

No. 63

MINUTES

OF

ETHEKWINI MUNICIPAL COUNCIL

Special meeting held on Tuesday, 2024-03-19T12:00,
Inkosi Albert Luthuli International Conventional Centre, Durban.

PRESENT : Councillors TE Nyawose (Speaker), TM Kaunda (Mayor), ZP Myeni (Deputy Mayor), A Abdul, J Annipen, AD Beesley, A Beetge, M Billy, JM Black, MB Blose, NJ Bollman, M Brauteseth, WJD Burne, MH Buthelezi, KPM Cele, SB Cele, SP Chebure, J Chetty, R Cloete, SV De Boer, CB Dlamini, Z Dzanibe, J Essop, BA Fortein, SN Gabela, SG Gama, GM Gasa, DM Gcabashe, FO Gcabashe, G Govender, S Govender, SV Govender, Y Govender, BR Gumede, S Gumede, MS Gwala, GJ Hegter, MM Hlengwa, NP Hlomuka, SD Hlongwa, F Ismail, MF Ismail, LBS Jali, DM James, M Johnson, MA Jokweni, K Khambule, MH Khan, SM Khanyile, NP Khawula, MN Khubisa, KNN Khubone, NL Khuzwayo, ZW Khuzwayo, SNC Khwela, A Kissoon, V Kunju, CJ Laing, SW Lushaba, M Lutchmen, WM Luthuli, ME Mabaso, RD Macpherson, MA Madlala, NI Madlala, SR Madlala, A Maharajh, S Maharaj, FN Majola, TG Makhanya, HS Makhathini, MW Manqele, JB Maphumulo, NJ Maphumulo, TZ Mathe, SH Mazibuko, WM Mazibuko, M Mbambo, KT Mbhele, RP Mbonambi, BA Mchunu, JL Mchunu, NP Mchunu, SW Mcineka; RL McKenzie, X Mdlazi, FW Mdletshe, DL Mea, SP Mfeka, MA Mgobhozi, K Mhlaba, DPM Mhlongo, GN Mhlongo, NM Mhlongo, SE Mhlongo, T Miya, MB Mjadu, AZ Mkhize, KV Mkhize, MA Mkhize, ME Mkhize, MP Mkhize, NN Mkhize, NA Mkhize, SM Mkhize, TJ Mkhize, B Mkhwanazi, BR Mngadi, DK Mngadi, S Mngadi, MR Mngonyama; TJ Mnguni, ZM Mncwango, DP Mngoma, BV Mngwengwe, ZO Mnomiya, S Mnyandu, T Mohamed, SR Moodley, R Moses, ND Motseke, SB Mpanza, LI Msomi, DV Msweli, SSS Mthethwa, TD Mthethwa, TM Mthethwa, N Munien, OB Mvubu, SK Mzimela, BD Naidoo, S Nala, NB Ndlela, AB Ndlovu, MF Ndlovu, PB Ndlovu, PC Ndlovu, NS Ndlovu, V Ndlovu, SG Nene, TH Nene, SB Ngcongo, DB Ngubane, LE Nkomeni, MS Nkosi, DR Nowbuth, XM Nqweniso, DM Nsundwane, SH Ntombela, PC Ntshangase, NC Ntshayintshayi, N Ntuli, NZ Ntuli, B Nxumalo, MR Nxumalo, PH Nxumalo, NN Nyanisa, MV Nzimande-Madlala, AE Peterson, AS Phahla, DT Pillay, P Pillay, GDA Pullan, A Rampersad, T Sabelo, A Shaheed, BH Shange, LP Shange; MG Shange, TE Shezi, IM Shinga, HP Shoji, JN Sibisi, KS Sibisi, WP Sibiya, LC Sikhakhane, BSB Sindane, EL Singh, J Singh, S Singh, PS Sishange, CN Sisoka, NI Sithole, BS Sivetye, EG Smith, AD Snyman, ZR Sokhabase, ZA Solomon, ME Thusi, M Thusi, ZN Tshazela, NT Tyelinzima, JC Van den Berg, HM Van Der Ryst, NB Vilakazi, NI Webster, SM Windvogel, TV Xulu, T Xuma, NY Young, M Zondi, ON Zondi-Mthembu, and TG Zungu and there being 01 (one) vacancy.

ABSENT : Councillors T Biyela(Leave) NC Gumede (Leave), V Mngadi (Leave), BG Kubheka (Leave), R Maharaj (Leave), V Mngadi (Leave), L Mthembu (Leave Indisposed), SR Moodley (Leave), J Naidoo (Leave), V Ncukana (Leave), T Ndlovu (Leave), PB Ntuli (Leave), A Paruk (Leave),

PW Phewa (Leave), V Reddy (Leave-), S Sewshanker (Leave- Indisposed), I Syed (Leave), B Thusi (Leave) and GN Zondi (leave).

AMAKHOSI

PRESENT : None

AMAKHOSI

ABSENT : Inkosi JJ Shangase; Inkosi S Mlaba and Inkosi EB Shozi
(All on Personal Commitments).

OFFICIALS

PRESENT : Messrs/Mesdames BT Mbhele (City Manager), M Mthiyane (Deputy Head: Legal & Compliance), BM Mhlongo (Deputy Head: Office of the Speaker), T Ndlovu (Senior Manager: Secretariat) and Nokwanda Biyase (Chief Committee Officer).

(At the commencement of the meeting 192 Councillors were present, comprising ANC - 86, DA - 48, EFF - 22, IFP - 13, ASA - 03, ABC - 02, ACC - 02, ACDP - 02, AIC - 01, ADEC - 00, APF - 01, ATM - 01, AL JAMA-AH - 00, DLC - 01, JEP - 01, KZNI - 01, MF - 01, MOSA - 01, NFP - 01, PFP - 01, PRM - 01, TA- 01, UIM - 01 and VF Plus - 01).

