance certificates.

Findings – the following was observed during the visits:

- a) **City of Joburg:**
 - (i) City of Joburg provides services through its entities (City Power, Pikitup, JWater etc.)
 - (ii) Aggressive disconnection drive is headed by the City Manager, City Power and JWater Senior Management against the Large Power and Water users (Government Departments and Parastatals);
 - (iii) Normal power and water users are disconnected by the relevant entities;
 - (iv) CoJ uses automated Acknowledgement of Debt (AOD) process by customers for monitoring and adherence;
 - (v) CoJ uses automated pre-termination notices and final notices to be implemented to improve reporting accuracy and proof of delivery thereof;
 - (vi) CoJ uses automated disconnections and reconnection of metered services to the entities for reporting accuracy.
- b) **City of Tshwane**
 - (i) Customer Relations Management is located within the Revenue Management Section;
 - (ii) Service and meter installations are done by the Revenue Management Section (insourced and outsourced);
 - (iii) Meter readings are done by the Revenue Management Section (insourced and outsourced);
- c) **City of Cape Town**
 - (i) Meter reading is located within the Revenue Section;
 - (ii) Disconnection and reconnection is located within the Revenue Section;
 - (iii) City of Cape Town uses the smart metering system, that is, when the customer first defaults, s/he is immediately transferred from credit metering to prepaid metering (90/10) which is done off site;
 - (iv) If the customer defaults even in prepaid metering, the Revenue Section disconnects the customer;
 - (v) The City of Cape Town is one of the metros with the highest debt collection (together with eThekweni).

d) **Buffalo City**

- (i) Meter reading and disconnection is placed within the revenue section;
- (ii) Disconnections and reconnections are done by the revenue sections;
- (iii) The metro uses smart metering;
- (iv) The 80/20 prepaid approach is in place for defaulting customers;
- (v) The 60/40 prepaid approach is in place for indigent customers;
- (vi) The metro has both water and electricity smart meters.

Conclusions:

For the success of the Revenue Management full value chain, it is critical that the Revenue Management Department must be hands on when it comes to information which affects the billing of customers. Customer accounts should always be realistic and where queries are raised should be easily resolved without making customers run around. Running around means when customers query their high bills due to water or electricity, the Revenue Department can only explain why the bill is high but to provide more details and resolve revenue have to refer customers to the water or electricity department. This results in customers doubting the billing system, unfortunately when they refer to systems that is interpreted as the billing system in which the Revenue Management Department is the custodian and responsible for billing. With meter reading managed under Revenue, this will improve the billing, where effort will be put to ensure that reading of meters is done systematically and aligned with the billing cycles of customers. Where customers have not been read for longer periods, more focus will be directed to resolve that with clear instructions to the meter reading section.

Further, with consolidated accounts as required by Systems Act, meter reading will be consolidated to one point and readings will be done once per customer by one meter reader for both electricity and water and this will improve efficiency on billing. Regular reading of the meter will also assist with the early identification of faulty meters which will be reported for fixing by the relevant department of water or electricity. Based on the benchmarking exercise conducted by eThekweni Municipality's Revenue Management Unit, municipalities with meter reading and disconnection departments experience minimum billing challenges.

Progress To Date:

- a) Consultations with affected labour, both Water & Sanitation were concluded and completed during the month of September 2024, **all affected employees accepted the migration;**
- b) Presentation of the progress was made to both Local Labour Forums (Electricity and Water) wherein Water and Sanitation adopted the report without reservations whilst the migration process was rejected by the electricity LLF. There is no need for further engagement with the electricity LLF as migration has already occurred;
- c) The migration process was finalised with the onboarding session presided over by the CFO, which took place at the ICC on Tuesday the 1st of October 2024, signaling the final migration of meter reading to Revenue Management;
- d) The Manager: Accounts Management has been assigned to be the Acting Manager: Billing pending the recruitment and filling of the position. The Deputy Head Arrears will provide oversight and strategic support until both the Deputy Head Revenue and Manager Billing positions have been filled;

Thereafter, the Committee welcomed with gratitude the finalisation of migration of the meter reading function, after the process was approved by Council in 2020. It being noted that the implementation of the smart meters platforms has not been finalised and a revised plan was still to be presented by relevant Units to the Management Committee in the first instance, following which, a comprehensive report will be submitted to the next Committee meeting.

On the other hand, a period of three (03) months was allocated within which the Revenue Team will report back to the Committee on the progress on meter reading function following the migration process.

Accordingly,

COMMITTEE RECOMMENDS:

That Council notes the progress report to date on the transfer of meter reading, audit and adjustment functions from the Trading Services to the Revenue Management Unit, it being further noted that the following is the outstanding work that needs to be undertaken in order to complete the transfer of these functions;

- a) **Operating Procedures** - Revenue Management is currently reviewing the systems and standard operating procedures utilised by the meter reading with intentions of further alignment;
- b) **Furniture and Tools of Trade** - Inspection in loco has been conducted and indicates a dire and urgent need to procure furniture and accommodation for meter readers;
- c) **Office Accommodation** – for effective and integrated meter reading, the municipality needs to secure accommodation for ease of alignment, a number of properties are currently being considered in consultation with Real Estate;
- d) **Business Risk Assessment** – the revenue management has requested EMARAS to conduct a high-level risk assessment in order to be able to develop mitigation strategies, the report is due by Friday the 18th of October 2024.

Commenting on the report, the IFP noted that the standard norm was that the meter reading function is allocated to the Trading Services. However, they were pleased by the decision of the Municipality to migrate the meter reading function to the Revenue Management Unit, also citing that shortcoming/s if any, will be addressed. They also encouraged customers to utilise the Municipal App for their bill statements.

Also commenting on the matter, the DA mentioned that the decision to migrate the meter reading function was taken in 2020, however, it was only being implemented in 2024. Nevertheless, the DA welcomed the report and further indicated that the important task of the Municipality was to recover the uncollected debt. In relation to the report, they further questioned the outstanding work that needs to be undertaken in order to complete the transfer of these functions, citing the tools and trade, office accommodation etc. being requested. They enquired on what had occurred to items previously used by the meter reading staff whilst under the Trading Services Cluster. Also concerned about the 55% water loss, emphasizing the urgent need for the Municipality to address such.

Thereafter, the ANC noted progress on the migration of the meter reading function, reiterating that this move will be beneficial to both the Municipality and its customers. Mention being made that customers' accounts should always be realistic and where queries

are raised should be easily resolved without making customers run around. They also noted the outstanding work that needed to be undertaken in order to complete the transfer of these functions, including development of the Standard Operating Procedures, Furniture and Tools of Trade, Office accommodation and Business risk assessment.

Accordingly, the above recommendations of the Executive Committee were, NOTED.

3.6

Budget Statement Report for the Month and Quarter Ending 30 September 2024 (7/1/4):

(Page 9: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

The Committee noted the overall financial performance analysis of the Municipality as at the end of September 2024. The actual operating revenue of 110% of the year-to-date budget, with a variance of 10% and revenue generated is 28,14%. The actual operating expenditure was reported as a percentage of year-to-date budget figure of 89% with a variance of -11% and operating expenditure spent to date is 26,16% when compared to original budget. The capital expenditure was reported to be sitting at 57% of the budget and with a variance of -43%. The capital year to date spent was reported to be sitting at 8,82%. The cash collection rate of 95% is slightly lower when compared to the same period in the previous year (101, 25%).

During deliberations, the following salient points were raised:

- A concern was submitted on what was viewed as the ongoing rising of uncollected debts, a decrease in revenue and increase in water expenditure. Mention being made that this might in future results in a financial strain on the Municipality, as the expenditure exceeds revenue. It being also noted that the key drivers of the ongoing challenges were the declining state of economy, rising unemployment amongst other things, however various strategies, including the Debt Relief programmes, Deceased Estates Debt Write-off etc were being developed and implemented to assist struggling residents to pay for municipal services. Furthermore, a new Indigent Policy was in a process of being introduced, in a quest to ensure that the Municipality was billing residents accordingly and will be submitted to Council in due course. While water challenges were noted, confirmation was given that the Municipality was currently working on various strategies, including amongst others, commercialisation of water provision service, to improve the status.
- In response to the cutting of trees across the City, it was noted that the budget has been increased in this regard and this project was to be implemented by the relevant Unit, as per the demand within various areas of the Municipality.
- In response to a concern on the expenditure of capital projects budget, it was noted it was the end of the first quarter of the financial year, thus the focus was on the procurement processes which were sitting at 75% in completion. Assurance being given that expenditure of projects has commenced with a definite change in expenditure in future reports.

Accordingly,

COMMITTEE RECOMMENDS:

- 3.6.1 That the Budget Statement quarterly report for the month ended 2024-09-30 and the supporting documents, submitted by the City Manager as per his report dated 2024-10-16, in compliance with Section 71 and Section 52 (d) of the Municipal Finance Management Act 56 of 2003 on the implementation of budget and the financial affairs for the Municipality and its entities in terms of Government Notice 32141 dated 17 April 2009, relating to the “Local Government: Municipal Finance Management Act No. 56 of 2003, the Municipal Budget and Reporting Regulations”, be noted.
- 3.6.2 That in compliance with Section 32(2) of the Local Government: Municipal Finance Management Act No.56 of 2003, Council notes the Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE) incurred for the month of September 2024 as detailed on section 11 of the Budget Statement Report.
- 3.6.3 That Council refers the UIFW referred to in .2 above to the Municipal Public Accounts Committee (MPAC) for investigation into the recovery or write-off of the said expenditure in terms of Section 32(2)(b) of the Municipal Finance Management Act and request MPAC to report back to Council on the outcome of its investigations.

NOTED.

- 3.7 Public Tender Awards of eThekweni Municipality for the Month of 30 September 2024 (9/1/3):
(Page 170: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

The Committee noted that the amount of R982 698 207.79 (Nine Hundred and Eighty-Two Million Six Hundred and Ninety Eight Thousand Two Hundred and Seven Rand Seventy Nine Cents) was the total value of tenders issued during the month of September 2024.

It being further noted with appreciation that there was an increase of 4.2% of tenders awarded to Youth Owned Business Enterprises. On the other hand, a concern was raised on the low number of tenders being awarded to Women, as compared to the same period in the previous year.

Accordingly,

COMMITTEE RECOMMENDS:

- 3.7.1 That the public tender awards by the City for the month of September 2024, inclusive of awards made in terms of Section 36 of the Supply Chain Management Regulations, as contained in the report by the Acting Head: Supply Chain Management dated 2024-10-07, be noted.
- 3.7.2 That it be noted that where information is available for Wards and registration numbers, it is included in the report, as information used to compile the report is taken from submissions made by the Units.

- 3.7.3 That the City Manager reserves the right to investigate the awards with a view to taking disciplinary, criminal and recovery actions where willful and negligent violation of Supply Chain Management Policies and Municipal Finance Management Act provisions are observed.

NOTED.

- 3.8 Investments Report for the Month Ending 30 September 2024 (7/11/4):
(Page 226: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

The Committee noted the Municipal funds invested at different Financial Institutions are recorded to amount to R5 715 463 000.00 (Five Billion Seven Hundred and Fifteen Million Four Hundred and Sixty-Three Thousand Rand), at an average rate of return on investments of 8,80%. Also, that the Municipality has an overdraft facility of R682 000 000.00 (Six Hundred and Eight Two Million Rand) and the unutilised Capital and Operational Grants as at the end of September 2024 was reported to be R1 009 000 000.00 (One Billion Nine Million Rand). It being further noted that there were thirty-four (34) days cash on hand excluding grants.

Accordingly,

COMMITTEE RECOMMENDS:

That the report on investments for eThekweni Municipality as at 2024-09-30, which records the total funds invested at financial institutions as R5 715 463 000.00 (Five Billion Seven Hundred and Fifteen Million Four Hundred and Sixty Three Thousand Rand), at an average rate of return on investment of 8.80%, as submitted by the City Manager, in line with the requirements of the Municipal Cash Management and Investment Regulation of the Local Government: Municipal Finance Management Act No. 56 of 2003, be noted.

NOTED.

- 3.9 Quarterly Report on Withdrawals from Municipal Bank Account in Terms of the Municipal Finance Management Act (11/1/2):
(Page 232: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

Accordingly,

COMMITTEE RECOMMENDS:

- 3.9.1 That the report on withdrawals from the Municipal bank account as at 30 September 2024, submitted in terms of Section 11(4) of the Municipal Finance Management Act, be noted, it being recorded that the withdrawals relate to the following:

- Section 11(f): To refund money incorrectly paid into a bank account.
- Section 11(g): To refund guarantees, sureties and security deposits.
- Section 11(h): Investment of money not immediately required.

- 3.9.2 That Council notes that the report on withdrawals will also be submitted to the Provincial Treasury and the National Treasury as well as the Auditor-General, in line with the statutory requirement.

NOTED.

3.10

Reprioritisation of Revenue Unit 2024/2025 Capital Budget to Accommodate Critical Projects (7/1/2/1):

(Page 236: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

Authority is sought to reprioritize part of the Revenue Management Unit's 2024-2025 Capital Budget. It being noted that a review of the Unit's projects and programmes has resulted in a need to prioritize its Capital Budget to cater for mission critical projects which were under budgeted for in the 2024/2025 financial year. It being also noted that there are various projects of this nature which affect the new premises in Grayville 26 Mathews Meyiwa Road building for leasehold improvements that are required to be resolved urgently, Customer Service Centres at Chatsworth that require funding for various sites, alarm system installation for Warwick, Lamontville, Magabheni and Florence Mkhize Building cashiers office. It being important to note that the Debt Management System Software that is required to stimulate the collection of debtors require funding for the project to commence.

Procurement of the Debt Management System Software:

1. The debt management collection process implemented by Council which comprises of the Panel of External Debt Collectors require the procurement of the Debt Management System Software which is compatible to RMS. The acquisition of the system will assist the City in managing the debt collection effectively and ensure that the information supplied by the External Collectors is compatible to Revenue Management System (RMS).
2. The project in question relates to the procurement of the debt management system to assist with the management of the external debt collectors.
3. The Council has recently appointed a panel of eight (08) External Debt Collectors. This is the first appointment as the Council has never utilised such services before.
4. During the development of the Bid document, there was an assumption that the preferred bidders to make the Panel of External Debt Collectors would bring in their own debt management system. However, this means that the City must expect the introduction of 8-10 debt management systems that might not even be compatible with Revenue Management System.
5. In order to achieve an integrated debtor's management system, compatible with RMS, Revenue has resolved to automate the process of debt management and collection. It is critical that the procurement of such a system is completed before the 1st of November 2024, which is the estimated time of the resumption of activities.
6. The acquisition of the system will assist the Municipality in managing the debt collection effectively and ensure that the information supplied by the External Collectors is compatible to RMS.

Non-infrastructure: Computer Equipment:

The Customer Service Department has identified a need to urgently procure computers, slip printers, note counting machines and UV lights to efficiently deliver service to customers. This is for new and replacement requests. There are new customer service offices to be opened which do not have equipment/ tools of trade for the office to open and to be fully functional.

Non-infrastructure: Furniture & Office Equipment (all other office equipment):

The Revenue Departments requests for prioritization of these items for the offices to be operational. The need is also accelerated by the Occupational Health and Safety Unit (OHS) and Local Labour Forum (LLF) discussions interventions. Security Management recommendations to be implemented urgently to mitigate risks identified.

Non-infrastructure: Kitchen Equipment (Equipment (Fridge & microwaves):

These items are required by different departments within the Revenue Unit including the new offices to be opened, Magabheni and 26 Mathews Meyiwa Road offices.

Information and Communication Infrastructure: Network Point Installation:

Network point installation at the Greyville Revenue Office in 5TH and Ground Floor, 26 Mathews Meyiwa Road new offices to ensure that the office is operational as intended.

Office Renovations: Leasehold Improvement:

Leasehold improvement to be conducted at Grayville Revenue Office in 5TH and Ground Floor, 26 Mathews Meyiwa Road to maintain an effective working environment and ensure that the office is operational as intended by the Unit.

Machinery and Equipment: Safety Equipment:

Installation of CCTV cameras in Dispatch Office, Grayville 26 Mathews Meyiwa Road 5TH Floor Revenue Call Centre and Magabheni Revenue Office. Alarm System installation in Warwick, Lamontville, Magabheni and FMB Revenue Offices. Biometrics access installation in 26 Mathews Meyiwa Road (Ground and 5TH Floor). Procurement of safe at City Engineers Offices. The safety equipment will be installed to ensure that a safe working environment is maintained because of risk assessment conducted and as part of resolving an audit finding.

In motivating the request to re-prioritize 2024/2025 Unit Budget, it should be noted that currently, the Revenue Unit has secured an approved Capital Budget in 2024/2025 which included an amount of R21 934 000.00 (Twenty One Million Nine Hundred and Thirty Four Thousand Rand) for the Phoenix Office project. The Phoenix project CSA-2507 will only utilize R13 116 169.01 (Thirteen Million One Hundred and Sixteen Thousand One Hundred and Sixty Nine Rand One Cent) in the allocated funds during this financial year.

The savings identified from this project are R8 817 830.99 (Eight Million Eight Hundred and Seventeen Thousand Eight Hundred and Thirty Rand Ninety Nine Cents). Due to the urgency in acquiring these items, it is recommended that the budget reprioritization is needed as per the table below:

Income		Fundi ng	Costi ng	Project	Regio n	Amount
						R
Generator Installation	31238.45511.22	30015	0000	T7227	W070	1 500 000.00
Non-Infrastructure: Computer Equipment	31201.44630	30015	0000	PC8300	0010	1 320 000.00
35 x Computers						
2 x Laptops						
UV Light						

Income		Fundi ng	Costi ng	Project	Regio n	Amount
						R
Ram						
Non-Infrastructure: Computer Equipment 2 x Supply & installation of overhead projectors with Roller Screen (new sites) Greyville Call Centre Revenue Offices Grayville Dispatch Revenue Office 26 Mathews Meyiwa Road	31234.44620	30015	0000	PC8300	W028	40 000.00
Non-Infrastructure: Furniture e & Office equipment (all other office equipment) 2 x Boardroom furniture (12- and 20- Seater tables with chairs) Greyville Call Centre Revenue Offices Grayville Dispatch Revenue Office 26 Mathews Meyiwa Road Replacement of office furniture for Manager for new site, Call Centre Revenue Offices: Grayville (old furniture destroyed by floods)	31201.44520	30015	0000	PC8400	0010	500 000.00
Non-Infrastructure: Kitchen Equipment (5 x Fridges & 7 x microwaves)	31234.44530	30015	0000	PC8400	0010	71 000.00
CCTV Installation Dispatch Office, 26 Mathews Meyiwa Road 5 TH Floor Revenue Call Centre Magabheni New Office	31239.45511.22	30015	0000	T7220	0010	500 000.00
Alarm System, Warwick, Lamontville, Magabheni & FMB Biometrics access installation 26 Mathews Meyiwa Road (Ground & 5 TH Floor) New Offices	31238.44340	30015	0000	PC8800	0010	220 000.00
Network Point Installation (5 TH & Ground Floor, 26 Meyiwa Road New Offices	31201.44930	30015	0000	T7253	0010	900 000.00

Income		Fundi ng	Costi ng	Project	Regio n	Amount
						R
Safe for City Engineers Offices	31234.44550	30015	0000	PC8400	W028	50 000.00
Office Renovations: Leasehold Improvement	31201.45511.22	30015	0000	T7252	0010	500 000.00
Professional Fees (R50 000.00)						
Preliminary Works (R65 000.00)						
Alterations (R40 000.00)						
Carpentry & Joinery (R10 000.00)						
Ceilings Partitions & Access (R160 000.00)						
Tilling (R40 000.00)						
Paintwork (R70 000.00)						
Rates Outside of BAC Approved Rates (R65 000.00)						
New Intangible Assets Computer Software and a Debt Management System Software	31261.42040	30015	0000	PC9440	W028	2 900 000.00
TOTAL						8 501 000.00

The reprioritization of funds is estimated to be for an amount of R8 501 000.00 (Eight Million Five Hundred and One Thousand Rand) and has been identified from within the Unit's 2024/2025 financial year Capital Budget.