Upon confirming Members present in this meeting, it was noted that there were enough Members present to constitute a quorum required to approve the Draft eThekweni Municipality Budget 2024/2025 MTREF and related policies and plans.

1. NOTICE CONVENING THE MEETING

Following the directive by the Speaker, time being 12h30; the Deputy Head: Treasury on behalf of the City Manager who was going to join the meeting presently read the notice convening the special meeting in terms of Rule 5 subsection 4 of the Rules of Order By-Law, 2014, as amended.

2. OPENING

The Speaker declared the meeting open at 10h11 and extended a warm welcome to Councillors, Traditional Leaders, City Manager, Deputy City Managers, Head: Legal and Compliance, other Unit Heads and Members of the Administration. A special welcome was also extended to the Media and Members of the Public viewing on social media live streaming.

3. AFRICAN UNION AND NATIONAL ANTHEM

The Speaker requested Council to observe a moment's silence for everyone to meditate.

4. OPPORTUNITY FOR PRAYER/MEDITATION

The Speaker requested the Council to observe a moment's silence for everyone to meditate.

5. OFFICIAL ANNOUNCEMENTS

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

- 5.1 Council to note that the meeting is convened in line with provision 6(3) of the Rules of Order By-Law (2014) as an urgent meeting to consider the 2024/2025 Draft Budget. Councillors to further note that the Ordinary meeting will be convened on **Tuesday, 26 March 2024**, and **not** on the 27th of March as was previously announced at the last virtual meeting held last week on 12 March 2024.
- 5.2 The City appreciates all efforts being made by the Political and Administration leadership led by the City Manager and all officials in restoring services and normality to residents as they were impacted by the Municipal workers' strike. Again, the Municipal Council apologises to all communities for the inconvenience suffered through this period.
- 5.3 Councillors to note that on 12 March 2024, an email was circulated from the Office of the Speaker to all Members, reminding them about updating the SAISTRA Insurance form, which was provided to cover Councillor assets, that is houses, motor vehicles, etc. Councillors are reminded that this form must be annually updated since the value of assets also appreciates and/or depreciates with time. To those Members who have not updated, they're reminded to do so and submit back the form to the Office of the Speaker.
- 5.4 Council to note that the Economic Freedom Fighters (EFF) had a vacancy that arose from the removal of erstwhile Councillor Godlwana and that vacancy has been filled by Councillor Muzikayise Brian Blose, please help me welcome Councillor Blose to the Municipal Council.
- 5.5 Councillors were encouraged to conduct themselves with dignity and decency during the Council proceedings, and in compliance with the expectations in terms of the Councillors' Code of Conduct.
- 5.6 Whips of Committees were reminded that they also must manage the behaviours of their Councillors. Emphasis is hereby made that when a matter is being put to the vote there should be no movement since such affects the accuracy of the numbers.

6.

APPLICATIONS FOR LEAVE OF ABSENCE

RESOLVED:

The following Councillors and Amakhosi be granted leave of absence as indicated: -

COUNCILLORS

Councillor M Billy	:	2024-03-19	To be excused at 15:00
Councillor J Bollman	:	2024-03-19	To be excused at 15:00
Councillor T Biyela	:	2024-03-19	Personal Commitment
Councillor Chebure:	:	2024-03-19	To be excused at 15:00
Councillor NC Gumede	:	2024-03-19	Personal Commitment
Councillor S Gumede	:	2024-03-19	To be excused at 16:00
Councillor MF Ismael	:	2024-03-19	To be excused at 15:00
Councillor E Mngadi	:	2024-03-19	Indisposed
Councillor Kissoon	:	2024-03-19	To be excused at 15:00
Councillor BG Kubheka	:	2024-03-19	Personal Commitment
Councillor N Madlala	:	2024-03-19	To be excused at 16:00
Councillor R Maharaj	:	2024-03-19	Personal Commitment
Councillor V Mngadi	:	2024-03-19	Indisposed
Councillor L Mthembu	:	2024-03-19	Indisposed
Councillor T Mohamed	:	2024- 03-19	To be excused at 15:30
Councillor SR Moodley	:	2024-03-19	To be excused at 16:00
Councillor K Mkhize	:	2024-03-19	To be excused at 15:00
Councillor OB Mvubu	:	2024-03-19	To be excused at 16:00
Councillor J Naidoo	:	2024-03-19	Personal Commitment
Councillor V Ncukana	:	2024-03-19	Personal Commitment
Councillor T Ndlovu	:	2024-03-19	Personal Commitment
Councillor PB Ntuli	:	2024-03-19	Personal Commitment
Councillor A Paruk	:	2024-03-19	Personal Commitment
Councillor PW Phewa	:	2024-03-19	Personal Commitment
Councillor V Reddy	:	2024-03-19	Personal Commitment
Councillor S Sewshanker	:	2024-03-19	Indisposed
Councillor A Shaheed	:	2024-03-19	To be excused at 15:30
Councillor I Syed	:	2024-03-19	Personal Commitment
Councillor B Thusi	:	2024-03-19	Personal Commitment
Councillor GN Zondi	:	2024-03-19	Indisposed

AMAKHOSI

Inkosi JJ Shangase;	:	2024-03-19	Personal Commitment
Inkosi S Mlaba	:	2024-03-19	Personal Commitment
Inkosi EB Shoji	:	2024-03-19	Personal Commitment.

7.

DECLARATION OF INTEREST

It was noted that none of the Members of the Council had declared interest in items appearing on the agenda.

Before consideration of the first report of the Executive Committee, ActionSA expressed the need for the Council to receive an update in respect of the industrial strike and its impact on service delivery. The Speaker confirmed that the Mayor and the City Manager had effectively kept residents updated concerning service interruptions. His Worship the Mayor also confirmed that the required update formed part of the budget speech and would adequately be covered during the presentation of the draft budget.

(His Worship the Mayor, Councillor TM Kaunda presented the First Report of the Executive Committee)

FIRST REPORT OF THE EXECUTIVE COMMITTEE

(Special meeting held 2024-03-18)

PRESENT : Executive Committee Members TM Kaunda (Mayor and Chairperson), ZP Myeni (Deputy Mayor), A Beetge, NI Madlala, TM Mthethwa, OB Mvubu, MS Nkosi, BT Ntuli, ZR Sokhabase.

ABSENT : Executive Committee Member Y Govender (Personal Commitments Leave)

1. **REVIEW OF SEWAGE DISPOSAL USERCHARGE AND SUNDRY TARIFFS FOR THE 2024/2025 FINANCIAL YEAR, WS2024-007 (7/6/1/2)**

(Page 1)

For business continuity and in keeping with inflation, it is imperative to review the tariffs annually. The legislation governing the local government makes provisions for the tariffs review. With regard to the sewage disposal usercharge and sundry tariffs, the Trading Services Cluster has taken into consideration that the proposed increase needs to be cost reflective; affordable; and sustain the provision of sewage disposal. This also including continued provision of free basic services to the indigent.

The Sanitation Unit provides essential services, such as, reticulation network line that provides transportation of sewerage; treatment; and disposal of sewerage and pollution control. Failure to provide this service may have an adverse effect on the lives of the residents.

Authority is therefore sought to implement sewage disposal user charge tariff increase of 12.9% for the 2024/2025 financial year, and to be implemented with effect from 01 July 2024. The Council should note that in the event the increase is not adopted the Municipality runs the risk of realizing a loss of income for the various types of sewage disposal service rendered. The proposed increase is also necessary for the Unit to continue providing the following services:

- Additional provision for repairs and maintenance;
- Continuation of the second 5-year cycle clearance of the VIP pit latrines;

- Continuation of the first 2-year cycle clearances of the Urine Diversion toilets;
- Provision for increasing maintenance obligations of the ablution facilities in informal settlements, currently about three thousand two hundred and twenty-eight (3 228); and
- Provision for increasing maintenance of mechanical and electrical equipment.

At this stage of the proceedings, the DA and the IFP abstained on this matter. With the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 1.1 That the eThekweni Municipal Council, in terms of Section 75A of the Local Government: Municipal Systems Act No. 32 of 2000, approves in principle, and subject to the public participation process, the proposed 12.9% increase in the sewage disposal user charge tariffs for the 2024/2025 financial year, and to be implemented with effect from 2024-07-01.
- 1.2 That upon the Council granting a final approval of the proposed tariff increase, the City Manager be mandated to comply with the provisions of Section 75A (3) and (4) of the said Act to display notices of such an increase.

As some of the members were not in support of the recommendations, the matter was put to a vote. With 195 Councillors present, 119 Councillors (ANC - 86, EFF - 22, ASA - 03, ABC – 02, ACC - 02, AIC - 01, APF - 01, ATM - 01, JEP - 01, NFP - 01, PFP - 01, PRM – 01 and TA- 01,) voted in favour of the matter. 05 Councillors (ActionSA-03, DLC-01 & VF Plus - 01) voted against the recommendation. 71 Councillors (DA – 51, IFP-13, ACDP-2, APF-01, KZNI-01, MF-01, MOSA-01 and UIM-01) abstained from voting.

The above recommendations were, by the majority vote, **ADOPTED in-principle.**

2. REVIEW OF POTABLE WATER AND SUNDRY WATER TARIFFS FOR THE 2024/2025 FINANCIAL YEAR, WS2024/010 (7/6/1/2)

(Page 17)

It will be recalled that the water tariffs increase set by the eThekweni Municipality is dependent on the increase effected by the bulk water supplier, Umgeni Water. The Municipality is then building up from the Umgeni tariffs to ensure there is no loss incurred by the Municipality in the provision of water supply to the residential and the business areas.

Umgeni Water has proposed a 9.5% increase in bulk water supply. Drawing from this increment, the Municipality is therefore proposing a 14.9% tariffs increase for both domestic and non-domestic consumers, to be implemented with effect from 01 July 2024. It is imperative to effect an increase to avoid under-recovery of funds which will impact the financial sustainability of the Unit.

The proposed increase is taking into account the following factors:

- Recovery of costs of water purchases from the bulk supplier;
- Recovery of operational and maintenance costs of the unit;

- Need to have affordable tariffs for the consumers;
- Continued provision of free basic water to the indigent; and
- The impact of water losses

The Water Unit is continuing to implement initiatives to reduce water loss to ensure a sustainable supply of water within the eThekweni Municipal area. Amongst the initiatives implemented are the following, as randomly selected from the schedule presented by the Unit:

- Pipe replacement;
- Leak detection;
- Reservoir refurbishments;
- Leak repairs to unmetered properties;
- Replacement of aging and ICT meters;
- Installation of smart meters;
- Regularizing illegal connections; and
- Metering of informal; rural; hostels; and RDP properties

At this stage of the proceedings, the DA; EFF; and the IFP abstained on the matter. With the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 2.1 That the eThekweni Municipal Council, in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, approves in principle, and subject to the public participation process, the tariffs increase by 14.9% in domestic and non-domestic consumers for Potable Water and Sundry Water Tariffs for the 2024/2025 financial year, which will be implemented with effect from 01 July 2024.
- 2.2 That upon the Council granting final approval of the proposed tariffs increase, the City Manager be mandated to comply with the provisions of Section 75A (3) and (4) of the said Act to display notices of such an increase.

Debating on the item, ANC submitted that the proposed tariff increase had considered other various sources of funding involved in the budget process such as government grants, loans (1,5 billion), and Revenue received from rates, levies, and tariffs. The ANC further submitted that the proposed tariff increase was designed to assist in the recovery of the City's infrastructure and other relevant aspects. Additionally, it was clarified that the proposal presented to Council was still going to be sent out for public comments before final approval and subsequently implementation.