The majority of the Members noted the urgent need to acquire the above-mentioned essential items, and recommended that the budget reprioritization is necessary as per financial implications, and with the DA abstaining,

COMMITTEE RECOMMENDS:

3.10.1 That Council notes the Revenue Unit has secured an approved Capital Budget in 2024/2025 which included an amount of R21 934 000.00 (Twenty One Million Nine Hundred and Thirty Four Thousand Rand) for the Phoenix Office project. The Phoenix project CSA-2507 will only utilize R13 116 169.01 (Thirteen Million One Hundred and Sixteen Thousand One Hundred and Sixty Nine Rand One Cent) at VATP in the allocated funds during this financial year. The savings identified from this project are R8 817 830.99 (Eight Million Eight Hundred and Seventeen Thousand Eight Hundred and Thirty Rand Ninety Nine Cents).

3.10.2 That, in view of .1 above, Council approves the budget reprioritization of funds, to transfer from the savings identified by the Revenue Unit, at an estimated amount of R8 501 000.00 (Eight Million Five Hundred and One Thousand Rand) and has been identified from within the Revenue Unit's 2024/2025 financial year Capital Budget to accommodate for critical projects which were under budgeted for in the 2024/2025 financial year.

ADOPTED.

3.11

Progress Report for Noting R1.5 Billion Borrowing for Capital Projects (7/3/1/1/2):
(Page 242: Finance Committee - Agenda 2024-10-17 and 2024-10-24)

The Committee noted that eThekweni Municipality was in the process of issuing a request for Proposals inviting Financial Institutions to submit proposals for the provision of debt for annuity long-term loan funding to the eThekweni Municipality to fund the Capital Budget as contained in the MTREF will be advertised in the local newspapers and the Municipality's website.

Section 46 (3)(a) of the Local Government: Municipal Finance Management Act No. 56 of 2003, states that the Municipality may only incur long-term debt if the Accounting Officer of the Municipality has:

- (i) made public the information statement setting out the particulars of the proposed debt including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and
- (ii) inviting the public, the National Treasury and Provincial Treasury to submit written comments or representations to the Council in respect of the proposed debt.

Capital Expenditure:

On 03 May 2024, the Municipal Council approved the Capital Budget for the three-year MTREF period as follows:

Table 1 Capital Budget:

2024/2025 RM	2025/2026 RM	2026/2027 RM
7,681	6,728	6,169

Table 2 Capital Budget Funding:

Funded as follows	2024/2025 RM	2025/2026 RM	2026/2027 RM
Grant Funding	3,459	3,352	3,508
Internal Funding	2,722	2,376	1,661
External Funding	1,500	1,000	1,000
TOTAL	7,681	6,728	6,169

In Table 2 above, it is evident that the Municipality is required to raise a Long-Term Debt of approximately R1,5 Billion from the external funding sources for the financial year 2024/2025 and then R1 Billion for the 2025/2026 and 2026/2027 financial years.

Funding Options:

The Municipality will utilize a combination of bilateral long-term loans (from commercial banks, Development Finance Institutions as well as bonds through the Domestic Medium-Term Note Programme. The split between these methods of funding will be determined using the debt capital market sentiments based on investors' interest. A combination of the funding instruments, in appropriate proportion will ensure that the planned R1,5 Billion budget for borrowings is met accordingly.

It was also emphasised that the relevant Unit in conjunction with the Legal and Compliance Department would ensure that all documents related to the borrowings including loan agreement would be scrutinised and negotiated by the Municipality to ensure that all terms and conditions are favourable to the Municipality.

Upon an enquiry on the necessity of taking up loan borrowings, it was emphasised that the borrowing for capital projects was in line with Section 46 of the Local Government: Municipal Finance Management Act No. 56 of 2003, which express the provisions and requirements of long-term debt, in which confirmation was given that the Municipality has complied with all the requirements thereof.

Thereafter, the Committee noted the process to be followed to secure the loan, with the DA and VF-Plus strongly against the process,

COMMITTEE RECOMMENDS:

That Council notes the proposed timelines for the 2024/2025 long-term borrowing as follows:

- (a) Make public the Information Statement – 13 October 2024
- (b) Finance Committee to note issue of Request for Proposals (RFP) – 18 October 2024
- (c) Council to note issue of Request for Proposals (RFP) – 30 October 2024
- (d) Deadline for receipt of comments from the public – 13 November 2024
- (e) Advertise Request for Proposals (RFP) - 01 November 2024
- (f) Closing date for receipt of proposals - 30 November 2024
- (g) Council in-principle approval of the proposed debt – February 2025
- (h) Written communication to National Treasury and KZN Provincial Treasury of proposed debt – 08 March 2025
- (i) Deadline for receipt of comments from National Treasury and relevant Provincial Treasury of proposed debt – 08 April 2025
- (j) Council final approval of the proposed debt – May 2025
- (k) Signing of loan agreement/s and draw of loan funding – June 2025

Financial Implications:

After careful evaluation, taking up a new borrowing 2024/2025 will be affordable and will not negatively impact the sustainability of the Municipality as indicated Table 3 below:

Table 3 Gearing and Debt Service Cost Ratio:

	FY 2023/2024	FY 2024/2025	FY 2025/2026
Gearing Ratio (National Treasury Benchmark of max 45%)	19.66%	18.03%	16.17%
Debt Service Cost (National Treasury Benchmark between 6% -8%)	4.34%	3.97%	3.82%

Speaking on the matter, the DA reiterated their dissent on the Municipal's decision of taking up loan borrowing. Emphasizing that there was no need for the Municipality to borrow, citing that the interest earned on investments is no longer sufficient to cover the loan borrowings. Mention being made that the Municipality should enforce revenue collection as well as local procurement to increase manufacturing within the Municipality and thereby creating employment opportunities and increasing revenue in the process.

Sharing similar sentiments, the VF Plus further submitted that the R9 billion being invested in different Financial Institutions by the Municipality be recalled and utilised to refrain from opting for loan borrowings.

Thereafter, the ANC reported that the borrowings for capital projects is in line with Section 46 of the Local Government: Municipal Finance Management Act No. 56 of 2003, which expresses the provisions and requirements for long-term debt. Confirmation was also given that the Municipality has complied with all the requirements, including obtaining concurrence from the National Treasury.

Accordingly, the above recommendations of the Executive Committee were,
NOTED.

DIRECT EXCO REPORTS:

4. **REPRIORITISATION OF THE CITY INTEGRITY & INVESTIGATIONS UNIT
2024/2025 CAPITAL BUDGET FOR AIR CONDITIONERS AND KITCHEN
EQUIPMENT (7/1/2/1)**

(Page 1)

Authority is sought to approve the reprioritization of the capital budget within the City Integrity and Investigations Unit (CIU) at an estimated amount of R130 000.00 (One Hundred and Thirty Thousand Rand) to cater for the installation of a new air conditioner in the Head's office and the microwave for the staff.

It is critical and essential for the Head to operate in a conducive environments and staff also require the microwave as a basic, useful equipment in the kitchen on daily basis. At the moment, both the air conditioner and the kitchen equipment votes have no funding. However, funds has been identified within the Unit's 2024/2025 capital budget of the furniture and the computer votes. Therefore, this reprioritization will ensure availability of funds for both the new air conditioner installation and the purchase of new microwave for staff.

In order to achieve transparency due to some Members having expressed that the amount required was exorbitant for such items, a breakdown of how the funds will be utilised as provided by the Architecture Department, was highlighted as follows:

Supply and Installation of the Air Conditioner:

Quantity	Description	Unit Price	Total Price
1	10Kw Cassette Unit	R19 932.90	R19 932.90
1	Installation up to 6m (as per the spec)	R3 023.16	R3 023.16
80	Additional cost per meter piping	R476.53	R38 122.40
1	Electrical installation up to 15m (as per the spec)	R1 024.80	R1 024.80
80	Additional cost per meter cabling	R389.42	R31 153.60
1	CPG Contractor Installation Supervisor & Approval	R2 920.68	R2 920.68
		Sub-Total	R96 177.54
		VAT	R14 426.63
		TOTAL	R110 604.17
Provision of a Microwave			
1	Microwave	R3 499.00	R3 499.00

With the Committee appreciating the information provided above,

COMMITTEE RECOMMENDS:

That Council approves the reprioritization of funds which has been identified within the City Integrity & Investigations Unit Capital Budget for the 2024/2025 financial year, at the estimated amount of R130 000.00 (One Hundred and Thirty Thousand Rand) for the installation of new air conditioner and purchasing of new microwave for staff in the kitchen by spending the Capital Budget for furniture and computer as highlighted below:

FUNDS REQUIRED FOR				FUNDS REQUESTED FROM		
No.	Project Description	Vote Number	Estimated Amount	Project Description	Vote Number	Estimated Amount
			R			R
1.	Air Conditioner	30251.45506.12.30015.0000.CIU03.W028	120 000.00	Furniture & Equipment	30252.44520.30015.0000.PC8400.0010	60 000.00
2.	Kitchen Equipment	30251.44530.30015.0000.PC8400.R001	10 000.00	Computer Equipment	30250.44630.30015.PC8300.MRC01.0010	70 000.00
TOTAL COST ESTIMATE						130 000.00

Financial Implications:

The reprioritization of funds is estimated to be for an amount of R130 000.00 (One Hundred and Thirty Thousand Rand). This amount has been identified within the Unit's 2024/2025 financial year Capital Budget of furniture and computer votes. The amount of R60 000.00 (Sixty Thousand Rand) from furniture vote: 30252.44520.30015.0000.PC8400.0010 and R70 000.00 (Seventy Thousand Rand) from computer vote: 30250.44630.30015.PC8300.MRC01.0010 has been identified.

FC No.: 2025/09/CA04

MOTION TO AMEND

In terms of Rule 20 (4) of the Rules of Order By-Law 2014, as amended, Councillor TM Mthethwa, seconded by Councillor CJ Laing, moved as a procedural motion to amend the Executive Committee recommendations to read as follows.

“That Council approves the reprioritization of funds which has been identified within the City Integrity & Investigations Unit Capital Budget for the 2024/2025 financial year, at the amount of R114 103.17 (One Hundred and Fourteen Thousand One Hundred and Three Rand Seventeen Cents) in line with the submitted quotation for the installation of new air conditioner and purchasing of new microwave for staff in the kitchen by spending the Capital Budget for furniture and computer.”

NOT CARRIED

Therefore, as some Councillors were not in support of the Motion to Amend, the matter was put to the vote. With 159 Councillors present, 61 Councillors (DA – 43, EFF – 16, UIM – 01 and VF Plus - 01) voted in favour of the amendment, 81 Councillors (ANC - 72, ABC – 01, AIC- 01, APF- 01, ATM - 01, KZNI – 01, MOSA – 01, NFP- 01, PFP – 01 and IND - 01) voted against the Motion to Amend. 17 Councillors (IFP - 11, Action SA - 02, ACC - 01, ACDP – 01, JEP– 01 and PRM – 01) abstained.

The abovementioned Motion to Amend the recommendations was, by the majority vote, **NOT CARRIED**.

Reverting back to the substantive matter, the DA expressed that the amount to be approved had to be in line with the quotation which has been circulated to the Executive Committee Members, and on this basis, they abstained on the matter.

Accordingly, With the DA Abstaining, the recommendations of the Executive Committee were by majority vote, **ADOPTED**.

5. RESUBMISSION OF LONG-TERM LEASE ITEMS REFERRED BACK BY THE MUNICIPAL COUNCIL ON 30 SEPTEMBER 2024.

(Page 5)

The lease items below have remained outstanding pending a thorough analysis by the Executive Committee of the related policies to ensure fair distribution of properties to eligible businesses or members of the community. The Committee has since unpacked the legislation and the policies in detail thus reaching satisfaction of the land distribution process through long-term leases.

Accordingly, the lease items below are resubmitted for consideration and approval.

5.1 Proposed Granting of Rights by Way of Long-Term Lease to Use Control or Manage Lease on Portion 755 of Erf 1560 of Lot 31 No.1560: 327 Umhlanga Rocks Drive (17/2/1/2/5):

(Page 212: Human Settlements and Infrastructure Committee - Agenda 2023-06-23)

During the Support Committee, with 26 Councillors present, 21 Councillors (ANC – 14, IFP - 2, EFF - 4 and KZN - 1) voted in support of the recommendations and 5 DA Councillors voted against the recommendations.

At the Executive Committee level, the (03) DA Members voted against the recommendations. With (03) ANC Members, (01) EFF Member, (01) IFP Member and (01) NFP Member being in support,

COMMITTEE RECOMMENDS:

5.1.1 That the Municipal Council declares in terms of Section 14 of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA) that:

5.1.1.1 The proposed Portion described as Portion 755 of Erf 1560 of Lot 31, No 1560, in extent of 741m² as depicted on Plan No. SJ 4793/2 is not needed to provide the minimum level of basic Municipal services and is considered to be a surplus for the requirements of the Municipality during the period of the proposed granting of rights to use control or manage the said property.

5.1.1.2 The Municipality has considered fair market value of the asset, economic and community value to be received in exchange for the asset, with the current market value of the property being R19 000 000.00 (Nineteen Million Rand) and an assessed market rental of R1 333 800.00 (One Million Three Hundred and Thirty-Three Thousand Eight Hundred Rand) per annum, R111 150.00 (One Hundred and Eleven Thousand One Hundred and Fifty Rand) per month, excluding VAT.

- 5.1.2 That the Municipal Council approves in principle that a right be granted to use control or manage the capital asset described as proposed Portion 755 of Erf 1560 of Lot 31 No.1560 in extent of 7411m² as depicted on SJ Plan No SJ 4793/2 in terms of Regulation 34(1)(b) read together with Regulation 36 and 41(1) of the Municipal Asset Transfer Regulations 2008 as follows:
- 5.1.2.1 That a long-term right is proposed to be granted in respect of proposed Portion 755 of Erf 1560 of Lot 31 No. 1560.
- 5.1.2.2 That rental be assessed on the open market value.
- 5.1.2.3 That all conditions received from the Municipality's Service Delivery Units as detailed in paragraph 5 of the report will form part of the lease agreement to be concluded between the Municipality and a successful tenderer.
- 5.1.2.4 That the proposed property described as Portion 755 of Erf 1560 of Lot 3, No 1560, in extent 7411m² be leased by way of public tender, in accordance with the Municipal Supply Chain Management Policy, at a base rental of R1 333 800.00 (One Million Three Hundred and Thirty Three Thousand Eight Hundred Rand) per annum, R111 150.00 (One Hundred and Eleven Thousand One Hundred and Fifty Rand) per month, excluding VAT, escalating by 7% pa and reviewable every 5 years for a period of 45 years.
- 5.1.2.5 That all costs incidental to this transaction shall be borne by the lessee and all the developmental plans must be submitted to the Local Authority.
- 5.1.2.6 That the rental be suspended for the developmental period stipulated on the bidders proposal or until the Practical Completion Certificate is issued (whichever comes first) from the date of registration of the lease, to allow for the refurbishment/development of the property, provided that the development period or period until the Practical Completion Certificate is issued does not exceed 3 years from the date of registration of the lease and provided further that the capital investment is above R30 000 000.00 (Thirty Million Rand).
- 5.1.2.7 Should the developer not complete the development within a three-year period, an application must be made to the Head: Real Estate to submit a request to the Municipal Council to consider an extension of time, without any further rental suspension, to complete the development in accordance with suitable terms and conditions as recommended by the Head: Real Estate.
- 5.1.2.8 That subject to the adoption of .1 to .2 above and compliance with the eThekweni Municipality: Supply Chain Management Policy, authority be granted for the Head: Real Estate to sign all documents necessary to conclude and administer this transaction.

With the DA and the VF Plus voting against, the recommendations were by majority vote, ADOPTED.

5.2 Proposed Granting of Rights by Way of Long-Term Lease to Use, Control, or Manage Lease on Erf 395 Savannah Park (1/4 (17/2/1/2/5):
(Page 273: Human Settlements and Infrastructure Committee - Agenda 2023-06-23)

During the Support Committee, with 26 Councillors present, 21 Councillors (ANC – 14, IFP - 2, EFF - 4 and KZN - 1) voted in support of the recommendations and 5 DA Councillors voted against the recommendations.

At the Executive Committee level, the (03) DA Members voted against the recommendations. With (03) ANC Members, (01) EFF Member, (01) IFP Member and (01) NFP Member being in support,

COMMITTEE RECOMMENDS:

- 5.2.1 That the Municipal Council declares in terms of Section 14 of the Local Government Municipal Finance Management Act, No 56 of 2003 that:
- 5.2.1.1 The proposed property described as Position Erf 395 Savannah Park is not needed to provide the minimum level of basic municipal services and that is considered to be a surplus to the requirements of the Municipality for the period that the proposed granting of rights to use, control or manage the said property is proposed and,
- 5.2.1.2 The Municipality has considered fair market value of the asset, economic and community value to be received in exchange for the asset, with the current market value of the property being R22 747 500.00 (Twenty-Two Million Seven Hundred and Forty Seven Thousand Five Hundred Rand), at an assessed market rental of R1 364 850.00 (One Million Three Hundred and Sixty-Four Thousand Eight Hundred and Fifty Rand) or R113 738.00 (One Hundred and Thirteen Thousand Seven Hundred and Thirty-Eight Rand) per month, excluding VAT.
- 5.2.2 That the Council approves in principle, that a right be granted to use, control or manage the capital asset described as Erf 395 Savannah Park in extent of 4.6262 Ha as depicted on Plan 4751/4 in terms of Regulation 34(1)(b) read with Regulation 36 and 41(1) of the Municipal Asset Transfer Regulation 2008 as follows:
- 5.2.2.1 That a long-term right is proposed to be granted in respect of the subject property.
- 5.2.2.2 That rental be assessed on the open market value.
- 5.2.2.3 That the proposed property described as Erf 396 Savannah Park in extent 4.6262Ha be lease by way of public tender in accordance with the provisions of the Preferential Procurement Policy Framework which supports the Radical Economic Transformation Framework, at a base rental of R1 364 850.00 (One Million Three Hundred and Sixty Four Thousand Eight Hundred and Fifty Rand) per annum and R113 738.00 (One Hundred and Thirteen Thousand Seven Hundred and Thirty Eight Rand) per month, excluding VAT, escalating by 7% per annum and reviewable every 5 years for a period of 45 years.
- 5.2.2.4 That all costs incidental to this transaction shall be borne by the lessee and all the developmental plans must be submitted to the Local Authority.

- 5.2.2.5 That the rental be suspended for the development period stipulated on the bidders proposal or unit until the Practical Completion Certificate is issued (whichever comes first), from the date of registration of the lease to allow for the refurbishment/development of the property, provided that the development period or period until the Practical Completion Certificate is issued does not exceed 3 years from the date of registration of the lease and provided further that the capital investment is above R30 000 000.00 (Thirty Million Rand).
- 5.2.2.6 That should the developer not complete the development within a three-year period, an application must be made to the Head: Real Estate to submit a request to the Municipal Council to consider an extension of time, without any further rental suspension, to complete the development in accordance with suitable terms and conditions as recommended by the Head: Real Estate.
- 5.2.2.7 That subject to the adoption of .1 to .2.6 above and compliance with eThekweni Municipality: Supply Chain Management Policy, authority be granted for the Head: Real Estate to sign all documents necessary to conclude and administer this transaction.

Commenting on the matter, the IFP welcomed the report and emphasised that this approval would have a positive impact on the residents of Savannah Park as employment opportunities would be created.

Thereafter, with the DA and the VF Plus voting against, the recommendations were by majority vote, **ADOPTED.**

- 5.3 Proposed Granting of Rights by Way of Long-Term Lease to Use, Control or Manage Proposed Lease of Erf 517 Mobeni (17/2/1/2/5):
(Page 336: Human Settlements and Infrastructure Committee - Agenda 2023-06-23)

During the Support Committee, with 26 Councillors present, 21 Councillors (ANC – 14, IFP - 2, EFF - 4 and KZN - 1) voted in support of the recommendations and 5 DA Councillors voted against the recommendations.

At the Executive Committee level, the (03) DA Members voted against the recommendations. With (03) ANC Members, (01) EFF Member, (01) IFP Member and (01) NFP Member being in support,

COMMITTEE RECOMMENDS:

- 5.3.1 That the Municipal Council declares in terms of Section 14 of the Local Government: Municipal Finance Management Act No 56 2003 (MFMA) that:
- 5.3.1.1 That the proposed lease of Erf 517 Mobeni (situated on Rem of Erf 1 Mobeni) in extent 6.2553Ha as depicted on SJ 4801/9 is not required to provide the minimum level of basic municipal services and is considered to be a surplus to the requirements of the Municipality for the period of the proposed granting of the rights to use, control or manage the said property.
- 5.3.1.2 That the Municipality has considered fair market value of the asset, economic and community value to be received in exchange for the asset, with the current market value of the property being R103 500.00 (One Hundred and Three Million Five Hundred Thousand Rand) and an assessed market rental of R9 324 000.00

(Nine Million Three Hundred and Twenty-Four Thousand Rand) per annum or R777 000.00 (Seven Hundred and Seventy Thousand Rand) per month, excluding VAT.

- 5.3.2 That the Council approves in principle that a right be granted to use, control or manage the capital asset described as Proposed Lease of Erf 517 Mobeni (situated on Rem of Erf 1 Mobeni) in extent 6,2553Ha as depicted on Plan No. SJ 4801/9, in terms of Regulation 34(1)(b), read with Regulation 36 and 41(1) of the Municipal Asset Transfer Regulation 2008, as follows:
- 5.3.2.1 That a long-term right is proposed to be granted in respect of Proposed Lease of Erf 517 Mobeni (situated on REM 1 Mobeni).
- 5.3.2.2 That rental be assessed on the open market.
- 5.3.2.3 That all conditions received from the Municipality's Service Delivery Units, as detailed in paragraph 5 of the report will form part of the lease agreement to be concluded between the Municipality and a successful tenderer.
- 5.3.2.4 That the proposed property described as Proposed Lease of Erf 517 Mobeni (situated on rem of Erf 1 Mobeni) be leased by way of public tender, in accordance with the provisions of the Preferential Policy Framework which supports the Radical Economic Transformation Framework at a basic rental of R9 324 000.00 (Nine Million Three Hundred and Twenty Four Thousand Rand) per annum or R777 000.00 (Seven Hundred and Seventy Seven Thousand Rand) per month, excluding VAT, escalating by 7% per annum and reviewable every 5 years for a period of 45 years.
- 5.3.2.5 That all costs incidental to the transactions shall be borne by the lessee and all the developmental plans must be submitted to the local authority.
- 5.3.2.6 That the rental be suspended for the development period stipulated on the bidders proposal or until the Practical Completion Certificate is issued (whichever comes first) from date of registration of the notarial deed of lease to allow for the refurbishment/development of the property, provided that the development period or period until the Practical Completion Certificate is issued does not exceed 3 years from the date of registration of the notarial deed of lease and provided further that the capital investment is above R30 000 000.00 (Thirty Million).
- 5.3.2.7 That should the developer not complete the development within a three-year period, an application must be made to the Head: Real Estate to submit a request to the Municipal Council to consider an extension of time, without any further rental suspension, to complete the development in accordance with suitable terms and conditions as recommended by the Head: Real Estate.
- 5.3.3 That subject to the adoption of .1 to .7 above and compliance with the eThekweni Municipality: Supply Chain Management Policy, authority be granted for the Head: Real Estate to sign all documents necessary to conclude the required agreement.

With the DA and the VF Plus voting against, the recommendations were by majority vote, ADOPTED.

5.4 Proposed Granting of Rights by Way of Long-Term Lease to Use, Control or Manage Lease on Erf 10306 Durban (17/2/1/2/5):
(Page 421: Human Settlements and Infrastructure Committee - Agenda 2023-06-23)

At the Executive Committee level, the (03) DA Members voted against the recommendations. With (03) ANC Members, (01) EFF Member, (01) IFP Member and (01) NFP Member being in support,

COMMITTEE RECOMMENDS:

- 5.4.1 That the Council declares in terms of Section 14 of the Local Government Municipal Finance Management Act No 56 of 2003 (MFMA) that:
- 5.4.1.1 The proposed property described as Erf 10306 Durban, in extent 2097m² as depicted on Plan No. SJ No 4795/9, is not needed to provide the minimum level of basic municipal services and is considered to be a surplus to the requirements of the Municipality for a 30-year period of the proposed granting of rights to use, control or manage the said property; and
- 5.4.1.2 That the Municipality has considered fair market value of the asset, economic and community value to be received in exchange for the asset, with the current market value of the property being R54 000 000.00 (Fifty-Four Million Rand).
- 5.4.2 That the Municipal Council approves that a right be granted to use, control or manage the capital asset described as Erf 10306 Durban, in extent 2097m² as depicted on Plan No. SJ4795/9 in terms of Regulation 34(1)(b), read together with Regulation 36 and 41(1) of the Municipal Asset Transfer Regulations 2008 as follows:
- 5.4.2.1 That a long-term right is proposed to be granted in respect of Proposed Portion of Erf 10305 Durban.
- 5.4.2.2 That an upset rental of R5 800 000.00 (Five Million Eight Hundred Thousand Rand) per annum or R483 333.33 (Four Hundred and Eighty-Three Thousand Three Hundred and Thirty-Three Rand Thirty-Three Cents) per month, excluding VAT, as assessed by a registered valuer, be approved.
- 5.4.2.3 That all conditions received from the Municipality's Service Delivery Units, as detailed in paragraph 5 of the report will form part of the lease agreement to be concluded between the Municipality and a successful tenderer.
- 5.4.2.4 That the subject property described as Erf 10306 Durban in extent 2097m² as depicted on Plan No. SJ4795/9, be leased by way of public tender in accordance with the Municipal Supply Chain Management policy, at a base rental of R5 800 000.00 (Five Million Eight Hundred Thousand Rand) or R483 333.33 (Four Hundred and Eighty Three Thousand Three Hundred and Thirty Three Rand Thirty Three Cent) per month, excluding VAT, escalating by 7% per annum and reviewable every 5-year period of 30 years.
- 5.4.2.5 That all costs incidental to this transaction be borne by the lessee and all the developmental plans be submitted to the Land Use Management Unit of the Municipality.

5.4.2.6 That the rental may be suspended for the refurbishment/development period stipulated on the bidder's proposal or until the Practical Completion Certificate is issued (whichever comes first) from the date of registration of the lease to allow for the development of the property, provided that the capital investments is above R30 000 000.00 (Thirty Million Rand), and, should the developer not complete the development within a two-year period, an application can be made to full Council to consider an extension to complete the development in accordance with suitable terms and conditions as recommended by the Head: Real Estate.

5.4.3 That subject to the adoption of .1 to .6 above and the approval of the Bid Adjudication Committee, authority be granted for the Head: Real Estate to sign all documents necessary to conclude and administer this transaction.

With the DA and the VF Plus voting against, the recommendations were by majority vote, ADOPTED.

5.5 Proposed Lease of Portion 9 of Erf 136 Durban (17/2/1/2/5):
(Page 516: Human Settlements and Infrastructure Committee - Agenda 2023-06-23)

At the Executive Committee level, the (03) DA Members voted against the recommendations. With (03) ANC Members, (01) EFF Member, (01) IFP Member and (01) NFP Member being in support,

COMMITTEE RECOMMENDS:

5.5.1 That the Council approves in principle that the right be granted to use, control or manage the capital asset described as Portion 9 of Erf 136 Durban, measuring 639m² in extent as depicted on Hand Plan No. SJ 4775/7 Durban, in the Durban Entity, Province of KwaZulu-Natal in terms of Regulation 34 (1)(b), read with Regulation 36 and 41 of the Municipal Asset Transfer Regulations 2008 (MATR) that:

5.5.1.1 The properties are not required to provide the minimum level of basic services for a period of 30 years, being the duration of the proposed lease.

5.5.1.2 The current market rental value of the land is assessed at a value of R12 000.00 (Twelve Thousand Rand), per month, excluding VAT, and is to be reviewed from time to time.

5.5.1.3 The properties be leased in accordance with the provision of the Preferential Procurement Policy Framework which supports Radical Economic Transformation and the Supply Chain Management Policy.

5.5.2 That all costs incidental to the transaction shall be at the cost of the lessee to whom the right to use, control or manage the capital asset is to be granted.

5.5.3 That all developmental plans must be submitted to the Local Authority for approval prior to any construction.

5.5.4 That subject to the adoption of .1 to .3 above and the approval of the Bid Adjudication Committee, authority be granted for the Head: Real Estate to sign all documents necessary to give effect to this transaction in terms of the Supply Chain Management Policy of the Municipality, the Municipal Asset Transfer Regulations 2008, the Land Disposal and Granting of Rights Policy of the Municipality and any other applicable

legislation, and that it shall be subject to such further conditions as the Head: Real Estate considers necessary to protect Council interest.

With the DA and the VF Plus voting against, the recommendations were by majority vote, ADOPTED.

5.6 Proposed Long-Term Lease of Various Sites: Cellular Base Stations (17/2/1/2/5):
(Page 532: Human Settlements and Infrastructure Committee - Agenda 2023-06-23)

During the Support Committee, with 26 Councillors present, 21 Councillors (ANC – 14, IFP - 2, EFF - 4 and KZN - 1) voted in support of the recommendations and 5 DA Councillors voted against the recommendations.

At the Executive Committee level, the (03) DA Members voted against the recommendations. With (03) ANC Members, (01) EFF Member, (01) IFP Member and (01) NFP Member being in support,

COMMITTEE RECOMMENDS:

- 5.6.1 That the Council of eThekweni Municipality approves in principle that right be granted to use, control or manage the capital assets described in Annexure C of the report of the Head: Real Estate dated 16 May 2023, and in terms of Regulation 34(1)(b), read with Regulation 36 and 41 of the Municipal Asset transfer Regulation 2008 that:
 - 5.6.1.1 The properties are not required to provide the minimum level of basic Municipal service for a period of 9 years and 11 months, being the duration of the proposed leases.
 - 5.6.1.2 The properties be leased in accordance with the provision of the preferential Procurement Policy Framework which supports the Radical Economic Transformation Framework and the Supply Chain Management Policy.
- 5.6.2 That all costs incidental to the transaction shall be at the cost of the lessee to whom the right to use, control or manage the capital asset is to be granted.
- 5.6.3 That all developmental plans must be submitted to the Local Authority for approval prior to any construction.
- 5.6.4 That a flat-rate, fair market rental of R10 000.00 (Ten Thousand Rand) per locator, per month for all Cellphone sites has been determined, excluding VAT for the first year, thereafter, escalating by 7% per annum for the duration of the lease period.
- 5.6.5 That the sites be used for Cellular Base Station purposes only.
- 5.6.6 That in terms of the zonings of the sites, it shall be necessary for these new lessees to obtain Special Consent of the Council for the construction of the Cellular Phone Base Stations and the leases shall be based on this proviso.
- 5.6.7 That the lessees shall obtain Provincial approval in terms of the Environmental Impact Assessment which shall accompany the Special Consent applications.
- 5.6.8 That subject to the adoption of .1 to .7 above and approval of the Bid Adjudication Committee, authority be granted for the Head: Real Estate to sign all documents necessary to give effect to this transaction in terms of the Supply Chain Management

Policy of the Municipality, Municipal Asset Transfer Regulation 2008, Land Disposal and Granting of Rights Policy of the Municipality and any other applicable legislation and that it shall be subject to such further conditions as the Head: Real Estate considers necessary to protect Council interest.

Commenting on the matter, the DA was against the approval of the long-term leases, also noting that the aim was to stimulate local economic growth. However, they mentioned that the process had to fair and equal, thereby achieving a balance empowerment regardless of races.

With the DA and the VF Plus voting against, the recommendations were by majority vote, **ADOPTED.**

6. DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS FOR 2023/2024 FINANCIAL YEAR (3/5/4)

(Page 23)

The Municipal Council at its August 2024 considered the draft Gazette, Determining Upper Limits of Salaries, Allowances and Benefits of Different Members of the Municipal Councils as part of the consultation process for the adjustments of Councillor allowances and benefits. Thereafter, on 16 October 2024, the Minister of Cooperative Governance and Traditional Affairs (COGTA) officially gazetted the Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils for the 2023/2024 financial year following the consultation process on recommendations made by the Independent Commission and comments received on salaries and allowances for different public office bearers.

The gazetted Minister's Government notice highlights the following key aspects:

- i) An annual increase of 3.0% for 2023/2024 financial year;
- ii) Upper Limits of the annual total remuneration packages of full-time Councillors; total remuneration package of allowance in respect of appointed Councillors and part-time Councillors as follows:

	Total Remuneration Package				
Grade	Executive Mayor or Mayor	Speaker, Deputy Executive Mayor or Deputy Mayor	Member of the Executive Committee, Whip	Full-Time Chairperson of Section 79 or Section 79A Committee	Part time Councillors
6	1,546,392	1,248,895	1,776,440	1,741,930	579,132
5	1,752,968	922,371	864,725	839,360	364,243
4	984,320	787,454	738,571	716,583	311,501
3	947,990	758,393	710,995	696,710	299,994
2	887,651	710,122	672,077	652,364	280,910
1	861,790	695,995	652,493	633,353	272,396

- iii) Upper limits of allowances in respect of Councillors serving in the governance and intergovernmental structures of organized local government;

- iv) Upper limits of pension, provident or retirement annuity fund contributions and medical benefits of Councillors;
- v) Upper limits of cellphone for Councillors not exceeding R3 600.00 per month;
- vi) Upper limits of data bundles not exceeding R317 per month;
- vii) Special risk Cover on Councillors residential property limited to R1,5 Million and R750,000;
- viii) Tools of trade;
- ix) Capacity building; and
- x) Overpayment.

The essential feature of the Government notice from the draft being the amendment to item 15(1)(g) on Tools of trade effective from the date of publication of the Notice, which reads:

(g)	Personal Security	<p>Executive Mayor, Mayor, Deputy Executive Mayor, Deputy Mayor, Speaker and Whip are entitled to two bodyguards per shift of a two-shift system. Deviation from the norm may only be based on the recommendations of the South African Police Service. In the event that a written report is received concerning a threat and risk to the personal security of any of the office bearers referred to above, the municipal council must:</p> <ul style="list-style-type: none"> (i) Determine whether such a threat and risk exist. (ii) Provide bodyguards in terms of this paragraph if such a threat and risk exist. (iii) Exercise financial prudence when providing personal security to any of the office-bearers referred to above. <p>All Councillors, subject to a threat and risk analysis conducted by the South African Police Service.</p>
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With the Committee being in support,

COMMITTEE RECOMMENDS:

- 6.1 That Council notes the contents of the Government Notice, Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils for Financial Year 2023/2024 signed by the Minister: Cooperative Governance and Traditional Affairs, Honourable Velenkosini Hlabisa.
- 6.2 That Council notes the key features of the notice, which pertains to:
 - a) An annual increase of 3.0% for 2023/2024 financial year;
 - b) Upper Limits of the annual total remuneration packages of full-time Councillors; total remuneration package of allowance in respect of appointed Councillors and part time Councillors as follows:

	Total Remuneration Package				
Grade	Executive Mayor or Mayor	Speaker, Deputy Executive Mayor or Deputy Mayor	Member of the Executive Committee, Whip	Full-Time Chairperson of Section 79 or Section 79A Committee	Part time Councillors
6	1,546,392	1,248,895	1,776,440	1,741,930	579,132
5	1,752,968	922,371	864,725	839,360	364,243

Grade	Total Remuneration Package				
	Executive Mayor or Mayor	Speaker, Deputy Executive Mayor or Deputy Mayor	Member of the Executive Committee, Whip	Full-Time Chairperson of Section 79 or Section 79A Committee	Part time Councillors
4	984,320	787,454	738,571	716,583	311,501
3	947,990	758,393	710,995	696,710	299,994
2	887,651	710,122	672,077	652,364	280,910
1	861,790	695,995	652,493	633,353	272,396

- c) Upper limits of allowances in respect of Councillors serving in the governance and intergovernmental structures of organized local government;
- d) Upper limits of pension, provident or retirement annuity fund contributions and medical benefits of Councillors;
- e) Upper limits of cellphone for Councillors not exceeding R3 600.00 (Three Thousand Six Hundred Rand) per month;
- f) Upper limits of data bundles not exceeding R317.00 (Three Hundred and Seventeen Rand) per month;
- g) Special risk Cover on Councillors residential property limited to R1 500 000.00 (One Million Five Hundred Thousand Rand) and R750 000.00 (Seven Hundred and Fifty Thousand Rand);
- h) Tools of trade;
- i) Capacity building; and
- j) Overpayment.

6.3 That Council approves the implementation of Government Notice, No. 51407, Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils for 2023/2024 financial year.

6.4 That subject to the approval of .3 above, a report signed by His Worship, the Mayor Councillor Xaba with 2023/2024 pertaining to the below information be submitted to MEC: COGTA for his concurrence prior to implementing the adjusted Councillor's Upper Limits of salaries, allowances and benefits for 2023/2024 financial year:

- (a) Total number of Councillors
- (b) Designation;
- (c) Part-time or fulltime;
- (d) Name of incumbent;
- (e) Gender;
- (f) Total municipal income;
- (g) Total population;
- (h) Grading of municipal council;
- (i) Date concurrence granted by the MEC;
- (j) Total remuneration package;

- (k) Total budget for personal security; and
- (l) Any allowance(s) payable to a Councillor;

ADOPTED.

7. REQUEST FOR COUNCIL TO SUPPORT THE NATIONAL AFRICAN
FEDERATED CHAMBER OF COMMERCE (NAFCOC) 60TH ANNIVERSARY
PARTNERSHIP

(Page 39)

The National African Federated Chamber of Commerce (NAFCOC) has decided to hold its main National 60th Celebration, plus the Annual Congress during December 2024 at the Inkosi Albert Luthuli International Convention Centre (ICC). This event will bring approximately three thousand (3 000) delegates and guests to eThekweni for various meetings, events and celebrations.

The primary requirement from the eThekweni Municipality is a sponsorship support of R4 000 000.00 (Four Million Rand) to be paid directly to the ICC for venue hire. This sponsorship amount will be shared amongst the four (04) Municipal Units as follows:

- The Business Support Unit;
- The Invest Durban Unit;
- The Economic Development Unit; and
- The Durban Tourism Unit.

NAFCOC is a Federated Chamber comprising over twenty (20) industry specific sectors of the economy and with approximately 2.3 Million total membership and aiming to reach a target of 5 Million Small Medium and Micro Enterprises by end of 2025. NAFCOC's main objective has always been to promote, unite and encourage the development of small business in South Africa in general and black entrepreneurs in particular, thereby drawing the majority from the peripherals of the consumption-based economy to the frontlines of production based economic activity and decision-making process.

NAFCOC represents a large number of black businesses within eThekweni and KZN. The Chambers has been a key stakeholder in various areas of engagement within the Economic Development and Planning Cluster. NAFOC shares similar objective with that of the Municipality's Plan 2 relating to "developing a prosperous, diverse economy and employment creation." It therefore makes business sense to sponsor NAFCOC The following joint areas are outlined for priority focus in the Economic Development and Planning Cluster:

- Assists the City's efforts in prioritizing investment and growth in specific regions.
- Participate in supportive actions relating to improving the cost and ease of doing business.
- Jointly implement activities which will seek to improve the Durban Business Confidence index, in partnership with the Municipality, Tertiary Education & other Business bodies.