It was further recalled that in the previous financial year, a budget of R66 billion Rands was anticipated however following the public consultation process, the city undertook to consider the inputs arising from the consultation process by easing certain proposed tariff increases which resulted in a budget of 55 billion being approved. In conclusion, the ANC assured the Council that the input from the public participation process would be considered again in the current fiscal and adjustments would be made where necessary would be done. Accordingly, the ANC supported the recommendation in principle pending the public participation process.

Whilst DLC was of the view that the 14% increase in water tariffs was a serious concern and was perceived as unacceptable and unrealistic. The DLC expressed that the Council should review and adjust the tariff increase prior to the report being sent out for public engagements. He expressed that the provision of water was a basic right however certain suburbs experienced shortage of water for quite several days such as amongst others Phoenix Verulam and Tongaat.

The DLC strongly expressed the view that the exorbitant inflation figures would be detrimental to the Community which was already financially constrained. Concerns were further expressed around the delays in addressing the issues related to infrastructural damage. The DLC was against the recommendation for the proposed tariff increase.

The VF Plus viewed the tariff increase as being exorbitant, unrealistic, and unfair to the ratepayers and therefore the DLC expressed that they were not in support of the proposed tariff increase.

While on the substantive matter, ActionSA Councillor Z Mncwango moved as an amendment to item 2 on page 04 of the agenda that the proposed 14.9% increase by the City, be aligned to the proposed 9.5% % by uMngeni-uThukela, the amendment was seconded by Councillor A Beesly.

Following a brief debate around the interpretation of the rules on the procedure to be followed in dealing with the amendment to the motion, where some of the Councillors were of the view that a motivation for the proposed amendment, should be allowed before putting the matter to vote. Furthermore, there was a view that the nature of the proposed amendment should have been a reference back as it was in connection with a proposed reduction in the tariffs.

In consideration of all the submissions made concerning the interpretation of rules and the standard procedure to be followed on the motion to amend, the Speaker suggested that a legal opinion be sought on the interpretation of rules around the correct procedure for dealing with proposed amendments.

Concurrently, His Worship the Mayor proposed that the house allow for the draft budget report to be presented primarily and subsequently be debated upon. The basis of the proposal was that all tariffs were related to the budget and therefore be debated concurrently with the draft budget.

In noting the above proposal by the Mayor, the Speaker was of the view that the proposal by His Worship be considered for the remaining tariffs to be considered and debated after the draft budget had been tabled.

Accordingly, ActionSA Councillor Mncwango was allowed to motivate for his proposed amendment. In his motivation, he submitted that the inflation rate has decreased from 5.5% to 5.1%. Secondly, if uMngeni-uThukela has proposed an increase of 9.5 the city should also be able to align the tariff increase with that of uMngeni-uThukela. He was of the view that if the City injected a 14% increase such would be unfair to the ratepayers. Therefore, Mncwango proposed that the City be considerate in that the proposed increase does not end up perceived as a punishment to the ratepayers.

Following the presentation of the motivation for the proposed amendment, some of the members were not in support of the proposed motion, accordingly, the matter was put to a vote. With 196 Councillors present, 83 Councillors (DA-51, IFP-14, ActionSA-03, ABC-02, ACC-02, ACDP-02, AIC-01, APF-01, JEP-01, KZNI-01, MF-01, MOSA-01, PRM-01, UIM-01, VF Plus-01) voted in favour of the matter. 113 Councillors (ANC-88, EFF-22, DLC-01, ATM-01, NFP-01) voted against the recommendation). There were no Councillors who abstained from voting.

Accordingly, the amendment was not CARRIED.

After the voting process was concluded and not supported, the ActionSA was of the view that it was not procedurally correct to wait for the views of the public in respect of the exorbitant tariff increases which should have been corrected before the public consultation process. The ASA was also of the view that even the views of the public after public consultation would not be considered due to the conceit of the ruling party.

During the debate, the ANC raised a point of order in that the submissions made by the ActionSA were misleading the house in that the views of the public would not be considered. The ANC assured the house that there was tangible evidence that in the previous financial year budget was adjusted downwards to take into consideration the inputs received during the public consultation process.

Thereafter, the discussion reverted to the substantive matter where the Democratic Alliance expressed concerns about the excessive non-water revenue, which was 58%—the delays in addressing water-related issues such as burst pipes and operational water leaks. The Democratic Alliance was against the proposed tariff increase on the basis that the city should improve its internal environment by ensuring that all internal issues were adequately addressed.

Thereafter, as some of the members were not in support of the recommendations, the matter was put to a vote. With 195 Councillors present, 113 Councillors (ANC - 88, EFF - 21, ABC - 02, APF - 01,) voted in favour of the matter. 14 Councillors (ActionSA - 03, ACC - 02, DLC-01, JEP - 01, KZNI - 01, MF - 01, PEP - 01, TA - 01, UIM-01) voted against the recommendation. 68 Councillors (DA - 51, IFP - 13, ACDP - 2, AIC - 02 and PRM - 01) abstained from voting.

The above recommendations were, by the majority vote, **ADOPTED** in-principle.

3. REVIEW OF ELECTRICITY UNIT TRAINING CENTRE SUNDRY TARIFFS FOR THE 2024/2025 FINANCIAL YEAR (7/6/1/2)

It must be noted that in line with the proposal by His Worship the Mayor, and the ruling by the Speaker that all the remaining tariffs be considered after the draft budget has been tabled.

(Page 24)

As per its mandate, the Electricity Unity supplies electricity to more than seven hundred and fifty thousand (750 000) customers. This includes residential communities; industrial and commercial sectors; medical facilities; pump stations to fill water reservoirs. In fulfilling its mandate, the Electricity Unit is expected to subscribe to sound business principles. To ensure internal and external resources

are equipped with critical technical skills, the Electricity Unit runs the Electricity Training Centre, not for profit-making, but to promote local economic development; promote the health and safety of employees in the workplace, and ensure compliance with legislation.