- Engage various workstreams and other platforms that offer solutions to existing challenges in the region related to sector support and/or infrastructure upgrades.
- Assist in strengthening the investment promotion delivery and offer guidance to the leadership when developing more strategic approaches to attracting investment.
- Assist with ideas, resources, platforms or partnerships to improve the Durban brand and market the city to target potential markets/audiences.
- Provide joint investment aftercare for target segments of the business sector.
- Promote Durban as an investment destination in Africa and beyond.

The Executive Committee supported the sponsorship given the benefits for the SMMEs. Meanwhile, the DA abstained on the matter. With the majority support,

COMMITTEE RECOMMENDS:

- 7.1 That Council approves sponsorship in the amount of R4 000 000.00 (Four Million Rand) for the eThekweni Municipality to partner with and the National African Federated Chamber of Commerce (NAFCOC) in joint commemoration of its 60th National Anniversary, plus Annual National Congress to be held during December 2024 at Inkosi Albert Luthuli International Convention Centre (ICC).
- 7.2 That subject to the approval of .1 above, the sponsorship amount be paid directly to the ICC before end December 2024 for venue hire costs.

Financial Implications:

EThekweni Sponsorship of R4 Million, drawn equally from the relevant invited Units and Departments, to be paid directly to the Durban ICC in covering the core venue costs.

Invest Durban	91000.22710.30.12020. 0000.MRC01.0010	R4 000 000.00 (Excluding VAT)
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FC No.: 2025/18/28

The savings of R2 500 000 (Two Million Five Hundred Thousand Rand) have been identified under DCM Office, vote number 26001.10975.12120.0000.MRC01.0010. Invest Durban has identified savings of R1 000 000.00 (One Million Rand) from Grant-In-Aid, vote number 91000.250030.17.12120.0000. 38886.0010.

Speaking on the matter, the VF Plus emphasized the importance of job creation as well as promotion of inclusiveness regardless of the citizens' background. Mention being made that SMMEs be afforded an opportunity to grow.

Thereafter, with the DA Abstaining, the above recommendations of the Executive Committee were by majority vote, **ADOPTED.**

8. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (2/10/1/1/9)

(Page 52)

The Executive Committee emphasized the importance of interrogating the performance report to establish whether the Municipality is fulfilling its mandate, in line with the predetermined objectives. As such, the Executive Committee received a high-level presentation summarizing the performance outcome of quarter one ended 30 September 2024.

The Municipality has attained an overall achievement of 73.33%. Arising from a total of 165 Key Performance Indicators (KPIs), a number of 121 KPIs have been achieved, with a variance of 44 KPIs. The outcome is still to be subjected to the audit process to verify its accuracy.

The points below in terms of the outcome are worth noting:

- Plans 7B, 7C and 6C have achieved 100%, indicating a particularly strong performance in good governance and certain sustainability initiatives.
- The lowest performance seen in Plan 3B (46.67%) and Plan 3A (52.17%) which focus on creating a quality living environment, indicating potential areas for improvement in urban development and infrastructure services.
- Financial accountability in Plan 8 has achieved a solid performance with a 72% success rate though there is room for improvement.

Detailed below are the reasons for achieving low score in certain KPIs of the Trading Service and the Human Settlements, as well as the interventions thereon.

Reasons for poor performance and measures to improve 3A Trading Services (52.17%)		
Plan	Reasons	Measures
Electricity	Shortage of material (poles and meters) affecting the ability to attain targets.	Reticulation contract at BEC. Poles contract has been awarded and deliveries received.
Solid Waste	The target has not been achieved due to the huge decline in the stats submitted by external recyclers (private businesses).	Recycling companies will be constantly reminded of their duty to submit recycling stats as part of their permits.
Water & Sanitation	Incorrect interpretation of Circular 88 indicator definition regarding provision to state-subsidized Human Settlements	This will be rectified in the mid-year amendments

Reasons for poor performance and measures to improve Plan 3B Human Settlements (46.67%)		
Plan	Reasons	Measures
Human Settlements	Breakdown of vehicles and Inclement weather	Consultation with City Fleet to expedite repairs.
Human Settlements	Failure to extend contractor's contracts.	In the process of appointing new Service Providers that will deliver more units.
Human Settlements	Poor responses from beneficiaries who come to collect title deeds.	1. Steercom was formulated to deal with issues hindering the transfer process, it comprises of Engineering, Public Sector Housing, Human Settlements

Reasons for poor performance and measures to improve Plan 3B Human Settlements (46.67%)		
Plan	Reasons	Measures
		<p>as well as the Department of Human Settlements (DoHS).</p> <p>2. DOHS in a process of appointing Service providers to assist with the outstanding town planning and Land Surveying related issues.</p> <p>3. Partial transfer approach to be implemented.</p>

Confirmation was then given that the struggling KPIs will be given the necessary attention, whilst also ensuring that those achieving 100% are not regressing. The Committee then appreciated the presentation and emphasized that the audit process be fastracked to enable the Committee to access the audited outcome which will represent true reflection of the performance outcome of the quarter under review.

Thereafter, in noting that the submission of the Report to the Council 30 days after the end of the quarter represents a statutory requirement,

COMMITTEE RECOMMENDS:

That in terms of the Local Government: Municipal Finance Management Act 2003, Circular No. 13, the Service Delivery and Budget Implementation Plan for the Quarter ended 30 September 2024, which reflects an overall achievement of 73.33% for the eThekweni Municipality, and with its entities, Inkosi Albert Luthuli International Convention Centre recording 91.67% achievement and the Durban Marine Theme Park (Ushaka Marine World), recording 85.71%, be noted, as per the breakdown reflected in the table below.

Summary of KPIs Per Plan:

Plan No	Plan Name	Achievement Rate (%)
1	Develop and Sustain our Spatial, Natural and Built Environment	81.89%
2	Developing a Prosperous, Diverse Economy and Employment Creation	83.33%
3A	Creating a Quality Living Environment - Trading Services	52.17%
3B	Creating a Quality Living Environment	46.67%
3C	Creating a Quality Living Environment - Strategy Office	80.00%
4A	Fostering a Socially Equitable Environment	83.33%
4B	Fostering a Socially Equitable Environment	77.78%
5	Supporting Organisational Design, Human Capital Development and Management	77.78%
6A	A vibrant and creative City - the foundation for sustainability and social cohesion	71.43%
6B	A vibrant and creative City - the foundation for sustainability and social cohesion	50.00%
6C	A vibrant and creative City - the foundation for sustainability and social cohesion	100.00%
7A	Good Governance and Responsive Local Government	91.67%
7B	Good Governance and Responsive Local Government	100.00%
7C	Good Governance and Responsive Local Government	100.00%

Plan No	Plan Name	Achievement Rate (%)
8	Financially Accountable and Sustainable City	72.00%
	Overall Achievement	73.33%

Plan No	Plan Name	Achievement Rate (%)
21	ICC	91.67%
22	DMTP (uShaka)	85.71%

Commenting on the matter, the IFP noted measures put forward to improve performance within the Trading Services Cluster and the Human Settlements Unit. However, expressed concern that both the Cluster and the Unit contained Departments of the Municipality which included amongst others Durban Solid Waste, Water & Sanitation, critical in terms of service delivery. Mention being made that their underperformance impacts negatively on the entire Municipality. That noticeable improvements in performance be made going forward.

Also commenting on the report, the DA mentioned that, overall, the Municipal achievement of 73,33% and 100%, in terms of good governance and responsive local government are not reflective of the situation on the ground. Indicating that the KPIs are more focused on the administrative matters, while residents continued receiving unsatisfactory services. Further, stating that the KPIs must measure the actual impact and reflect the reality on the ground.

Thereafter, the above recommendations of the Executive Committee were, **NOTED.**

(The Deputy Mayor, Councillor ZP Myeni presented the Third Report of the Executive Committee).

THIRD REPORT OF THE EXECUTIVE COMMITTEE

(Meeting held 2024-11-05)

PRESENT : Executive Committee Members VC Xaba (Mayor and Chairperson), ZP Myeni (Deputy Mayor), A Beetge, Y Govender; TM Mthethwa, OB Mvubu, MS Nkosi, BT Ntuli and ZR Sokhabase.

PRESENT : Executive Committee Member NI Madlala (Personal Commitments Leave).

At this stage of the proceedings, time being 16h16, the ANC requested ten (10) minutes for caucus, and the Speaker accordingly granted eight (08) minutes. Thereafter, the meeting resumed at 16h43.

Reporting back from the caucus, the ANC submitted that they were ready to proceed with the meeting.

1. REPORT OF GOVERNANCE AND HUMAN RESOURCE COMMITTEE:
MEETING HELD 2024-10-23

(Page R1)

1.1 Request for Approval of the Draft Revised eThekweni Municipality Staff
Establishment (Macro Structure) (4/1/1/1):
(Page 61: Governance and Human Resources Committee - Agenda 2024-10-23)

The Committee received the report related to staff establishment (Macro Structure of eThekweni Municipality) in view of Section 66 of the Local Government: Municipal Systems Act, 2000, empowering the City Manager to, inter alia, “develop a staff establishment for the Municipality”, and submit same to Council for approval. Given the fact that municipal administration is the implementing arm of the municipality, it is imperative that City Manager, be supported by a revised staff establishment that will enable him to achieve the overall administrative mandate he has been given by Council to execute during his term of office as Head of Administration and Accounting Officer.

The City Manager embarked on a consultation process to review the staff establishment. The consultation process has been led by the Office of the City Manager with the technical support from Lekoko Consulting, a company appointed by the National Department of Cooperative Governance (DCOG) and the City’s Organisational Development and Change Management (ODCM) Unit and the Performance and Monitoring and Evaluation (PME) Unit.

From the outset, SAMWU and IMATU have been invited to all the consultation meetings held with all Clusters to which all DCMs and Heads of Unit were invited, as the macro structure under review will directly affect the DCMs, Heads of Unit and Deputy Heads.

A series of consultation sessions were subsequently held with members of the Executive Management Committee for further validation and stress testing of the proposed draft staff establishment. The latter process culminated in the current draft staff establishment dated the 12th of June 2024.

The prospects for maximum consultation process were enhanced, especially with the recognized trade unions, when a workshop on MSR took place on 8 February 2024 under the auspices of the South African Bargaining Council (SALBC), eThekweni Regional Division’s Executive Committee.

Furthermore, the draft macro structure was presented to the SALGBC eThekweni Divisional EXCO on the 19th of August 2024 hence same was presented to all the LLFs from 26 August 2024 to 13 September 2024.

During discussion, it was advised that same was presented to the Committee at the workshop held earlier on 23 October 2024, as the first session with a view to enable members to play an oversight role and to provide an opportunity to scrutinise the report at the level of the workshop.

During discussion, it was noted that all members were in support of the recommendations and indicated that same, be submitted to the Executive Committee and Council for final approval. However, a request was made that a further consultation process, be undertaken with the South African Municipal Workers Union

(SAMWU) and provide feedback report to the Governance and Human Resources Committee to be held in due course.

The revised detailed structure is attached herein, and in a nutshell, it makes provision for the six Clusters and revised designations in certain extent, as reflected below:

- **Provision for 6 Clusters:**
 - Municipal Planning
 - Technical Services
 - Community Services
 - Public Safety
 - Finance
 - Corporate Services
- **Designations structured:**
 - City Manager
 - Chief Operating Officer
 - Executive Director of Department
 - Director of Directorate
 - Deputy Director of Division

During consideration at the Executive Committee level, the following points were recorded:

- The Committee welcomed the report and appreciated the fact that approval of this structure will ensure filling of long overdue vacancies critical to the provision of effective service delivery.
- At the same time, the changes proposed were received with some reservations. With the focus being on the number of proposed Clusters being lesser than what is currently in place. The Committee further sought assurance that the proposed changes will not affect the Clusters and the Units under them, and that the implementation of the new structure will not destabilize the Municipality and its performance thereof.
- It being noted that migration from the old to the new structure will only be undertaken, following the completion of the consultation processes, including comments still to be sought from the Department of Cooperative Governance and Traditional Affairs on this draft structure, prior to the final approval by Council.
- Emphasis was made on the need to achieve transparency in terms of the positions that will be affected during the restructuring process and what plans are in place to accommodate incumbent currently serving in those positions.
- The Committee rejected the condition of the Water and Sanitation Unit to operate as an entity with Board Members. That with the current water and sanitation crisis in eThekweni, it is important for Councillors to have close contact with Officials and remain vigilant on the operations of this Unit. It being also taken into cognisance that other Metropolitans with Water and Sanitation Entities were experiencing various service delivery challenges.

- In view of the above, the Committee was of a strong view that instead of the Water and Sanitation Unit operating as an entity, the Unit should operate as a Business Unit to achieve accountability and for the Municipal Council to remain close to play its oversight role on the operations of the Unit and the entire Trading Services.

The Management welcomed the inputs from the Committee, and it being advised that the migration process in terms of filling of vacancies will be informed by the requirements of the Municipal Placement Policy which focuses on the job requirements. However, confirmation was given that the proposed structure will not cause any disturbances on the structure and the main focus is to elevate service delivery. It being further confirmed that the reporting lines in terms of Portfolio Committees will not be affected by the proposed changes.

The Committee was further informed that once the Municipality looks into the micro-structure, that is when there will be an indication of positions that might seem irrelevant in the new structure and it being confirmed that there will be no job loss but the incumbent will be given other duties without making any necessary changes to their packages.

The Management appreciated the position taken by the Committee to resolve that the eThekweni Water and Sanitation (EWS) operate as a Business Unit rather than an entity. That the proposed approach to operate as entity was based on the requirements as reflected in the EWS Turnaround Strategy. It being reiterated that the views made by the Committee will be submitted to the MEC: COGTA for further inputs prior to submitting for final approval.

With the Committee supporting in principle the proposed structure,

COMMITTEE RECOMMENDS:

- 1.1.1 That the draft staff establishment (macro-structure) and the supporting documents outlined in Municipal Staff Regulations (MSR) and as follows being part of the report to be submitted to the MEC for Co-Operative Governance and Traditional Affairs (COGTA) of KwaZulu-Natal Province for his comments:
 - (a) Outline the process followed in drafting the staff establishment
 - (b) Set out the mandate and service delivery prioritise for the municipality and how the proposed staff establishment address these
 - (c) Summarise the proposed post that will:
 - (i) Materially change
 - (ii) Change to a limited or non-martial degree
 - (iii) Be abolished and
 - (iv) Not be affected by the changes
- 1.1.1.1 Motivate any proposed changes and link them to the strategic drivers within the Integrated Development Plan, including an analysis of the strengths, weaknesses and limitations of the current establishment.
- 1.1.1.2 Provide details of the financial implications of the changes, including but not limited to, the outcomes of job evaluation processes, staff remuneration costs, cost for the relocation of staff, if any and cost of new facilities and equipment if any.

- 1.1.1.3 Outline the non-financial implications of the changes, including the impact on existing staff and key stakeholder within the municipality.
- 1.1.1.4 Propose an implementation plan with specific timeframes within which the new staff establishment will take place and outline the stakeholder and change management requirements.
- 1.1.2 That the designations in the macro-structure to be as follows: City Manager, Chief Operating Officer, Executive Director of Department, Director of Directorate, Deputy Director of Division.
- 1.1.3 That the City Manager to advertise the vacant Executive Director positions in the macro structure and begin the recruitment process for the vacant section 56 positions.
- 1.1.4 That the City Manager be granted authority to incorporate to the draft staff establishment (Macro-Structure) any inputs and edits he deems prudent necessary and in accordance with the prototype for metropolitan Municipalities prior to submitting same to the MEC for COGTA in KwaZulu-Natal Province for comments.
- 1.1.5 That after receiving comments from the MEC for COGTA in KwaZulu-Natal Province, the City Manager submit the final draft staff establishment (macro-structure) to Council for final approval.

REFERENCE BACK

In terms of Rule of Order Bylaw 20(1)(c), Councillor MS Nkosi seconded by Councillor J Annipen, moved as a procedural motion that, “Request for Approval of the Draft Revised eThekweni Municipality Staff Establishment (Macro Structure) (4/1/1/1)”; be referred back to the Committee for further interrogation and for Councillors to obtain more details on this matter.

CARRIED

The above-mentioned motion to refer back was, unanimously, CARRIED.

Discussion thereafter reverted back to the substantive matter, wherein, the IFP submitted that the matter be referred back to the Committee and for the National Department of Cooperative Governance and Traditional Affairs to be invited to provide more information on this matter.

Accordingly, the above recommendations of the Executive Committee were, REFERRED BACK, for further interrogation and for Councillors to obtain more details on this matter.

DIRECT EXCO REPORTS

2. AUDIT COMMITTEE REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2024 (2/10/1/1/2)

(Page 1)

It will be recalled that in its meeting of 2024-07-23, the Executive Committee resolved to consider the Audit Committee report in-committee, citing concerns that certain aspects of the report could expose the Municipality to potential risks if made public. However, in the interest of transparency regarding Municipal operations and compliance matters, the Committee has since decided to rescind this decision. That going forward, confidential matters within the report will be assessed on a case-by-case basis, and it will then be determined whether the report will be considered in an open or closed session depending on the nature of the issues involved.

Thereafter, the Chairperson of the Audit Committee tabled the report and encouraged the Management to implement action plans that address the root causes of all audit findings with urgency.

The audit findings highlighted in the report of the Chairperson include the following:

- Lack of energy management strategy for the Municipality, However, it was noted the Management has since advised that a Turnaround strategy is being developed;
- That the Municipal Tariff charges have been reported to be higher than NERSA approved tariffs resulting in a court battle between the Municipality and the energy regulator;
- The long outstanding not in use meters resulting to potential loss in revenue;
- Lack of effective management of debtors to ensure sustainability of the Municipality;
- That declared savings are not clearly defined in the Budget Policy;
- The Capital Management Committee (CMC) not operating in line with the approved Terms of Reference of the committee;
- A discrepancy of R16 974 800.00 (Sixteen Million Nine Hundred and Seventy-Four Thousand Eight Hundred Rand) identified at the Electricity Meter store due to understated quantities in the inventory valuation analysis report;
- Project governance control deficiencies identified by the Internal Control remain unresolved;
- Lack of visibility of change management in the updated project plan as the plan did not provide a clear and comprehensive overview of change management task/activities;
- The high usage of Section 36 of the Local Government: Municipal Finance Management Act. It being noted that the disasters contributed to the high usage.
- Delayed Reconstruction & Rehabilitation (R&R) projects due to prolonged SCM processes exacerbated by the lack of standardized procurement mechanism with supporting Standard Operating Procedure (SOP)
- Lack of business-friendly environment in eThekweni to attract investments;
- Overtime continues to be a challenges in containing the Municipality's spending as some Units are not compliant with the legislated forty (40) hours per month;
- Poor projects management and incomplete projects;

- The staffing issues remain a challenge within the City Integrity and Investigation Unit (CIU) with the tender process for the required service provider for additional capacity not finalized;
- Need to improve on addressing issue of bad buildings;
- The Strike at the Durban Marine Theme Park resulted to reduced employee productivity and customer and tenant loss further resulting to reduced cash flow of the entity;
- Lack of maintaining the legislated 90 days of cash cover as per the requirements of The Municipal Finance Management Act in the Inkosi Albert Luthuli International Convention Centre trading as Durban International Convention Centre (DICC)
- The DICC outstanding R2.1m in debtors payable by eThekweni Municipality. That this debt has not been recognized by the Municipality.

The Management presented their responses to issues raised by the Audit Committee. It was advised that the Administration is working tirelessly to resolve these issues. The Table below highlight some of the issues that have been resolved:

Issue	Status
A discrepancy of R16 974 800.00 (Sixteen Million Nine Hundred and Seventy Four Thousand Eight Hundred Rand) identified at the Electricity Meter store due to understated quantities in the inventory valuation analysis report; Project governance control deficiencies identified by the Internal Control remain unresolved	The items reflected as an understatement as they were ordered for a project under the Revenue Protection Section, and these had already been issued as projects material accordingly. That these items are still to be utilised as the project progresses. It being mentioned that the Department has since passed a journal entry to take items back to stock.
Lack of visibility of change management in the updated project plan as the plan did not provide a clear and comprehensive overview of change management task/activities	Change Management (CM) to submit a plan alignment and the risk register to be finalized as per the project process. That it was further agreed that in cases where CM will be absent from weekly meetings, a representative will be sent to join.
Delayed R&R projects due to prolonged SCM processes exacerbated by the lack of standardized procurement mechanism with supporting Standard Operating Procedure	Relevant evidence nullifying the finding was provided hence the issue has been marked resolved.
The DICC outstanding R2.1m in debtors payable by eThekweni Municipality. That this debt has not been recognized by the Municipality	The Finance Cluster confirmed that the DICC needed no adjustments done to its books and has correctly recognized the debtor for R2.1m from the Municipality. That the Municipality will account for the creditor in favor of the Municipality for R2.1m and a debtor owing from the other party.

In acknowledging the progress made in addressing the audit findings, the Administration was strongly encouraged to expedite resolving of remaining issues. Thereafter, clarity was sought regarding the indication that the Municipality may have been overcharging residents by imposing tariffs higher than those approved by

NERSA, resulting to a court case battle. In addition, the Committee raised concerns regarding the continued non-compliance with the 40 hour per month regulating the use of overtime, it being queried whether this was attributable to the Municipality's high vacancy rate.

Thereafter, confirmation was given that the Municipality had implemented a 15.1% tariff increase, which was agreed upon following the applicable public participation process. It being further noted that business stakeholders expressed the view that businesses should not be subjected to the same tariff structure, given that their usage patterns and operational circumstances may differ significantly.

Regarding the issue of overtime, confirmation was given that the newly approved shift system will address the issue of overtime usage and that the lack of enforcement from management has led to the continuous non-compliance with regulated 40hour per month. Therefore, confirmation was further given that consequence management will be applied to relevant senior official and that it has been communicated that prior to working overtime, it should be pre-approved to better plan and manage the time.

With the Committee being in support,

COMMITTEE RECOMMENDS:

That the Audit and Risk Committee Report for the fourth quarter ended 30 June 2024, submitted in terms of Section 166 (1) of the Municipal Finance Management Act No. 56 of 2003, and Section 14(2)(a) of the Local Government Municipal Planning and Performance Management Regulations 2001, to advise Council on the activities of the Audit and Risk Committee and the results of its quarterly reviews of the systems of internal financial control, internal audit; risk management processes; financial reporting; performance management; governance; compliance with laws and regulations as well as any other issues referred by the Municipality or its Entities; be noted, as per the detailed findings contained in the Report presented by the Audit and Risk Committee Chairperson dated September 2024, and also noting responses thereto as submitted by Management as per the Report by the City Manager dated 2024-10-02.

Speaking on the matter, the DA mentioned that the Audit Committee Fourth Quarter Report reflected repeat findings, citing that this should not be the case. They emphasised the importance of the Municipality resolving issues timeously, reference being made to the ongoing court case battle with NERSA regarding tariffs. Also concerned about historical debt owed by the Parastatals and the Government Departments, emphasizing the need to disconnect their services. Mentioned being made that the Municipality must plan accordingly for informal settlements dwelling. Reservations were also expressed on overtime over expenditure being a repeat finding, citing the Units' failure to plan in advance. Over-expenditure in EPWP, consequence management, water loses, bad buildings not being addressed, were also cited as findings which were constantly not being resolved.

Thereafter, the above recommendations of the Executive Committee were;
NOTED.

3. DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS FOR 2024/2025 FINANCIAL YEAR (3/5/4)

(Page 16)

The Municipal Council at its August 2024 considered the draft Gazette, Determining Upper Limits of Salaries, Allowances and Benefits of Different Members of the Municipal Councils as part of the consultation process for the adjustments of Councillor allowances and benefits for financial years 2023/2024 and 2024/2025.

However, on 16 October 2024, the Minister of Cooperative Governance and Traditional Affairs (COGTA) officially gazetted the Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils for only the 2023/2024 financial year following the consultation process on recommendations made by the Independent Commission and comments received on salaries and allowances for different public office bearers.

On 29 October 2024, a report was tabled before the Executive Committee meeting seeking authority to implement the adjusted Councillor's allowances for 2023/2024 financial year, not being aware that the 2024/2024 Government Gazette had already been publicized on 21 October 2024.

Therefore, this submission seeks to formalize the provisions of the latest gazette pertaining to the 2024/2025 salaries, allowances, benefits adjustments, which in the main are similar to the 2023/2024 adjustments, with the only exception that the total remuneration packages are adjusted by 2.5%.

With the Committee being in support,

COMMITTEE RECOMMENDS:

- 3.1 That Council notes the contents of the Government Notice No. 51419, Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils for financial year 2024/2025 signed by the Minister: Cooperative Governance and Traditional Affairs, Honourable Velenkosini Hlabisa.
- 3.2 That Council notes the key features of the Government Gazette pertaining to 2024/2025 financial year's Salaries, Allowances and Benefits are similar to that of the 2023/2024 Government Gazette, with the exception of:
- a) An annual increase of 2.5% for 2024/2025 financial year;
 - b) Upper Limits of the annual total remuneration packages of full-time Councillors; total remuneration package of allowance in respect of appointed Councillors and part-time Councillors as follows:

	Total Remuneration Package				
Grade	Executive Mayor or Mayor	Speaker, Deputy Executive Mayor or Deputy Mayor	Member of the Executive Committee, Whip	Full-Time Chairperson of Section 79 or Section 79A Committee	Part-time Councillors
6	1,585,052	1,280,117	1,205,851	1,170,478	593,610
5	1,181,792	945,430	886,343	860,344	373,349

Grade	Total Remuneration Package				
	Executive Mayor or Mayor	Speaker, Deputy Executive Mayor or Deputy Mayor	Member of the Executive Committee, Whip	Full-Time Chairperson of Section 79 or Section 79A Committee	Part-time Councillors
4	1,008,918	807,140	757,035	734,498	319,289
3	971,690	777,353	728,770	714,128	307,494
2	909,842	727,875	688,879	668,673	287,933
1	883,325	713,395	688,805	649,187	279,206

3.3 That Council approves the implementation of Government Notice, No. 51419, Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils for 2024/2025 financial year.

3.4 That subject to the approval of .3 above, a report signed by His Worship, the Mayor Councillor Xaba with 2024/2025 pertaining to the below information be submitted to MEC: COGTA for his concurrence prior to implementing the adjusted Councillor's Upper Limits of salaries, allowances and benefits for 2024/2025 financial year:

- (a) Total number of Councillors
- (b) Designation;
- (c) Part-time or full-time;
- (d) Name of incumbent;
- (e) Gender;
- (f) Total municipal income;
- (g) Total population;
- (h) Grading of Municipal Council;
- (i) Date concurrence granted by the MEC;
- (j) Total remuneration package;
- (k) Total budget for personal security; and
- (l) Any allowance(s) payable to a Councillor;

ADOPTED.

4. NOTING OF REASONS TO EXTEND LEASE OF PREMISE FOR OFFICE ACCOMMODATION SITUATED AT 15 TWILIGHT DRIVE UMHLANGA IN TERMS OF SECTION 116(3) OF THE MUNICIPAL FINANCE MANAGEMENT ACT (17/2/1/2/5)

(Page 33)

The Electricity Unit is currently leasing premises at 15 Twilight Drive, Umhlanga, Durban for a Customer Service Centre. The current lease in extent of approximately 446m² together with 32 parking bays is due to be terminated on the 30 November 2024. The lease was procured via Section 36(1) (a) (v) of the Supply Chain Management Policy. On 07 April 2021, the Bid Adjudication Committee approved the Tender Number 1E-3337 for the Electricity Unit to accommodate the Umhlanga Customer Service Centre. The tender was advertised on the 19 April 2021 and closed on the 21 May 2021.

Three (03) tenders were received and none of the tenderers met the mandatory requirements and a Non-Award had to be made. On the 28 May 2024, the Bid Adjudication Committee approved Tender Number 5E-24163 for the Electricity Unit to accommodate the Umhlanga Customer Service Centre.

The tender was advertised on the 07 June 2024 and closed on the 12 July 2024. One (01) tender was received and did not meet the mandatory requirements and a Non-Award report had been prepared for Committees' approval. In the interim the Head: Electricity via the Head: Real Estate has undertaken to extend the lease via Section 116(3) of the MFMA for a period of three (03) years.

REASONS FOR PROPOSED AMENDMENTS:

- The Centre is required to be situated within an approximate radius of the 10km from the Centre point of the area it services, considering the above accessible requirements;
- With the construction and completion of Cornubia Development, this Centre services the customer base in the North of Durban and services many customers which is ever increasing;
- When selecting a suitable location for a Customer Service Centre, it is important to ensure that it is easily accessible to the public, located near the bus and taxi routes. This will ensure accessibility for most residents in the area
- The premises are large enough to accommodate cashiers, applications and queries counter as well as technical support;
- The cost to setup the Customer Service Centre at an alternate location will be approximately R992 800.00 (Nine Hundred and Ninety Two Thousand Eight Hundred Rand) excluding VAT, as there are special requirements needed due to the acceptance of cash at the Centre's public safety, counter petitioning, etc;
- The cost of relocation would be approximately R400 000.00 (Four Hundred Thousand Rand) excluding VAT as this involves restoration of the building to original layout prior to changes, transportation, furniture removal etc. This would also seriously impact the service delivery as well as adversely affect reputation of the Municipality and upset its customer base.
- It should be noted that Electricity continues to seek out municipal premises as well as procuring land and building a Customer Service Centre at Umhlanga to establish continuity of services and avoid disruptions of services.

Accordingly,

COMMITTEE RECOMMENDS:

- 4.1 That Council notes the reasons to amend Contract: E-9713 in terms of Section 116(3) of the Local Government: Municipal Finance Management Act No. 56 of 2003, for the extension of the current lease contract with Manhattan Groove (Pty) Ltd, in respect of the premises situated at 15 Twilight Drive, Umhlanga, Durban for a Customer Service Centre, it being noted that the current lease in extent of approximately 446m² together with 32 parking bays for a period of thirty six (36) months commencing from 01 December 2024 to 30 November 2027 for the following reason:
- 4.1.1 The tenders for the procurement and acquisition of spaces to accommodate the eThekweni Electricity Umhlanga Customer service Centre situated at 15 Twilight Drive, Umhlanga, Durban culminated in a non-award and there being no alternate municipal owned premises of that magnitude to accommodate the affected Units.

- 4.2 That the 5E-24163 was advertised on 07 June 2024 and closed on 12 July 2024 through the relevant media, which culminated in one tenderer and tender being a non-award due to the tenderer being non-responsive.
- 4.3 That it being noted that there were no objections received to the proposed extension of the lease as per the attached Annexure E in the report of the Acting Head: Electricity dated 2024-10-07.

Financial Implications: Rent Proposal:

The current rental is R83 234.30 (Eighty Three Thousand Two Hundred and Thirty Four Rand Thirty Cents) (R186.62m²) per month together with 32 parking bays at R881.80 (Eight Hundred and Eighty One Rand Eighty Cents) per bay per month excluding VAT, Rates & Taxes, Utilities and operating costs. The Landlord, Manhattan Gove (Pty) Ltd had submitted a rent proposal for the three-year period of R89 891.30 (Eighty Nine Thousand Eight Hundred and Ninety One Rand Thirty Cents) (R201.55m²) for the first year together with 32 parking bays at R881.80 (Eight Hundred and Eighty One Rand Eighty Cents) per bay per month escalating by 8% per annum for the ensuing two (02) years. The recent tender received offered a rental of R210m² together with 32 parking bays at R1 000.00 (One thousand Rand) per parking bay.

A rental evaluation was conducted by the municipal valuer to ascertain market rentals for similar premises within the same area. The Landlord's proposal fell within the market valuation and the bid offer that was received (Annexure F). Although the Landlord's initial proposal was lower than the bid offers the rental was negotiated down even further. The Landlord has agreed to R120m² together with 32 parking bays at R881.80 (Eight Hundred and Eighty One Rand Eighty Cents) per bay per month for the first year and has reduced the escalation rate from 8% to 7% per annum for the ensuing two (02) years.

Having regard to the report of the municipal valuer and the bid offer, tentative agreement has been reached with the Landlord Manhattan Grove (Pty) Ltd in respect of the premises described as Manhattan House situate at 15 Twilight Drive, Umhlanga, Durban, in extent 446m² for a period of three years at a gross monthly rental of R53 520.00 (Fifty Three Thousand Five Hundred and Twenty Rand) (R120m²) excluding VAT, Rates & Taxes, Utilities and Operating Costs together with 32 parking bays at R881.80 (Eight Hundred and Eighty One Rand Eighty Cents) per bay per month for excluding VAT for the first year thereafter escalating by 7% per annum for the ensuing two (02) years.

The Table A and B attached in the report of the Acting Head: Electricity dated 2024-10-07 as "Annexure G" illustrate the proposed rental, Market Rental Assessment and the Negotiated Rentals with the Total Annual Savings to the Municipality of R1 177 387.76 (One Million One Hundred and Seventy Seven Thousand Three Hundred and Eighty Seven Rand Seventy Six Cents)

Proposal & Current Rental	Rent per Month excluding Parking, Rates, Taxes, Utilities, VAT and Operating Costs	Per Annum Over 3 Years	Negotiated Rent	Per Month	Per Annum	Total Saving Per Annum
R186.50	R83 223.60	R998 683.20	R120.00	R53 520.00	R542 240.00	R356 443.20
	R89 881.49	R1 078 577.86		R57 266.40	R687 196.80	R391 381.06
	R97 072.01	R1 164 864.08		R61 275.05	R735 300.58	R429 563.51
						R1 177 387.76

Parking Proposal	Parking x 32 Bays	Per Annum Over 3 Years	Negotiated Rent	Per Month	Per Annum	Total Saving
R881.80	R28 217.60	R338 611.20	R881.80	R28 217.60	R338 611.20	R0.0
	R30 192.83	R362 313.98		R30 192.83	R362 313.98	R0.0
	R32 306.33	R387 675.96		R32 306.33	R387 675.96	R0.0

Vote Details: 37337.15200.11100.0000.64100.0010

FC No.: 79/2894

NOTED.

5. NOTING OF REASONS TO AMEND CONTRACTS 7E-1464, 7H-1465 AND 7A-1348 FOR LEASE OF PREMISES AT THE EMBASSY BUILDING AND THE DELTA TOWERS IN TERMS OF SECTION 116(3) OF THE MUNICIPAL FINANCE MANAGEMENT ACT. (17/2/5/1)

(Page 70)

The Embassy Building and the Delta Towers are currently being used for office accommodation of the Human Settlements, Legal and Compliance, Real Estates and various other Municipal Units and that the lease in these buildings is due to expire on 31 January 2025.

The Head: Real Estate had previously advertised two (02) tenders, 1E-2064 and 1E-2062 to accommodate the requirements of this lease which both culminated in a Non-Award. As a result, thereof the Head: Real Estate advertised the following to accommodate the above-mentioned requirements.

Tender: 7E-4887: Expression of interest to purchase:

The Head: Real Estate advertised an expression of interest to purchase a building or buildings to accommodate the requirements as it pertained to the Embassy Building and Delta Towers on the 21 April 2023. No responsive tenders were received, the Non-Award report was tabled and approved by the Bid Adjudication Committee on the 23 August 2023.

Tender: 1E-21415:

The Head: Real Estate advertised the above-mentioned tender on the 12 June 2023 and the tender closed on the 21 July 2023. The Bid Adjudication Committee approved the report on the 22 May 2024 and the letter of award was signed on the 31 May 2024. As an emergency measure, various Municipal Departments were accommodated in this tender due to the lease expiring at SmartXchange and the new owner was not willing to renew or extend their current lease agreement.

Tender: 1E-24762:

The Head: Real Estate advertised the above-mentioned tender on the 12 June 2023 and the tender closed on the 21 July 2023 (“Annexure C”). The successful tenderer withdrew from tender process as he could no longer accommodate the space required (“Annexure D”). a Non-Award report was submitted to the Bid Adjudication Committee as there were no other successful tenderers. The Bid Adjudication Committee approved the Non-Award report.

It was noted that in line with the Council’s objective to accommodate offices in Municipal-owned properties with the intention to achieve cost-effectiveness, the Head: Real Estates advertised tenders to secure properties in February 2021 but both culminated in a non-award. That another advert was placed in April 2023 but again was unsuccessful hence approval of the non-award. With the Unit heeding a call by the Council to reduce the number of leased buildings, once again the tenders to secure office accommodation were advertised in June 2023 and were currently being processed. In view thereof, the Head: Real Estate was currently seeking permission for

a 12-month lease extension on a month-to-month basis with respect to the Embassy Building and the Delta Towers Building, to enable cancellation in the event responsive tenderers are secured.

The Executive Committee was therefore requested to note below the reasons for extending the lease in question:

- a) The tenders for the procurement of space to accommodate the above-mentioned Units culminated in a non-award and there being no alternate Municipal-owned premises of that magnitude to accommodate the Units affected.
- b) Should the lease not be extended then the City will incur irregular expenditure due to there being no contract in place.
- c) The options of relocation are also limited due to a magnitude of office space required and some of the buildings within the CBD not compliant with Health and Safety requirements thus not suitable to house staff without raising serious health and safety concerns.
- d) It should also be noted that the office relocation will undoubtedly cause a disruption of service delivery considering the number of Units and staff occupying these buildings.

During discussion, the Committee requested to be furnished with a list of all Delta Towers buildings accommodating Municipal Offices. Further, that an inspection be conducted since some of the buildings were not in good condition, yet the Municipality was paying market-related rates for such.

That the Report to be submitted should cover the buildings used for Municipal offices; the condition of the building; and the lease amount, which information would then be verified through inspection to be conducted by the Executive Committee.

In the interim the Head: Real Estate has undertaken to extend the lease via Section 116(3) of the MFMA for a period of one (01) year. A public notice for the contract extension was advertised in the relevant media in line with the requirements of Section 116(3) of the MFMA for public comments. The advertisement was advertised on the 19 July 2024 and closed on the 23 August 2024 with no objections or public comments received for the extension of this lease

REASONS FOR THE PROPOSED AMENDMENTS:

- The Embassy Building and Delta Towers are currently housing various Municipal Units.
- The tender process has revealed that the buildings within the CBD cannot accommodate the magnitude of space required and not compliant with the Health and Safety requirements which is not suitable to house staff without raising serious health and safety concerns.
- Should the lease not be extended then the City will incur an irregular expenditure due to there being no contract in place.
- The option of relocating is also limited, and any such relocation will undoubtedly cause a disruption of service delivery considering the number of Units and staff occupying these buildings.

On this basis, and noting a way forward recommended to determine value for money for the buildings leased to the Municipality,

COMMITTEE RECOMMENDS:

- 5.1 That Council notes the reasons for the intention to amend Contracts 7E-1464, 7H-1465 and 7A-1348, in terms of Section 116(3) of the Local Government Municipal Finance Management Act (MFMA) No. 56 of 2003, for the extension of the current lease contract with Delta Property Fund Limited in respect of the premises situated at the Embassy Building and the Delta Towers, 199 Anton Lembede Street and 303 Dr Pixley KaSeme Street in total extent 16 044m² together with 250 parking bays, for a period of twelve (12) months, commencing 01 February 20225 to 31 January 2026, for the following reason:
- 5.1.1 The tenders for the procurement and acquisition of spaces to accommodate the various Municipal Units situated at Embassy Building and the Delta Towers culminated in a non-award and there being no alternate municipal owned premises of that magnitude to accommodate the affected Units.
- 5.2 That the public participation process was advertised on the 19 July 2024 through the relevant media for the extension of the lease, in terms of Section 116(3) of the Municipal Finance Management Act, as part of achieving compliance requirements pertaining to the Public Participation Process to invite public comments on the proposed contract extension.
- 5.3 That it being noted that there were no objections received to the proposed extension of the lease.