The operating costs incurred by the Training Branch are mainly employee-related. It is necessary to review the tariffs applicable, on an annual basis, to reflect the full running cost that is required to provide an efficient and effective service, and for the Unit to continue fulfilling its legal obligations. The Electricity Unit has therefore imposed various tariff increases applicable to each and every course available and conducted in its Technical Training Centre.

At this stage of the proceedings, the DA; EFF; and the IFP abstained on the matter. With the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 3.1 That the eThekweni Municipal Council, in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, approves in principle, and subject to the public participation process, the various tariffs increase for the running of the Electricity Unit Technical Training Centre, as reflected in the table below, and with the increase to be implemented with effect from 01 July 2024.

Sundry Tariff at the Electricity Unit effective 01 July 2024:

Description of Training Course	Present Tariff 2023/2024 excl. VAT	Proposed Cost Reflective Tariff 2024/2025 excl. VAT	Approximate % Increase ⁽¹⁾	Proposed Tariff Including VAT (R) ⁽²⁾		
				2024/2025	2025/2026	2026/2027
Advanced HV Switching Course	9 165.22	10 956.52	20%	12 600.00	13 230.00	13 890.00
Basic MV/LV Switching Course	8 852.18	10 060.87	14%	11 570.00	12 150.00	12 760.00
Cable Layers Course	2 478.27	2 582.61	4%	2 970.00	3 120.00	3 280.00
Faultsman Course	1 791.31	1 860.87	4%	2 140.00	2 250.00	2 360.00
House Service Course	1 982.61	2 069.57	4%	2 380.00	2 500.00	2 630.00
Industrial Switching Course	10 513.05	10 973.91	4%	12 620.00	13 250.00	13 910.00
Maintenance Inspector/ Distribution Inspector (MI/ DI)	2 478.27	2 582.61	4%	2 970.00	3 120.00	3 300.00
Meter Inspector Course	817.40	860.87	5%	990.00	1 040.00	1 090.00
Meter Reader Course	826.09	869.57	5%	1 000.00	1 050.00	1 100.00
MV AND LV Overhead Mains (OHM) Course	7 713.05	8 034.78	4%	9 240.00	9 700.00	10 190.00

Description of Training Course	Present Tariff 2023/2024 excl. VAT	Proposed Cost Reflective Tariff 2024/2025 excl. VAT	Approximate % Increase ⁽¹⁾	Proposed Tariff Including VAT (R) ⁽²⁾		
				2024/2025	2025/2026	2026/2027
MV and LV Underground Mains (UGM) Course	10 243.48	10 565.22	3%	12 150.00	12 760.00	13 400.00
MV Substation Maintenance Course	2 547.83	2 660.87	4%	3 060.00	3 210.00	3 370.00
Re-connector/ Dis-connector Level 1 Course	1 652.18	1 730.43	5%	1 990.00	2 090.00	2 200.00
Re-connector/ Dis-connector Level 2 Course	1 660.87	1 739.13	5%	2 000.00	2 100.00	2 200.00
Safety Rules Course	1 017.40	1 060.87	4%	1 220.00	1 280.00	1 340.00
Street Lighting Course	3 704.35	3 843.48	4%	4 420.00	4 640.00	4 870.00
Miscellaneous Costs						
Replacement of ID Cards	104.35	113.04	8%	130.00	140.00	150.00
Training Centre Venue Hire (Rate per hr)	95.66	104.35	8%	120.00	130.00	140.00

Notes:

- (1) This is the approximate percentage increase for 2023/2024 and 2024/2025, rounded off to the nearest integer value.
- (2) The figure in these columns is rounded off to the next R10.00, with the tariffs for 2025/2026 and 2026/2027 having an increase of approximately 5% over the previous year's tariffs.

3.2 That upon the Council granting final approval of the proposed tariffs increase, the City Manager be mandated to comply with the provisions of Section 75A (3) and (4) of the said Act to display notices of such an increase.

The above recommendations were, by the majority vote, ADOPTED in-principle as part of the Draft Budget Report, it being noted that the Democratic Alliance recorded its abstention on the matter.

4. REVIEW OF THE ETHEKWINI MUNICIPALITY TARIFFS POLICY 2024-25 FINANCIAL YEAR (7/6/P)

It must be noted that in line with the proposal by the Mayor, and the ruling by the Speaker that all the remaining tariffs be considered after the draft budget has been tabled.

(Page 30)

As per the legislative requirement, the Tariffs Policy is due for review regularly. The review is aimed at improving efficiency in the collection of the Municipal service fees; levied tax; and interest on any outstanding fees.

With the Executive Committee understanding the rationale behind effecting amendments to the Tariffs Policy,

COMMITTEE RECOMMENDS:

That the eThekweni Municipal Council, in terms of Section 74 of the Local Government: Municipal Systems Act No. 32 of 2000, approves in principle, and subject to the public participation process, the proposed amendments to the Tariffs Policy for the 2024/2025 financial year, for implementation with effect from 01 July 2024, and the proposed amendments as reflected below:

A. Clause 8: Categories of Users:

Separate tariff structures may be imposed for the following categories of users (which the Municipal may charge)

- 8.1 Residential property;**
- 8.2 Industrial property;**
- 8.3 Business and Commercial property;**
- 8.4 Agricultural property;**
- 8.5 Mining property;**
- 8.6 Property owned by an Organ of State and used for public service purposes;**
- 8.7 Public service infrastructure property;**
- 8.8 Property owned by PBO and used for specified public benefit activities;**
- 8.9 Unauthorised or illegal development or use, and abandoned property or building;**
- 8.10 Vacant land; and**
- 8.11 Sectional Title Registered Real Rights of Extension.**

Rationale for change:

To align the Tariffs Policy with the Property Rates Policy

B. Clause 9.3: Tariff Types:

- 9.3.11 Availability Fee:** as prescribed the tariff schedule for Municipal services, this fee is levied by the Municipality to the property owner for access to services such as water, electricity, sewage disposal, refuse disposal or any services that may be provided by the Municipality. This fixed fee may be levied monthly, annually or once off where or not the property owner makes use of these services.