Financial Implications: Rent Proposal:

The extension of the lease in respect of the premises described as Embassy Building and Delta Towers situated at 199 Anton Lembede Street and 303 Dr Pixey KaSeme Street in extent 11 244m² and 4800m² respectively in total of 16 044m² and 250 parking bays will commence on the 01 February 2025 for a period of twelve (12) months.

In the normal course, the rent for the new period would have escalated and this would have amounted to:

- A gross monthly rental of R1 123 275.60 (One Million One Hundred and Twenty Three Thousand Two Hundred and Seventy Five Rand Sixty Cents) (R99/m²) excluding VAT, Rates & Taxes, Utilities and Operating Costs together with 175 parking bays amounting to R160 650.00 (One Hundred and Sixty Thousand Six Hundred and Fifty Rand) (R918.00) per parking bay per month for a period of twelve (12) months at the Embassy Building.
- A gross monthly rental of R466 560.00 (Four Hundred and Sixty Six Thousand Five Hundred and Sixty Rand) (R97.20m²) excluding VAT, Rates & Taxes, Utilities and Operating Costs together with 50 parking bays at R45 900.00 (Forty Five Thousand Nine Hundred Rand) (R918.00) per parking bay per month for a period of twelve (12) months at the Delta Towers.
- A gross monthly rental of R22 950.00 (Twenty Two Thousand Nine Hundred and Fifty Rand) (R913.00) per bay per month for 25 parking bays at CMH for a period of twelve (12) months.

A rental evaluation was conducted by the Municipal Valuer and the report of the valuer is attached as "Annexure L" in the report of the Head: Real Estate dated 2024-09-06. Having regard to the valuation report of the Municipal Valuer and the rental surveys contained therein, tentative agreement has been reached with the Delta Property Fund Limited for the current rent that is being paid to remain the same in respect of the premises situated at Embassy Building, 199 Anton Lembede Street and Delta Towers, 303 Dr Pixley KaSeme Street, Durban in total extent 16 044m² together with 250 parking bays for a period of twelve (12) months commencing from 01 February 2025 at a gross monthly rental of

R1 040 070.00 (One Million and Forty Thousand and Seventy Rand) (R92.50m²) for 11 244m² together with 175 parking bays at R850.00 (Eight Hundred and Fifty Rand) per parking bay per month at the Embassy Building. A gross monthly rental of R432 000.00 (Four Hundred and Thirty Two thousand Rand) (R90.00m²) for 4800m² together with 50 parking bays at R850.00 (Eight Hundred and Fifty Rand) per parking bay per month at Delta Towers.

The parking offer of R850.00 (Eight Hundred and Fifty Rand) per parking bay per month at CMH was also accepted to remain at the same gross monthly rental of R21 250.00 (Twenty One Thousand Two Hundred and Fifty Rand) per month for a period of twelve (12) months.

The new rent and parking has resulted in a savings of R1 617 187.20 (One Million Six Hundred and Seventeen Thousand One Hundred and Eighty Seven Rand Twenty Cents) to Council over the one (01) year period.

Monthly Charges exclude VAT, Rates & Taxes, Operating Costs and Utilities:

Embassy Building:

Real Estate Unit:

Basic Rental (Monthly)	Basic Rental (Annual)	Period
R647 500.00	R7 770 000.00	01 February 2025 - 31 January 2026
Parking Rental (Monthly)	Parking Rental (Annual)	Period
R85 000.00	R1 020 000.00	01 February 2025 - 31 January 2026

Vote details:

Business Unit	Item Sub.	Fund	Costing	Project	Region
31543	15200	12120	0000	MRC01	0010

FC No.: 2025/03/41

Legal & Compliance Unit:

Basic Rental (Monthly)	Basic Rental (Annual)	Period
R133 570.00	R1 602 840.00	01 February 2025 - 31 January 2026
Parking Rental (Monthly)	Parking Rental (Annual)	Period
R38 250.00	R459 000.00	01 February 2025 - 31 January 2026

Vote details:

Business Unit	Item Sub.	Fund	Costing	Project	Region
30305	15200	12120	0000	MRC01	0010

FC No.: 2025/09/06

Human Settlements Unit:

Basic Rental (Monthly)	Basic Rental (Annual)	Period
R259 000.00	R3 108 000.00	01 February 2025 - 31 January 2026
Parking Rental (Monthly)	Parking Rental (Annual)	Period
R25 500.00	R306 000.00	01 February 2025 - 31 January 2026

Vote details:

Business Unit	Item Sub.	Fund	Costing	Project	Region
25801	15200	12120	0000	MRC01	0010

FC No.: 2025/41/05

Delta Towers:

Real Estate Unit:

Basic Rental (Monthly)	Basic Rental (Annual)	Period
R432 000.00	R5 184 000.00	01 February 2025 - 31 January 2026
Parking Rental (Monthly)	Parking Rental (Annual)	Period
R42 500.00	R510 000.00	01 February 2025 - 31 January 2026

Vote details:

Business Unit	Item Sub.	Fund	Costing	Project	Region
31543	15200	12120	0000	MRC01	0010

FC No.: 2025/03/41

CMH Parking:

Real Estate Unit:

Parking Rental (Monthly)	Parking Rental (Annual)	Period
R21 250.00	R255 000.00	01 February 2025 - 31 January 2026

Vote details:

Business Unit	Item Sub.	Fund	Costing	Project	Region
31543	15200	12120	0000	MRC01	0010

FC No.: 2025/03/41

NOTED.

6. **NOTING OF REASONS TO AMEND CONTRACT 1H-21374 FOR LEASE OF PREMISE AT THE SHELL HOUSE BUILDING IN TERMS OF SECTION 116(3) OF THE MUNICIPAL FINANCE MANAGEMENT ACT (17/2/2/5/1)**

The Real Estate Unit intends amending contract entered into for the purpose of continuing using the Shell House building situated at 221 Anton Lembede Street to accommodate the eThekweni Municipality office accommodation. The Municipality currently leases 13 828m² office space, together with 42 single parking bays and 27 tandem parking bays.

The building is fully occupied by various Municipal departments. As the largest occupier, the Human Settlements Unit carries the budget and assumes the role of the head lessee in this building. The current lease will expire on 30 November 2024. In an attempt to secure Municipal offices, the Head: Real Estate advertised an expression of interest to purchase a building/buildings to accommodate the requirements of this lease on 21 April 2023. However, no responsive tenders were received culminating in a non-award which was approved by the Bid Adjudication on 23 August 2023.

The Head: Real Estate proceeded to seek authority to purchase a building or buildings via Section 36(1)(a)(v) to accommodate the requirements as it pertained to Shell House, Embassy Building and Delta Towers on the 21 February 2024. The negotiations process is still on going. In this regard, the Head: Real Estate is seeking an extension of the lease in Shell House for a period of twelve months with an option to renew for a period of 12 months. The extension will ensure that the Units continue working without any disruption to service delivery.

It is kindly requested that permission be granted to amend the lease for the following reasons:

- (i) The building is situated in a strategic location within close proximity to the Durban City Hall being 500m away and easily accessible to the public that has through the years come to be known as the building where Municipal services are rendered, especially, housing.
- (ii) Different Municipal Units occupying the Shell House building have undertaken extensive renovations at a substantial cost to the Municipality, and the renovations undertaken include the following:
 - (a) **Human Settlements:**
Partitioned floors to create offices, boardrooms and kitchen. Installed CCTV cameras, telephones, network/power points and access control system.
 - (b) **eThekweni Municipal Academy:**
Partitioned floors to creates training rooms, offices, boardrooms, staff lounge. Installed CCTV cameras, telephones, network points and access control system.
 - (c) **eThekweni Municipal Audit and Risk Services:**
Partitioned floors to creates offices, boardrooms, and a kitchen. Installed CCTV cameras, telephones, network points and access control system
 - (d) **eThekweni Municipality Human Resources:**
Partitioned floors to create offices, boardrooms, and kitchen. Installed CCTV cameras, telephones, network points and access control system.
 - (e) **Accounts Payable:**
Telephones and security.

The costs of the work done, as outlined above, were incurred by various Units and at different financial years, therefore, the actual costs are not readily available, however a conservative estimate based on costs incurred in other buildings, the costs of the refurbishments and other upgrades could be approximately R15 000 000.00 (Fifteen Million Rand).

During discussion, emphasis was made on the need to ensure that the Municipality achieves value for money for all leased buildings. That the Shell House building is currently in a poor condition, with certain areas of the roof leaking. In addition, the Municipality was encouraged to explore the potential of utilizing Council-owned properties as office space.

It being noted that to ensure value for money, lease agreements should include a clause enforcing owners to renovate the building prior to the renewal of the lease. Regarding the use of Council-owned buildings, it was noted that this presents challenges, particularly due to the location of some buildings. That the intention, however, is to focus on buildings located in proximity of the City Hall. Mention being made that the Municipality had considered utilizing a State-owned building, specifically the Old Post Office building. However, due to the ongoing business rescue process of postal services, the property cannot be utilised until the process is concluded.

COMMITTEE RECOMMENDS:

- 6.1 That Council notes the reasons for the intention to amend Contract 1H-21374, in terms of Section 116(3) of the Local Government Municipal Finance Management Act (MFMA) No. 56 of 2003, for the extension of the current lease contract with Delta Property Fund in respect of the premises situated at the 221 Anton Lembede Street, Durban in total extent of 13 828m² for a period of twelve (12) months, commencing from 01 December 2024 and terminated on 30 November 2025, for the following reason:
 - 6.1.1 The tender for the procurement of spaces to accommodate the above-mentioned Units culminated in a non-award and there being no alternate municipal owned premises of that magnitude to accommodate the Units affected.
- 6.2 That subject to the approval of .1 above, Council notes that the public participation process was advertised through the media for the extension of the lease, in terms of Section 116(3) of the Municipal Finance Management Act, as part of achieving compliance requirements pertaining to the Public Participation Process to invite public comments on the proposed contract amendment.
- 6.3 That it being noted that there were no objections received to the proposed extension of the lease.

Financial Implications: Rent Proposal:

The extension of the lease in respect of the premises described as 221 Anton Lembede Street, in total extent 13 828m² will commence on 01 December 2024 and terminated on 30 November 2025.

The current gross monthly rental is R1 203 036.00 (One Million Two Hundred and Three Thousand and Thirty Six Rand) (R87m²) excluding VAT, Rates, Utilities and Operating Costs together with 42 single parking bays at R850.00 (Eight Hundred and Fifty Rand) per bay per month and 27 tandem parking bays at R850.00 (Eight Hundred and Fifty Rand) per bay per month.

The Landlord, Delta Property Fund had submitted a rent proposal for a one (01) year period of R1 263 178.80 (One Million Two Hundred and Sixty Three Thousand One Hundred and Seventy Eight Rand Eighty Cents) (R91.35m²) together with 42 single parking bays at R892.50 (Eight Hundred and Ninety Two Rand Fifty Cents) per bay per month.

Having regard to the report of the Municipal Valuer and the bid offer, tentative agreement has reached with the Landlord Delta Property Fund (Pty) Ltd in respect of the premises described as Shell House, 221 Anton Lembede Street, Durban in extent 13 828m² for a period of one (01) year at a gross monthly rental of R1 106 240.00 (One Million One Hundred and Six Thousand Two Hundred and Forty Rand) (R80m²) excluding VAT, Rates & Taxes, Utilities and Operating Costs together with 42 single parking bays and 27 tandem parking bays at R850.00 (Eight Hundred and Fifty Rand) per bay per month excluding VAT, for a period of twelve (12) months commencing from 01 December 2024 and terminated on 30 November 2025.

A rental valuation was done by the Municipal Valuer, the report is attached as “Annexure H” in the report of the Head: Human Settlements, Engineering and Transport dated 2024-09-09.

Monthly charges excluding VAT, Rates & Taxes, Operating Costs, Parking and Utilities:

Basic Rental (Monthly)	Basic Rental (Annual)	Period
R1 164 890.00	R13 978 680.00	01 December 2024 – 0 November 2025

NOTED.

7.

NOTING OF MAJOR AMENDMENTS TO CONTRACT IS.39667: INVITATION FOR COOPERATIVES OPERATING WITHIN MUNICIPAL BOUNDARIES FOR THE CLEANING OF MUNICIPAL PREMISES, WEED ERADICATION AND GRASS/BUSH CLEARING IN TERMS OF SECTION 116 (3) OF MUNICIPAL FINANCE MANAGEMENT ACT

(Page 206)

The Municipal Council is required to note proposed major amendments to contract IS.39667 regarding invitation Cooperatives operating with the eThekweni Municipal boundaries for cleaning of Municipal premises, weed eradication and grass/bush clearing for a period of five (05) months in terms of Section 116(3) of the Local Government: Municipal Finance Management Act No 56 of 2003.

The award of a new contract has been delayed due to the evaluation process taking longer than anticipated. This has been driven by a high volume of responses received under Enquiry IS-12789. Over 1500 responses were received. The Bid Adjudication Committee (BAC) at its meeting held on 09 May 2024 supported the minor amendments of Contract IS-39667 by extending the period for a period of five (05) months and expired on 31 October 2024.

A report requesting authority to advertise the intention to extend Contract IS-39667 via Section 116(3) (a) and (b) of the Municipal Finance Management Act No. 56 of 2003 was approved by the Head: Supply Chain Management Unit. Following the process of Section 116 (3)(a) and (b) of the Municipal Finance Management Act No. 56 of 2003 and Section 55 of the Supply Chain Management Policy, a public advert was issued for a period of twenty one (21) days which ended 04 October 2024.

The advert was to solicit public views on the intention to amend Contract IS-39667 for a period of five months to allow time for the finalization of the replacement contract. Further to the advertisement, there were no comments nor disputes received as per confirmation received from the Internal Control Unit.

Performance Monitoring:

The current allocation ceiling is R200 000.00 (Two Hundred Thousand Rand) including VAT per month, per Cooperative. Therefore, the spend per service provider is below R10 000 000.00 (Ten Million Rand). Most of the contract value is on grass cutting which is only done on a cycle basis per Cooperative.

The overall performance monitoring of services is done through various Line Departments via invoice review process e.g. grass cutting is done on timeframe basis and only upon completion and satisfaction of the Manager responsible for the invoices are processed. Cleaning services, where inefficiencies are identified, SCM intervenes and Business Support Unit provides training as and when required.

Accordingly,

COMMITTEE RECOMMENDS:

- 7.1 That Council notes the reasons to major amendments for Contract 1S-39667, for the intention of invitation for Cooperatives Operating within eThekweni Municipal Boundaries for the cleaning of Municipal premises, weed eradication and grass or bush clearing for a period of five (05) months, in terms of Section 116(3) (a) and (b) of the Local Government Municipal Finance Management Act (MFMA) No. 56 of 2003 and Section 55 of the Supply Chain Management Policy, for the following reasons:
- 7.1.1 The extension of the Contract duration by a further five (05) months whilst finalizing the long-term contract.
- 7.1.2 To ensure that there is no disruption provision of services to eThekweni Municipality's various Departments during the extension period.
- 7.2 That Council notes that the public participation process was advertised through the media in terms of Section 116(3) (b) (i) of the Municipal Finance Management Act, as part of achieving compliance requirements pertaining to the Public Participation Process to invite public comments on the proposed contract amendment.
- 7.3 That Council notes that there were no comments received for the public consultation process advertised as per .2 above.

Financial Implications:

Item	Description	Budget Authority	Current Expenditure	Balance	Vote Number
		R	R	R	
1	Grass Cutting	47 677 200.00	10 884 331.90	36 812 968.10	18071.10650.12120.0000.MRC01.0010
2	Water Reservoirs	1 514 746.76	698 144.45	816 602.31	60420.10650.10.11.500.0000.MRC01.0010
3	Sihlanzimvelo: Streams Maintenance	19 172 262.85	3 997 696.55	15 174 686.30	48500.11755.12120.89686.001

Cleaning Services	Adjusted Budget Period	Period Variance	Actual Amounts YTD	Adjusted Budget	YTD Variance
	R	R	R	R	R
Vote Various	14 370 569.82	14 370 569.82	111 955 575.14	184 632 138.02	72 676 562.88

NOTED.

8. APPROVAL TO REPRIORITISE THE 2024/2025 MUNICIPAL CAPITAL BUDGET TO FUND CRITICAL AND URGENT PROJECTS (7/1/2/2)

(Page 241)

Authority is sought to approve the reprioritization of the 2024/2025 Municipal Capital Budget to fund critical and urgent projects. The most significant being the storm damage projects that is currently causing environmental pollution and the upgrade of the City Hall. The funding is being identified from projects that have delayed to cater for urgent projects. However, these projects will be catered for during the adjustment budget.

The total reprioritization can be summarised as follows:

Department	Approved Budget	Reprioritisation	Adjusted Budget
	R'000	R'000	R'000
Human Settlements	825,562		825,562
Engineering	660,682	93,013	753,695
EThekweni Transport Authority	696,854	-66,541	630,313
Water	1,473,971	-118,931	1,355,040
Sanitation	772,572	193,618	966,190
Cleansing & Solid Waste	368,727	-31,094	337,633
Electricity	679,342	-25,394	653,948
Economic Development & Planning	557,769	-57,487	500,292
CES: Safety & Security Services	149,715	2,600	152,315
CES: Health & Social Services	259,394	5,000	264,394
CES: Moses Mabhida Stadium	212,773		272,773
Finance	309,681	-10,464	299,217
Corporate Human Resources	18,612		18,612
Governance	67,735	15,680	83,415
OCM: CMO-OSM	222,039		222,039
OCM: Zonal Plan	333,000		333,000
TOTAL	7,608,428		7,608,428

The reprioritisation of projects in the capital budget is appropriately funded and does not result in a revision of the tariffs for the year.

Accordingly,

COMMITTEE RECOMMENDS:

- 8.1 That in accordance with the provisions of Section 19 of the Municipal Finance Management Act and in compliance with the Municipal Budget and Reporting Regulations, the re-prioritisation of Capital projects Annexure A be approved.
- 8.2 That subject to the approval of .1 above, that these amendments be included in the 2024/20255 Midterm Adjustments Budget.
- 8.3 That authority be granted to include the new projects which were previously not budgeted for due to arising need to introduce them for service delivery purposes as per ("Annexure A: 2024/2025 Budget reprioritization) contained in the report of the City Manager dated 2024-11-01.

ADOPTED.

9. REQUEST FOR AUTHORITY TO CO-FUND THE HOSTING OF THE
UPCOMING PRESIDENTIAL OSS-DDM OVERSIGHT IMBIZO TO BE HOSTED
WITHIN THE ETHEKWINI MUNICIPAL AREA (13/2/1/2/1)

(Page 256)

The District Development Model is a government legislated approach to service delivery. It was launched in eThekweni Municipality in 2019 as a pilot initiative. Since its pilot, it has been rolled out to the rest of the country as an approved government model to improve the coherent and impactful government model of service delivery.

During his state of nation address, His Excellency, President Ramaphosa announced the hosting of OSS-District Development Model (DDM) Presidential Imbizo to undertake of what has been achieved and the key lessons since the official launch OSS-DDM in KwaMashu in 2019. The Presidential Imbizo is an outreach program led by the President to directly measure all the spheres of government's response to expectations and challenges of the communities in the provincial and district spaces. The primary goal of the second iteration of the DDM Presidential Imbizo is to accelerate the implementation of the OSS-District Development Model (DDM), as an instrument for integrated intergovernmental planning, budgeting and implementation. The key objective is to synchronize inter/intragovernmental support and interventions to improve the performance of every municipality. The OSS-DDM Imbizo is a uniquely South African platform of advancing, fostering and engendering a participatory democracy through meaningful public engagements.

The President will be accompanied by the members of the National Executive on the occasion, who would already be on the ground leading up to the oversight visit. Government funded catalytic projects and service delivery points will be visited by the Ministers, MECs, Councillors supported by the DDM Champions and all of government officials.

The Office of the Presidency has formally communicated with the Office of the Premier and eThekweni Metro as per the letter dated 27 August 2024. Consultation in a form of meetings, has commenced led by National Department of Cooperative Governance. As part of preparations and planning, eight (8) Workstreams were established and allocated responsibility to deliver a successful Imbizo. The workstreams are coordinating all of Government build-up activities including all Spheres of Government and its Entities. The National Department of Cooperative Governance and Traditional Affairs and KZN Office of the Premier will cover the costs associated with the Presidential Imbizo. Within the same spirit and context of integrated and cooperative governance approach, eThekweni Municipality is also required to contribute towards financing the hosting of the Imbizo. With only one week left before the hosting of the Imbizo, preparations and planning are at the advanced stage.

The co-funding of the Presidential Imbizo resonate with the aspirations and objectives of one government, one plan and one budget. The National Department of Cooperative Governance and KZN Office of the Premier supported by other National and Provincial Departments will be contributing significant amount to cover the cost of hosting Imbizo. In addition to providing human resource for the successful hosting of the Imbizo, eThekweni Municipality is a required to make financial contributions.

The Presidential imbizo is being planned and co-hosted by the National and Provincial Departments with the support of eThekweni Municipality as the hosting District. The following departments are part of the National and Provincial Departments consulted:

- The Presidency
- National Department of Cooperative governance
- KZN Office of the Premier
- KZN Cooperative Governance and Traditional Affairs
- eThekweni Metropolitan Municipality

Accordingly,

COMMITTEE RECOMMENDS:

- 9.1 That authority be granted for the City Manager to co-fund the upcoming Presidential OSS-DDM Oversight Imbizo to be hosted within the eThekweni Municipality as from 07-08 November 2024 at a cost not exceeding value of R2 500 000.00 (Two Million Five Hundred Thousand Rand).
- 9.2 That subject to approval of .1 above, the budget allocation be transfer from IDP budget hearing vote not yet utilized.

Financial Implications:

The Municipality will incur the cost relating, but not limited, to preparing the site, additional refreshments, ensure dependable power supply on site, and any other costs that will be deemed necessary to ensure successful hosting of the Imbizo. It is envisaged that the cost will not exceed an amount of R2,5 Million. The project will be funded from funds not yet utilized in the following vote:

02791251	00257	3260	18950	10	12120	37200	0010	0000	R2 000 000.00
027434257	00257	3260	11400		12120	37200	0010	0000	R500 000.00

ADOPTED.

10. AUTHORITY TO SUPPORT AND IMPLEMENT 2024/2025 VARIOUS PROGRAMMES AND EVENTS WITHIN THE COMMUNITY AND EMERGENCY SERVICES CLUSTER FROM NOVEMBER 2024 TO JUNE 2025 (2/1/6/1)

(Laid-On-Table)

Approval is sought to implement 2024/2025 various programmes and events within the Community and Emergency Services Cluster from November 2024 to June 2025. The programs that are to be implemented are aligned with the Municipal IDP, Plan 4 and Plan 6 mandates as expressed in the IDP, which Plan 4 focuses on fostering a socially equitable environment by creating awareness on health-related issues in various wards and Plan 6 focuses on embracing our cultural diversity and create platforms where people interact creatively to stimulate economic growth, social cohesion and unity in diverse.

It being noted that as part of Community Services Cluster, the strategies within these programs are aimed at ensuring that existing infrastructure is used for benefit for all: developing arts personnel and developing arts in the form of spiritual uplifting music where people live and interact creatively to stimulate economic growth. The program carries key deliverables of promoting well know artists, local artist, exhibitors through

various social festivals and gives opportunities for local business vendors to sell their products as part of stimulating economic growth.

The events to be supported are also in line with creatives sectors across the Municipality with an aim of stimulating economic growth and promoting creative talent. Programs and events are also linked to public holidays to re-accelerate the importance of commemoration of public holidays. These events will be supported through sponsorships agreements which will be three (03) years agreements, and some will be once off agreements.

Below are the proposed programs, Arts Centers and Events to be sponsored:

Arts Centers:

Art Centers that deal with arts development and contributing to the sustainability of the Creative Industry within eThekweni. These arts Centers will conduct various artist development programmes till June 2025. They will enter into MoA with the city and do a close-out report at the end of the financial year of the Municipality.

Arts and Culture Events	Budget Estimates
Bat Center	R650 000.00
KCAP	R650 000.00
Wushwini Art Center	R650 000.00
Durban Music School	R650 000.00
TOTAL	R2 600 000.00

Arts and Culture Sponsored Events:

Arts and Culture Programme are underpinned by Plan 6 of the IDP which is embracing cultural diversity and creating opportunities where people interact creatively to stimulate economic growth, social cohesion and unity in diverse. These are programmes which promotes different genres of music for different crowd and aims at showcasing development of upcoming artists.

These events brings big artists from all over the country and leverage at using the platform to grow the eThekweni local upcoming artist to share the stage with big artists. Supporting this event will bring good economic stimulation within the city.

Arts and Culture Events	Budget Estimates
Durban Cultural Fest	R200 000.00
Zakes Bantwini Homecoming	R500 000.00
Durban Car Spin	R500 000.00
Gewalisa Spring Picnic	R500 000.00
Superset Social Festival	R200 000.00
Uhambo Lwamahubo by Andile KaMajola	R400 000.00
Qadi Cultural Festival	R500 000.00
Mgababa Picnic	R300 000.00
Usuku lomshunqo by Dladla Mshunqisi	R500 000.00
Inanda Dam Picnic	R300 000.00
Hammersdale Music Festival	R300 000.00

Arts and Culture Events	Budget Estimates
Ayanda Ntanzu One Man Show	R500 000.00
Pre-Easter Gospel Extravaganza	R200 000.00
Ubumbano Festival	R500 000.00
Women Arts Affair	R400 000.00
Phinifa on Fleek	R400 000.00
Human Rights Day Youth Concept	R350 000.00
Hi Durban Choral Music Festival	R240 000.00
Annual INK Kasi Xperience	R400 000.00
TOTAL	R7 190 000.00

Ingoma Various Wards:

Ingoma various Wards Programme is a cultural Ingoma programme that seeks to address promote within community using Ingoma groups that participate in this programme, showcasing their different styles of Ingoma. Also using Ingoma as a toll to celebrate the spirit of December holidays amongst our communities and this also allows local businesspersons to sell their food during these Ingoma events.

Ingoma list is as follows:

1. Ingoma yaka Nyuswa
2. Imfene yase Maoti
3. Umvumo yase Nwabi
4. Imbadada Festival
5. Ingoma yaka Ximba
6. Ingoma yase 72
7. Ingoma yase Rotari
8. Ingoma yase Klaarwater

The Ingoma various Wards is set to take place in December 2024.

Name of the Programme	Budget Estimates
Ingoma Za December Various Wards (7 Wards)	R80 000.00 per Ward = R560 000.00

Public Holidays Commemoration:

National holidays commemoration is implemented through designated programmes that seek to embrace our historical moments which contribute into promoting unity and diversity with eThekweni Municipal communities. It is a programme which is coordinated through various educational activities and fun games. As part of this initiative, the CES Cluster will be supporting disability month in November 2024, where the CES Cluster will be interacting with community at large in a form of arts and culture for people with living with disability.

Name of the Programme	Budget Estimates
People living with disability Ward based programmes	R30 000.00 per Ward = R750 000.00

With the DA abstaining at this stage, and other Political Parties being in support,

COMMITTEE RECOMMENDS:

- 10.1 That Council approves the funding of art, culture and heritage Centers through sponsorship to the value of R2 600 000.00 (Two Million Six Hundred Thousand Rand) in the 2024/2025 financial year.
- 10.2 That Council approves funding for the arts and culture events through sponsorship for the value of R7 190 000.00 (Seven Million One Hundred and Ninety Thousand Rand) in the 2024/2025 financial year.
- 10.3 That subject to the approval of .1 and .2 above, the Deputy City Manager: Community and Emergency Services enter into a Memorandum of Agreement (MoA) with each approved organization for the 2024/2025 financial year.
- 10.4 That Council approves that the Parks Recreation and Culture delivers and implement various Ward-based community initiative programmes for the value of R1 310 000.00 (One Million Three Hundred and Ten Thousand Rand) for the 2024/2025 financial year.

Financial Implications:

Overall Total – R11 100 000.00

FC No.: 32/354

Prior to the adoption of the above recommendations, it was noted that one of the events, Gwalisa Spring Picnic has already taken place. Mention being made that this should not occur in future as Council approval is a requirement prior to the budget being spent for line items.

Thereafter, the above Executive Committee recommendations were,
ADOPTED.

(At this stage of the proceedings, Councillor T Xuma, in his capacity as the Deputy Chairperson of the Municipal Public Accounts Committee, presented First Report of the Committee)

FIRST REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

1. 2024/2025 QUARTERLY REPORT FROM JULY 2024 TO SEPTEMBER 2024 (FIRST QUARTER)
(as contained in the Council Agenda 2024-11-06)

2024/2025:
Quarterly
Report:
MPAC

September 30

2024

Report of the Municipal Public Accounts Committee (MPAC) for the
first quarter of 2024/2025 financial year: July to September 2024

Municipal Public
Accounts
Committee
(MPAC)

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1. CHAIRPERSON'S STATEMENT

It is my pleasure to present the First Quarter Report of the Municipal Public Accounts Committee (MPAC) which records the activities undertaken by the Committee from July to September 2024.

As an oversight Committee, we are working steadily to address the many issues which impact governance and service delivery. The findings in the 2022/2023 Audit Report attest to these concerns. It is our aim to hold Management accountable and contribute fully to the achievement of clean administration and good governance in the Municipality.

Councillor Thamisanqa Xuma
Chairperson: Municipal Public Accounts Committee
eThekweni Municipality

2. MEMBERSHIP AND MEETINGS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Committee comprises of 11 members appointed by full Council on a proportional representation basis.

2.1 Membership of the Municipal Public Accounts Committee during the third quarter of 2024/2025:

NO.	SURNAME	NAMES	DESIGNATION	PARTY
1.	Xuma	Thamisanqa	Chairperson	EFF
2.	Dlamini	Conrad Bongumusa	Deputy Chairperson	ANC
3.	Burne	Warren Jerome Marigny	Member	DA
4.	Fortein	Barbara	Member	ANC
5.	Gama	Sizeni Gladness	Member	ANC
6.	Laing	Caelee	Member	DA
7.	Mkhwanazi	Brenda	Member	ANC
8.	Naidoo	Jane	Member	IFP
9.	Sibisi	Siboniso	Member	DA
10.	Thusi	Muzikayise	Member	ANC
11.	#Paruk	Ahmed Abdool Khalek	Member	ASA

Councillor AAK Paruk of Action SA was appointed by Council on 2024-08-29.

2.2 Attendance of Members at Municipal Public Accounts Committee for the first quarter 2024/2025:

NAME	JUL 25	AUG 06	AUG 14	AUG 22	SEP 03	SEP 19
COUNCILLOR T XUMA (CHAIRPERSON)	P	P	C A N C E L L E D	L	P	P
COUNCILLORWJM BURNE	P	P		L	P	P
COUNCILLOR CB DLAMINI	P	P		P	P	P
COUNCILLOR BA FORTEIN	P	P		P	L	P
COUNCILLOR SG GAMA	P	P		P	P	P
COUNCILLOR CJ LAING	P	P		P	P	P
COUNCILLOR B MKHWANAZI	L	P		A	P	A
COUNCILLOR J NAIDOO	P	P		P	P	P
COUNCILLOR KS SIBISI	P	P		P	L	P
COUNCILLOR M THUSI	P	P		P	P	P
COUNCILLOR AAK PARUK	-----	-----		-----	-----	L

Secretariat was informed of the appointment of Cllr Paruk on 2024-09-04.

3. **ROLE OF THE COMMITTEE AND COMMENTS**

The primary function of the Municipal Public Accounts Committee is to help Council to hold the Administration, Municipal Agencies and Entities accountable for their management of municipal funds and assets to ensure the efficient and effective utilisation of council resources. This includes the Council's Support Committees, Executive Committee as well as Councillors. MPAC plays a role in increasing public and Council awareness of the financial and performance issues of the Municipality and its Entities.

4. **SUMMARY OF COMMITTEE ACTIVITIES FOR PERIOD JULY TO SEPTEMBER 2024**

The Committee's activities include a mix of self-initiated and referred enquiries. We therefore receive submissions and conduct briefings/hearings on such matters as and when required.

Activity	Number
Reports Tabled	56
Deliberative Meetings	5
Interviews with Officials	64
Hearings	None
Briefings	3
Witnesses Appearing	None

5. **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE COMMENTS AND FINDINGS FOR THE FIRST QUARTER OF 2024/2025**

As per the MPAC Workplan 2024/2025, the following reports were received and considered during the first quarter:

- Budget Statement Reports for the months ending May, June, July and August 2024.
- Monthly Public Tender Awards of eThekweni Municipality for the months of May, June, July and August 2024.
- Audit and Risk Committee Report for the 3rd quarter ended 31st March 2024
- Review of External Service Provider Performance Monitoring by Units within the Municipality for Quarter 4 of 2023/2024 financial year.
- City Integrity and Investigations Unit Report for Quarter 3 of 2023/2024 financial year.
- Irregular Expenditure Reports for Quarter 3 ended 31st March 2024 and Quarter 4 ended 30th June 2024.

- Consequence Management Report for period 1 July 2022 to 30 June 2024.

In terms of the review of External Service Provider Performance Monitoring by Units, we have noted that some Units with consistent under performance on contracts have not submitted reports to MPAC and this is a growing concern for us. It is crucial for service delivery Units to submit the requested reports to MPAC to enable us to delve into the reasons for the underperformance and more importantly measures being undertaken to assist to improve the performance of the contracts.

Committee submitted the following reports to Council as per the MPAC Workplan during the first quarter:

- Report for quarter ended 31st March 2024
- Annual Report
- Work Programme 2024/2025

Two Oversight Visits were undertaken by MPAC on 2024-08-20 to the Engineering Unit's Clairwood Asphalt Plant and to the City Fleet Mobeni Workshop at Mobeni. The visit to the Asphalt Plant sought to establish the state of the plant and the Unit's plans to resume operations at the plant. We were concerned that equipment would deteriorate and materials go to waste due to the protracted delays. The visit to the Mobeni Workshop emanated from concerns communicated by Units that the repair and servicing of their vehicles took long which impacted service delivery.

The Committee scheduled special meetings to deal with Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure incurred by various Units. One of MPAC's biggest challenges is the non-submission of reports by certain Units. While some Units comply and attend meetings, other Units must be reminded daily to submit reports. Despite such reminders, these Units have been extremely slow in producing the required reports or failed to submit such reports. This has resulted in MPAC having to cancel the special meetings scheduled to deal with UIFW expenditure.

Due to concerns regarding the Indigent Policy and its review, we requested a presentation on the same. His Worship the Mayor, Councillor Cyril Xaba and the Finance Cluster management attended an MPAC meeting to make a presentation in this regard. It is our view that the Operation Sukuma Sakhe Department needs to be capacitated as well as augmented by more than one social worker as this causes bottlenecks that hinder the implementation of the Policy.

We have, in addition, received a presentation on the Communal Ablution Blocks (CABs) Programme and were most disturbed to note the current cost to Council for cleaning and consumables. The lack of capital funding for the replacement of the CABs which have a 5-year life span has resulted in severe deterioration of the assets. Rampant vandalism of the assets was also reported. The following challenges and constraints hamper the programme:

- i. Inhumane conditions to which communities are subjected.
- ii. Old and dilapidated CABS that have reached the end of their lifespan.
- iii. Relentless theft and vandalism.
- iv. Safety and security of residents accessing CABS at night.
- v. Limited budget to build new CABS.
- vi. Lack of Human Settlements Eradication Programme.
- vii. Risk to public health and environment due to illegal sewer connections and uncontrolled informal settlements.

- viii. Allocation of funding to the Water and Sanitation Unit as service provider and inadequate housing provision by the Human Settlements Unit.

We have therefore escalated the matter to His Worship the Mayor, Councillor Cyril Xaba and the City Manager for their urgent attention and intervention.

6. WORKSHOPS AND TRAINING

No workshops or training were undertaken during this quarter; however, the Office of the Speaker has been urged to provide dates for training of all Portfolio Committee Members, Senior Management and MPAC members on Unauthorised, Irregular, Fruitless and Wasteful Expenditure; such training to be undertaken by KZN COGTA.

7. RECOMMENDATIONS

Accordingly,

COMMITTEE RECOMMENDS:

- 1.1 That, in relation to the review of service provider performance, the City Manager ensures that Heads of Units submit reports to the Municipal Public Accounts Committee to enable it to exercise oversight on the under-performance of contractors, it being noted that failure to submit reports constitutes a dereliction of duty.
- 1.2 That, in relation to the non-submission of Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure reports, the City Manager and Chief Financial Officer address this issue with the Executive Management Committee as a commitment has been made to National Treasury to process such expenditure expeditiously.
- 1.3 That, due to the shortcomings identified in the Indigent Policy, the Finance Committee be urged to review the institutional arrangements for the implementation of the Policy to ensure efficiency of the application process and the criteria used to determine indigency; it being felt that the value of a property is not the most appropriate criterion for determining indigency.
- 1.4 That, in relation to the Communal Ablution Blocks Programme, the City Manager and the Human Settlements Unit review the current state of the programme to ensure that communities in Informal Settlements are provided with the necessary amenities that enhance their safety, protect the environment and preserve their dignity.

Prior to the report being noted, emphasis was made that consequence management had to be implemented against Units that do not submit Reports to the Committee.

Thereafter, the above recommendations were, NOTED.

(At this stage of the proceedings, Councillor T Xuma, in his capacity as the Deputy Chairperson of the Municipal Public Accounts Committee, presented Second Report of the Committee).

SECOND REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

2. **ASSESSMENT OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE FUNCTIONALITY ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (UIFW) OVERSIGHT PERIOD ENDING 30TH SEPTEMBER 2024 (QUARTER 1 OF 2024/25)**
(as contained in the Council Agenda 2024-11-06)

The role and duties of MPAC, as stated in the UIFW expenditure process, have been documented in line with Section 32 (2) (ii) and (3) of the MFMA which states as follows:

- 2. A municipality must recover unauthorised, irregular or fruitless expenditure and wasteful expenditure from the person liable for that expenditure unless the expenditure –***

(a) In the case of unauthorised expenditure, is –

- (i) authorised in an adjustment budget; or***
- (ii) certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by Council; and***

(b) In the case of irregular expenditure is, after investigation by a council committee, certified by the council as irrecoverable and written off by council.

- 3. If the accounting officer became aware that the council, the mayor or the executive committee of the municipality has taken a decision, which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, the accounting officer is not liable for any ensuing unauthorised, irregular or fruitless and wasteful expenditure provided the accounting officer has informed the council, the mayor or the executive committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure.***

MPAC is identified as the Council Committee responsible for investigating and making recommendations to Council on the recovery or write off of UIFW related matters.

COGTA, whilst undertaking its oversight and monitoring role over municipalities, has been highlighting the views of National Government with regard to the reduction of UIFW expenditure and the implementation of consequence management.

It was, therefore, resolved at The Speaker's Forum convened on 2021-06-22 that COGTA would support municipal initiatives to reduce UIFW. A tool was developed by COGTA and the expectation was that all municipalities would use the tool to assess their functionality on UIFW oversight. Hence, MPAC is required to report quarterly to Council on its performance based on COGTA's tool for the assessment of functionality on UIFW Oversight.