Rationale for change:

To give support to Clause 3.1.10 in the Credit Control and Debt Collection Policy

C. Clause 11: Cross-subsidization:

Removal of Clause 11.4 “Unless otherwise determined by the National and Provincial legislation or by the Municipal Council or the actual cost of supply, the following ratios may be applicable to cross subsidize between categories of users.”

Category of User	Ratio
Residential	1:1
Business & Commercial	1:2.5
Industrial	1:3
Agricultural	1:1
Public Service Infrastructure	1:2.5
Mining	1:3
Public Benefit Organizations	1:1

Rationale for change:

The Clause is removed because cross-subsidisation is not applicable between categories of users

D. Clause 14: Special Events:

14.1 In the case of Special Events, such as the Comrades **Marathon**, Ladies Spar Challenge, etc.,

Rationale for change:

To just qualify Comrades, by adding the word “Marathon”

The above recommendation was by the majority vote, **ADOPTED** in-principle as part of the Draft Budget Report, it being noted that the Democratic Alliance recorded its abstention on the matter.

5. REVIEW OF THE FIRE AND EMERGENCY SERVICES TARIFFS FOR THE 2024-2025 FINANCIAL YEAR

It must be noted that in line with the proposal by the Mayor, and the ruling by the Speaker that all the remaining tariffs be considered after the draft budget has been tabled.

(Page 35)

The Fire and Emergency Services Unit provides emergency services within the eThekweni Municipal area, as per the provisions in the Fire Brigade Services Act No. 99 of 1987. In its operations, the Unit utilizes specialized resources such as aerial ladder platforms; rescue pumpers; hydraulic rescue equipment: jaws of life etc. The Unit is also supported by highly trained specialist in their individual fields of employment. Section 10 of this Act makes provision for fees that may be payable by a person on whose behalf the service of a controlling authority is applied for:

- The attendance of the service.
- The use of the service or equipment; and
- Any material consumed.

The Unit is therefore proposing a general 5% increase in the tariffs payable in the 2024-25 financial year.

With the DA and the IFP abstaining at this stage, the other Political Parties present were in support, and accordingly,

COMMITTEE RECOMMENDS:

- 5.1 That the eThekweni Municipal Council, in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, approves in principle, and subject to the public participation process, a general 5% increase in the Fire and Emergency Services Unit tariffs, and to be implemented with effect from 01 July 2024.
- 5.2 That upon Council granting final approval of the proposed tariff increase, the City Manager be mandated to comply with the provisions of Section 75A (3) and (4) of the said Act to display notices of such an increase.

The above recommendations were, by the majority vote, **ADOPTED** in-principle as part of the Draft Budget Report, it being noted that the Democratic Alliance recorded its abstention on the matter.

6. SUPPLEMENTARY REPORT TO THE URGENT AMENDMENTS TO THE
ETHEKWINI MUNICIPALITY: SUPPLY CHAIN MANAGEMENT POLICY 2023
AS A RESULT OF THE RULING BY THE KWAZULU-NATAL LOCAL
DIVISION: DURBAN HIGH COURT (9/P)

(Page 45)

The eThekweni Municipality was subjected to litigation in the matter involving SMEC South Africa (Pty) Ltd relating to certain clauses contained in its 2022 Supply Chain Management Policy. The SMEC won the case and therefore a court order issued on 09 February 2024, which then necessitates the amendments to be effected into the 2024 reviewed Policy.

In a nutshell, the Court Order entails the following:

- (i) That the eThekweni Municipality's Supply Chain Management Policy ("The Policy") contains provisions that are unconstitutional and invalid to the extent that they seek to authorise the exclusion of persons of Indian and Coloured descent from certain instances of preferential procurement processes;
- (ii) That the Policy contains provisions that are unconstitutional and invalid to the extent that they seek to authorize the exclusion of persons from certain instances of procurement processes based on the location of their businesses;
- (iii) That the conduct by the eThekweni Municipality in adopting the Policy is unconstitutional and unlawful;
- (iv) That the decision of the eThekweni Municipality is reviewed and set aside in adopting the Policy whilst it contains provisions that render it unconstitutional and invalid; and
- (v) That the eThekweni Municipality is directed to pay costs of the application, jointly and severally with any other Respondent who may oppose the application.

Whilst the case related to the 2022 Policy, it was advised that there are some principles mentioned in the Court Order that are still applicable in the 2023 Policy, hence, the submission of the proposed amendments in compliance therewith. It being recorded that the Council recently reviewed the 2023 Policy, and therefore such reviewal will now include the amendments required as per the Court Order.

During discussion, the DA abstained on this matter, while the other Political Parties understood the importance of complying with the Court Order, which therefore leaves no other option but to support the proposed amendments.

Accordingly.

COMMITTEE RECOMMENDS:

- 6.1 That the Municipal Council approves further amendments effected in the 2023 Supply Chain Management (SCM) Policy, in compliance with the Court Order issued by the Durban High Court on 09 February 2024 in the matter between the eThekweni Municipality and SMEC South Africa (Pty) Ltd, and with the amendments reflected below, and to be incorporated in the revised SCM Policy recently approved by the Council, for implementation with effect from 01 April 2024.

1. Definitions: (Section 1, Page 10):

The definition of “Contract Participation Goal (CPG)” is hereby amended by deletion of the phrase of words that refer to the Historically Disadvantaged Individuals (HDI) or Priority Population Group (PPG). The proposed definition of contract participation goals shall moving forward be defined to mean the following:

1.1 **“Contract Participation Goal (CPG)” must mean the value of work to be subcontracted to enterprises or businesses.**

The definition of “Contract Participation Goal (CPG)” is hereby amended by deletion in its entirety. The proposed SCM Policy 2024, shall going forward exclude this definition as it is considered to be unconstitutional to the extent that it excludes persons of Indian and Coloured descent from certain preferential procurement processes.