It had been ascertained that the City may not have been fully compliant in its treatment of UIFW expenditure once it was incurred. Following workshops with National

Treasury, the city aligned its process with National Treasury Circular 68 and the MFMA. There was also input from COGTA and the amended process was workshopped by Internal Control at the Mayoral Workshop held on 12th August 2021. Subsequently, the revised process was adopted by Council on 2021-08-26.

In terms of the assessment, MPAC's oversight role would be measured as follows:

- 80-100% - Functional
- 50-79% - Challenged
- 0-49% - Dysfunctional

As COGTA requires the assessment report to be submitted by the first quarter of the financial year 2024/2025, we have acceded to the request and completed the assessment.

We are proud to report, as per the Assessment of MPAC's functionality on UIFW Oversight, (**Annexure 1**), that MPAC has achieved 100% for the first quarter and is fully functional.

Therefore,

COMMITTEE RECOMMENDS:

That Council notes the Municipal Public Accounts Committee (MPAC) has achieved 100% in terms of the assessment of the MPAC by the Provincial Department of Cooperative Governance and Traditional Affairs for the period ended 30 September 2024, it being recorded key focus areas during the assessments included:

- (i) Statutory obligations pertaining to the functionality of the MPAC
- (ii) MPAC oversight of ongoing investigations
- (iii) MPAC oversight of the conclusion of investigations
- (iv) MPAC oversight of implementation and tracking of consequence management

NOTED.

(At this stage of the proceedings, Councillor T Xuma, in his capacity as the Deputy Chairperson of the Municipal Public Accounts Committee, presented Third Report of the Committee).

THIRD REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

3. **UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL (UIFW) EXPENDITURE: MULTIPLE FINANCIAL YEARS**
(as contained in the Council Agenda 2024-11-06)

BACKGROUND

Section 32(2) of the MFMA provides that a Municipality must recover UIFW expenditure, except where the unauthorised expenditure is regularised through an

adjustments budget, or where the expenditure is deemed to be irrecoverable following an investigation into the expenditure incurred.

The section reads as follows:

“A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure—

- (a) in the case of unauthorised expenditure, is—
 - (i) authorised in an adjustments budget; or
 - (ii) certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council; and
- (b) in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council.”

ANALYSIS OF UIFW CASES FINALISED

In line with National Treasury’s Municipal Finance Management Act Circular No. 68 and as outlined in Regulation 74 of the Municipal Budgets and Reporting Regulations, the process outlined below, was followed:

- A report was prepared by the Unit that incurred irregular expenditure after investigation by the said Unit. The report disclosed the deviation from Supply Chain Management Policy, the reasons for the deviation and the value of the expenditure.
- The report together with the supporting documents were submitted to the Internal Control Unit for review and thereafter were submitted to the Bid Adjudication Committee for noting purposes.
- The Internal Control Unit reviewed and applied its mind on the report and considered whether there was any value for money obtained by the municipality or any losses suffered by the municipality due to non-compliance detected using the following questions:
 - a) The nature of the irregularity
 - b) Whether or not the contracts followed the SCM public tender process
 - c) Whether or not the Unit Head had certified that value for money was received
 - d) Whether or not the Unit Head has confirmed that goods or services were delivered as per contract specifications and initial contract rates
 - e) Whether corrective action needed to be undertaken
 - f) Whether preventative measures were required to be implemented and the status of such actions; where deemed necessary

Irregular, Fruitless & Wasteful expenditure totaling **R16,778,115.76** (Sixteen million seven hundred seventy-eight thousand one hundred fifteen rands and seventy-six cents) was identified by the following source:

Source	Years	Annexure	Amount
Internal Control	2020/2021-2023/2024	A	R16,778,115.76
TOTAL			R16,778,115.76

Whilst we believe that officials should be held responsible for incurring UIFW expenditure and believe that the necessary disciplinary proceedings should be instituted in this regard, it is unfortunately not our responsibility to undertake such actions. It is the sole responsibility of the Accounting Officer and his management; with the Financial Misconduct Disciplinary Board playing a role in instances of financial misconduct. However, as part of our oversight duties we receive quarterly reports from the Financial Misconduct Disciplinary Board and the team, that is led by the Deputy City Manager: Corporate and Human Capital, to monitor the implementation of consequence management in the municipality.

Having duly considered and deliberated on the irregular, fruitless and wasteful expenditure concerned,

COMMITTEE RECOMMENDS:

- 3.1 That in compliance with Section 32(2) of the Municipal Finance Management Act (MFMA), irregular, fruitless and wasteful expenditure totaling **R16,778,115.76** (Sixteen Million seven hundred seventy-eight thousand one hundred fifteen rands and seventy-six cents) as detailed in “**Annexure A** of this report be certified as irrecoverable and written-off by Council based on the outcomes of the investigations of such expenditure.
- 3.2 That it be noted that any consequence management recommendations will be dealt with in accordance with the Council Policy in relation to financial misconduct and oversight by the Financial Misconduct Disciplinary Board.

Item 3.1 ADOPTED & item 3.2 NOTED.

14. REPORT OF THE ETHICS COMMITTEE

There was no Ethics Committee Report tabled at this meeting.

**URGENT NOTICE OF MOTION
IN TERMS OF SECTION 22(1) OF THE RULES OF ORDER
BY-LAW, 2014, AS AMENDED**

1. URGENT NOTICE OF MOTION: PROPOSED BY COUNCILLOR I SYED AND
SECONDED BY COUNCILLOR M ISMAIL: DEBT WRITE-OFF OWED BY
DECEASED AND/OR INSOLVENT ESTATES WITH PROPERTY VALUE OF
R1 MILLION AND BELOW (7/6/3/R)

Motivation:

1. As per the Council's resolution at its sitting on 29 August 2024 to write-off on deceased and insolvent properties with a property value of R1 Million and below, where the property owner has been deceased for over a period of 24 months, further relief is sought to include those who are married in Community of Property.
2. The urgency to this motion that is brought forth ties in with the late and insolvent estates where the living spouse does not qualify for a debt write-off and is financially incapable or excluded from signing any credit agreement with the City.
3. This motion ostensibly speaks to our mothers, grandmothers, fathers, and grandfathers who have toiled all their lives to ensure that we can sit here today.
4. The burden and impact on family well-being is greatly exacerbated after the loss of a loved one, especially a breadwinner. This leaves the survivors with heavy loss and pain. Hence, it is in the interest of this Council and the City to note and to understand the plight of the majority indigent, elderly and the medically challenged person.

Relief sought from the Council:

1. That this debt write-off be extended to those married in Community of Property, and traditional marriages.
2. That any survival spouse or legal partner over the age of 60 years on a state grant, or indigent be included.
3. That it applies to deceased and/or insolvent estates of anyone who is proven medically boarded; is unemployed or unemployable; or who has been a housewife for most of their life.

Urgent Notice of Motion in Terms of Rule 22(1) of the Rules of Order By-Law 2014, to seek additional relief where the property owner has been deceased for a period of 24 months or more

This Council notes that:

1. Following the Council resolution on 29 August 2024, we move further that any person who has lost a spouse, while married in Community of Property may also apply for such relief, without exclusion.

2. This applies to deceased and/or insolvent estates if anyone is over the age of 60; proven medically boarded; is unemployed or unemployable; or a housewife for most of their life.

This Council resolved that the Executive Committee considers this urgent motion and refers back to Council.

REFERENCE BACK

In terms of Rule of Order Bylaw 20(1)(c), Councillor TM Mthethwa seconded by Councillor A Beetge, moved as a procedural motion that, *“Urgent Notice Of Motion: Proposed By Councillor I Syed And Seconded By Councillor M Ismail: Debt Write-Off Owed By Deceased and/or Insolvent Estates With Property Value Of R1 Million and Below (7/6/3/R):”*, be referred back to the Finance Committee for further processing.

NOT CARRIED

As some members were not in support of the reference back, the matter was put to the vote. With 156 Councillors present, 53 Councillors (DA- 41; IFP -11; ACDP – 01 and MF - 00) voted in favour of the reference back and 102 Councillors (ANC - 69, EFF – 17; Action SA - 02; ACC - 02, ABC – 01; AIC – 01, DLC – 00; ADEC – 01; APF – 00; ATM - 01; ALJAMAH – 00; JEP -01; IND – 01, KZNI - 01, MOSA – 00; NFP -01; PFP – 01, TA- 01, UIM – 01 and VF Plus – 01) voted against the reference back. 01 – PRM Councillor abstained on the matter.

The above-mentioned motion to refer back was, by the majority vote, NOT CARRIED.

Discussion thereafter reverted back to the substantive matter, wherein, the DA was puzzled that the matter was submitted to Council as an urgent motion. They were of the view that the matter should have followed the normal process for submission of motions, in terms of Section 18 of the Rules of Order By-Law. They also mentioned that the Deceased and Insolvent Estate Debt Write Off was already approved by Council in August 2024.

Subsequently, the following **REFERENCE BACK**, was submitted:

In terms of Rule of Order Bylaw 20(1)(c), Councillor BT Ntuli seconded by Councillor TM Mthethwa, moved as a procedural motion that, *“Urgent Notice Of Motion: Proposed By Councillor I Syed And Seconded By Councillor M Ismail: Debt Write-Off Owed By Deceased and/or Insolvent Estates With Property Value Of R1 Million and Below (7/6/3/R):”*, be referred back to the Finance Committee to investigate the viability of implementing the proposed recommendations, due to financial implications on the matter.

CARRIED

The above-mentioned motion to refer back was, unanimously, CARRIED.

At this stage of the proceedings, time being 17h38, the DA requested one (01) minute for a caucus, this was accordingly granted by the Speaker. Thereafter, the meeting resumed at 17h39.

Reporting back from the Caucus, the DA reported that they were ready to proceed with the meeting.

2. URGENT NOTICE OF MOTION: PROPOSED BY COUNCILLOR MR MNGONYAMA AND SECONDED BY COUNCILLOR BV MNGWENGWE: HOMELESS CHALLENGES IN THE DURBAN ALBERT PRECINCT (28/1/4)

Motivation:

The Albert Park area is located in a strategic position in the City of Durban, with a capacity to attract businesses and provide employment opportunities thereby promoting local economic growth. However, over the years the living conditions in this area have deteriorated to an unimaginable level. The area is densely populated, accommodating eThekweni citizens, a number of foreign nationals and also subjected to a huge percentage of homeless individuals.

As part of the Inner-City Regeneration, it is important to improve living conditions and dignity of individuals residing in the area whilst also providing humanitarian support for homeless people. Concentrating efforts to revive the Albert Park area will bring about various positive benefits for the City of eThekweni, including:

- (i) Restoring confidence to the City leadership with the local communities witnessing initiatives to maintain cleanliness and safety in key strategic areas.
- (ii) Attracting businesses, creating employment opportunities thus addressing youth unemployment in particular, and strengthening property business through leasing with the area having a number of accommodation establishments.
- (iii) Increase revenue base for the Municipality through sustainable businesses and increased pool of tenants in the rejuvenated area of Albert Park.
- (iv) Restoring confidence to the Central Business District thus preventing businesses from relocating to other areas considered to be crime-free.
- (v) Promoting domestic tourism with the Albert Park to be also considered as a destination to lodge in once ridged of criminal elements as the area is located in the Central Business District and in close proximity to a number of the City attractions entertainment facilities.

In view of the foregoing, it is considered imperative to fast-track initiatives to rejuvenate the Albert Park area and this to become a legacy project for the eThekweni leadership. It is being recorded that short-term benefits for the City of eThekweni are also possible with the imminence of the festive season.

Urgent Notice of Motion in Terms of Rule 22(3)(1)(a)(b) of the Rules of Order By-Law 2014, as amended

This Council notes that:

- 1. The Albert Park precinct is densely populated and faces significant homeless challenges.
- 2. The Albert Park area is becoming increasingly a crime hotspot and categorised a high-risk to both commercial and residential areas.

3. The significance to resuscitate and preserve the area of Albert Park which was once the jewel of the City of eThekweni due to the prime location, being close to the beach, major economic activities in the Durban Harbour, and close to private and public sector offices.
4. The crucial aspect to maintain public order in the Albert Park to promote social cohesion, stability and security within the community, ensuring safety and well-being of the citizens.
5. A need for adoption and implementation of an integrated approach to address root causes of homelessness and thereafter the strengthening of law enforcement for sustainability purposes where positive results have been achieved.

Therefore, Council resolved that the Executive Committee investigate and report back to Council on the following:

1. Fast-tracking the institutionalization of homelessness facilities to address varied circumstance leading to homelessness within the City of eThekweni, and in particular, to reclaim and bring Albert Park to its former glory.
2. Permanent deployment of Metro Police and other security management services to maintain a 24-hr public order and rejuvenate the area for the benefit of both commercial and residential users, including visitors and tourists.
3. Development and/or enforcement of the existing eThekweni Municipality Loitering By-Law to maintain public order, reduce crime and anti-social behaviour as well as protecting businesses and property.

In support of the motion, the DA emphasised the importance of fast-tracking the institutionalization of homelessness facilities to address homeless within the City.

Accordingly, the above motion was, CARRIED.

**NOTICE OF MOTION
IN TERMS OF SECTION 18 OF THE RULES OF ORDER
BY-LAW, 2014, AS AMENDED**

1. NOTICE OF MOTION: PROPOSED BY COUNCILLOR J ANNIPEN AND SECONDED BY COUNCILLOR: J NAIDOO: CHALLENGES OF COUNCIL TENANTS IN SIGNING, PURCHASING, SALE AGREEMENTS FOR OWNERSHIP AND INCOMPLETE TRANSFERS (22/8/1)

This Council notes that:

1. Many Council tenants have signed purchase and sale agreements for ownership of Council homes, yet these transfers are incomplete.

2. The delays in concluding the transfer of ownership are precipitated by internal challenges, which challenges have caused rental accounts to accumulate arrears.
3. The Municipality offers these tenants an opportunity to participate in the Enhanced Extended Discount Benefit (EEDB) on existing housing debt.

This Council resolves that:

The Executive Committee consider the following recommendations and report its findings to Council in the next sitting:

1. Allow all Council tenants who are in arrears on their rental accounts to apply for the EEDB.
2. Write-off the difference in rental arrears not covered by the EEDB.
3. Established a specific team, using existing employees from the conveyancing section in the Housing Unit to attend to the backlogs in having outstanding “sections” opened and the deeds processed.

CARRIED.

2. NOTICE OF MOTION: PROPOSED BY COUNCILLOR J NAIDOO AND SECONDED BY COUNCILLOR: MS NKOSI: HOUSING LOANS FROM PRE-1994 HOUSING STOCK (22/7/1/1/2)

This Council notes that:

Residents of eThekweni are struggling with exorbitant housing loans from pre-1994 housing stock.

This Council further notes that:

1. A large number of occupants in the following communities are affected: Newhaven Craigeiburn Ward 99, Isipingo, Merebank, Chatsworth, Phoenix; and Verulam, uMlazi, KwaMashu, Lamontville, KwaMakhutha, Chesterville, Claremont and all R293 Townships.
2. These vulnerable residents are prejudiced from accessing home ownership.

This Council resolves that:

The Executive Committee considers the following recommendations and report its findings to Council in the next meeting:

1. An investigation into non-performing loan accounts in line with the In Duplum Rule regulating interest charges against principal debt.
2. A write-off of the historical debt on pre-1994 housing stock
3. Activation of transfers to qualifying occupants.

MOTION TO AMEND

In terms of Rule 20 (4) of the Rules of Order By-Law 2014, as amended, Councillor J Naidoo, seconded by Councillor J Annipen, moved as a procedural motion to amend the above motion for addition of the following areas in 1. *“uMlazi, KwaMashu, Lamontville, KwaMakhutha, Chesterville, Claremont and all R293 Townships.”*

With all Council members being in support of the amendment, the amendments were, **CARRIED**

Reverting back to the substantive matter, the DA voted against the recommendations, by majority vote, the motion was, **CARRIED**, *with amendment in paragraph 2 by addition of uMlazi, KwaMashu, Lamontville, KwaMakhutha, Chesterville, Claremont and all R293 Townships.*

3. NOTICE OF MOTION: PROPOSED BY COUNCILLOR M JOHNSON AND SECONDED BY COUNCILLOR: B SINGH: ISSUES OF ILLEGAL SCRAPYARDS (15/6/1/1)

This Council notes that:

Many Wards within eThekweni Municipality are grappling with the issues of illegal scrapyards. There is virtually no relief from the various departments within the Municipality who allow these businesses to trade with impunity, particularly on municipal land and in residential areas.

This has significantly contributed to:

1. An increase in criminal activities.
2. Theft of Critical Municipal infrastructure.
3. Theft of Privately owned infrastructure.

Hereby resolves that:

The Executive Committee investigates and report back to Council on:

- (i) The schedule/register of all illegal scrapyard and steps taken to close/eradicate them
- (ii) Progress in formulating an effective policy on scrapyards.

CARRIED.

4. NOTICE OF MOTION: PROPOSED BY COUNCILLOR RL MACKENZIE AND SECONDED BY COUNCILLOR: ZA SOLOMON: ESTABLISHMENT OF A GENDER BASED VIOLENCE DESK (19/1/1/4)

This Council notes that:

August was Women's Month and that there is an increase in Gender Based Violence (GBV) cases. KZN remains the leading Province when it comes to offences against women.

Recent stats revealed that out of 35 145 (thirty five thousand one hundred and forty five), suspects arrested since April, 11 192 (eleven thousand one hundred and ninety two) were linked to incidents of rape and murder of women.

A significant portion of these dockets speaks to crimes committed against women as indicated by the received ministerial breakdown below.

- Assaults with the intent to cause grievous bodily harm (GBH): **141 026**
- Rape: **61 740 dockets**
- Sexual assault: **5 523 dockets**

Council resolves to recommend that the Executive Committee investigate the establishment of a Gender Based Violence Desk and report back to Council.

CARRIED.

16. **REPORT OF THE MAYOR IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT**

There was no Mayors Report tabled in this meeting in terms of the Local Government: Municipal Finance Management Act No. 56 of 2003.

17. **REPORT OF THE MUNICIPAL MANAGER**

There was no City Manager's Report tabled at this meeting.

REPORT OF COMMITTEE DECISIONS

Decisions of Committees reflected below have been reported to Council by way of circulating minutes of such Committees to each Member of the Council:-

1. **ECONOMIC DEVELOPMENT AND PLANNING COMMITTEE**

Meeting held on : 2024-09-25

2. **EXECUTIVE COMMITTEE**

Meetings held on : 2024-08-20
: 2024-08-27
: 2024-09-17

3. **GOVERNANCE AND HUMAN RESOURCES COMMITTEE**

Meetings held on : 2024-08-14
: 2024-09-23

4. HUMAN SETTLEMENTS AND INFRASTRUCTURE COMMITTEE
Meeting held on : 2024-08-22
5. LOCAL LABOUR FORUM: ECONOMIC DEVELOPMENT AND PLANNING CLUSTER
Meeting held on : 2024-10-02
6. LOCAL LABOUR FORUM: GOVERNANCE AND CORPORATE HUMAN RESOURCES CLUSTER
Meeting held on : 2024-07-19
7. LOCAL LABOUR FORUM: TREASURY AND OFFICE OF THE CITY MANAGER
Meetings held on : 2024-08-15
: 2024-09-12
8. SECURITY AND EMERGENCY SERVICES COMMITTEE
Meeting held on : 2024-10-16
9. UNIT LOCAL LABOUR FORUM: WATER AND SANITATION
Meetings held on : 2024-08-20
: 2024-09-12

ITEMS FOR NOTING

The Items for Noting, reflected on Pages 106 to 114 of the Agenda, pertaining to the items discussed and resolved at the Executive Committee level during the month of September 2024 were, **NOTED.**

The meeting terminated at 17h43 and moved into in-committee.

APPROVED AT THE MEETING OF THE ETHEKWINI COUNCIL ON 2024-12-02.

SPEAKER