1.2 **“Priority Population Group” must mean black individuals who fall into population groups that were not offered a franchise in the national elections before or after the introduction of the 1984 tri-cameral parliamentary system and only received a franchise during 1994.**

2. Preferential Procurement: Section 52, **Proposed Section 51, Page 75:**

The promulgation of Government Gazette No. 49863: Amendments to Municipal Finance Management Act (MFMA) Supply Chain Management Regulations (**“The Regulations”**) Issued on the 14th of December 2023 resulted in Section 16 **“written or verbal quotations”** provision being discontinued as of the ranges of procurement processes to be employed by the Organs of State in the procurement of goods and services.

As a consequence of the foregoing, the numbering sequence in the proposed SCM Policy 2024 shall change for all Sections that follow thereafter and therefore Section 52 of the current SCM Policy 2023 shall going forward be referred to as Section 51.

2.1 Section 52(23)(1)(a) and (g):

The current Section 52(23)(1)(a) and (g) is hereby amended by the deletion of priority population groups and location of business enterprise respectively. The phrase “Priority Population Group” shall going forward be replaced with “Black People”.

Therefore, the proposed provision shall going forward read as Section 51(23)(1)(a) to (f) as shown herein below:

- (a) **Black People**
- (b) **Women**
- (c) **Youth**
- (d) **Disabled**
- (e) **Co-operatives**
- (f) **Military Veterans**

2.2 Section 52(23)(2), (3), (4) and (5):

The following Section as contained in the approved SCM Policy 2023 is hereby amended by a way of deleting all provisions that relate to Targeted Procurement. The latter procurement strategy is one of the provisions that have been deemed by the Court to be unconstitutional and unlawful.

- (2) **Tender(s) received needs to be evaluated in terms of the preference point system first. Once the highest points scorer has been ascertained only then the targeted procurement will be applied. Targeted Procurement will justify the award of tender to a tenderer with lower preference points score.**
- (3) **Targeted Procurement Criteria will be applied, where feasible, on a tender-by-tender basis.**
- (4) **In the event where a tender with the highest number of preference points score does not meet the targeted procurement criteria set for the specific tender, then the next responsive tender with lower preference points score and who meets targeted procurement criteria must be considered for the award of a tender.**

If the tendered price of the next responsive tender who meets the targeted procurement criteria is too high than that of a tender with a highest number of preference points score, the Organ of State must ensure that a cost-effective price is derived through employing one of the following options through a negotiation process with the preferred bidder:

- (a) **That the next responsive tender who meets targeted procurement criteria accepts the lowest responsive price of a tender that did not meet the targeted procurement criteria.**
- Or**
- (b) **That the next responsive tender accepts a tender price that is market-related as was determined by the Municipality through the budgeting process of the tender itself.**
- (5) **Where negotiations fail the Municipality reserves the right to cancel the tender or consider the highest-scoring bid in terms of preference points scoring.**

As a result of the deletion of the above provisions, proposed Section 51(23)(2) that relates to the scoring of preferential points is hereby amended by insertion of the new provision to read as follows going forward:

- (2) **The contract must be awarded to the tenderer who scores the highest preferential points unless objective criteria in addition to those contemplated in paragraphs (d) and (e) of Section 2(1) of the Preferential Procurement Policy Framework Act (PPPFA) justify the award to another tenderer.**

The above recommendations were, by the majority vote, ADOPTED, with the Democratic Alliance abstaining from voting on this matter.

7. ETHEKWINI MUNICIPALITY DRAFT INTEGRATED DEVELOPMENT PLAN
2024-2025 (2/1/6/1)

(Page 50)

As per the statutory requirement, the eThekweni Municipality's Integrated Development Plan (IDP) has been reviewed for the 2024-25 financial year. The IDP has been reviewed accordingly, and the changes effected include the following:

- (i) The situational analysis has been updated with information provided by the relevant line departments.
- (ii) An updated Chapter 2: New Urban Agenda; Sustainable Development Goals; AU Agenda; SONA; Strategic approach to include the Integrated Urban Development Framework; Medium Term Strategic Framework and Updated SIP Projects.
- (iii) Line departments and political representatives would have a further opportunity to comment on these chapters during the public participation phases and leading up to the final approach in April/May 2024.
- (iv) Updated projects Matrixes to indicate alignments with the new Urban Agenda; Paris Agreement; Sendai Framework; Local Government Manifesto.
- (v) Comments raised by the MEC for COGTA in the 2023-24 assessment has been considered, and where possible addressed in the draft IDP.

With the Committee acknowledging the necessary compliance requirements associated therewith,

COMMITTEE RECOMMENDS:

That Council notes the first draft Integrated Development Plan 2024/2025, details of which are contained in the report by the City Manager dated 2024-02-28, compiled in line with the requirements of the Local Government: Municipal Systems Act, No.32 of 2000, and copies to be submitted to the KwaZulu-Natal MEC for Cooperative Governance and Traditional Affairs for preliminary assessment and released for public comment for a period of thirty (30) days, and based on comments received from internal and external stakeholders the relevant sections within the draft to be amended and tabled with the Medium Term Revenue and Expenditure Framework (Budget) for final adoption in April/May 2024.

NOTED.

8. DRAFT BUDGET 2024/2025 – 2026/2027 MEDIUM TERM REVENUE AND
EXPENDITURE (MTREF)

(Item on agenda and circulated separately)

Prior to engaging on the draft budget, the Executive Committee took cognisance of the importance to treat the budget with confidentiality until the document is tabled before the full Council for all Councillors to obtain similar information without having read about it in the media.

With consensus having been reached on the aforesaid approach, the 2024-2025 budget was then tabled, confirmation being given that it is balanced and has been prepared in terms of the guidelines as contained in National Treasury's MFMA Circular No. 126. The budget format and content incorporate the requirements of the Municipal Budget and Reporting Regulations.

It was reported that the Budget has been prepared within the following context:

- Competing IDP priorities.
- Complex municipal operating environment.
- The budget is based on a projected collection rate of 93%.
- Declining trend of cash reserves owing to rising operating costs.
- Huge backlogs and further demands due to impact on urbanisation.
- The operating costs on IRPTN will impact hugely on the city's finances.
- Current associated economic impact on the affordability of business & consumers.
- The Budget must be balanced, realistic, and fully funded. Tariff increases must be cost-reflective and affordable.
- Reduced income from Electricity, Water & Solid Waste due to a decrease in sales volumes.
- Major damage to infrastructure caused by the floods and recent inclement weather in KZN.
- Minimal growth in Rates base, whilst there is negative growth in real terms on water & electricity income.

The tables below narrate the budget for the Municipality and its entities.

1. TOTAL BUDGET 2024/2025 MTREF:

1.1 Consolidated Budget (including entities):

Details	Budget Year 2024/2025	Budget Year 2025/2026	Budget Year 2026/2027
	R'000	R'000	R'000
Operating budget	59 738 202	64 564 058	71 134 335
Capital budget	7 546 738	6 629 855	6 218 135
Total Budget	67 284 940	71 193 913	77 352 470

1.2 Parent municipality (excluding entities):

Details	Budget Year 2024/2025	Budget Year 2025/2026	Budget Year 2026/2027
	R'000	R'000	R'000
Operating budget	59 166 619	63 895 388	70 351 273
Capital budget	7 474 629	6 578 735	6 166 685
Total Budget	66 641 248	70 474 123	76 517 958

2. Rates and Tariff Increases:

The detailed basis of the budget can be found in the Medium-Term Revenue and Expenditure Framework 2024/2025 to 2026/27 tabled to Council.

Tariffs over the medium term are as follows:

SERVICE	2024/2025	2025/2025	2026/2027
Assessment Rates	7.9 %	7.6 %	7.5 %
Water	14.9 %	14.9 %	
• Residential	14.9 %	14.9 %	14.9 %
• Business			14.9 %
Electricity	14.0 %	13.24 %	13.68 %
Sanitation	12.9 %	12.9 %	
• Residential	12.9 %	12.9 %	12.9 %
• Business			12.9 %
Refuse			
• Domestic	8.0 %	9.9 %	9.9 %
• Sundry / Business	9.0 %	9.9 %	9.9 %

3. Other Tariffs:

The tariff increases in respect of the other tariffs is tabled with the budget documents titled “Tariff Tables 2024/2025.

4. Capital Budget:

The capital budget of the City projects a spending plan of R20.4 billion over the next three-year period. The capital budget continues to reflect consistent efforts to address backlogs in basic service delivery and the renewal of the infrastructure of existing network services especially regarding Water and Sanitation.

The ability of the Municipality to deliver on progress depends a lot on its funding sources which is summarised as follows:

Details	Estimates 2024/25 R'000	Estimates 2025/26 R'000	Estimates 2026/27 R'000
Total Proposed Budget	7,546,738	6,629,855	6,218,135
Funded as follows:			
Grant Funding	3,445,187	3,397,302	3,556,904
Public Contribution	7,542		
Borrowing	1,500,000	1,000,000	1,000,000
Internally generated funds	2,594,009	2,232,553	1,661,231
Total Capital Funding	7,546,738	6,629,855	6,218,135

Governments grants are budgeted to continue to fund the bulk of capital expenditure over the next three years, covering over 51% of the capital expenditure. The biggest risk to the current capital expenditure funding is the decreasing availability of internal funding to fund capital expenditure. This is due to reduced income from Trading Services resulting in a reduction in operating surpluses that are available to fund capital expenditure.

5. Grants Allocation:

The following projected grant allocations to the municipality in terms of the 2024 Division of Revenue Bill have been included in this medium-term budget.

GRANT	2024/25 R m	2025/26 R m	2026/27 R m
Energy efficiency and Demand Side Management Grant	7.0	7.0	8.0
Financial Management Grant	1.0	1.0	1.2
Public Transport Network Grant	921.4	853.9	825.9
Equitable Share	4 827.9	5 208.9	5 625.7
Urban Settlements Development Grant	1 498.1	1 441.6	1 708.2
General Fuel Levy	3 742.9	3 934.5	4 139.7
Informal Settlements Upgrading Partnership	785.5	820.7	858.3
Infrastructure Skills Development Grant	25.5	30.0	33.0
Neighbourhood Development Partnership Grant	45.6	45.0	72.0
Programme & Project Preparation Support Grant	40.0	42.0	44.0
Expanded Public Works Programme Incentive Grant	18.8	0	0
Public Employment Programme Grant	107.0	0	0

During the discussion, the DA abstained on the matter at this stage of the proceedings. The other Political Parties present supported the draft budget, on the understanding that this is still to be subjected to a public participation process.

The ANC then urged Political Parties to allow the public participation process to commence and progress in a fair and transparent manner. The Parties were in particular cautioned against instigating the community when dealing with the proposed tariffs increases. The ANC advised that the proposed tariffs increases were still under discussion and after public comments these would be considered further to then arrive at the final tariffs increases to be implemented with effect from 01 July 2024

The ANC recorded that there are certain parts that the Party also has reservations on but will first allow the public participation process. Reference was made to water and sanitation for instance, that this requires urgent attention, and thus a need to consider increasing capital budget for this purpose. Also, the critical aspect to address the issue of gravel roads in old townships.

Thereafter, it being agreed to allow the public participation process for the draft budget and related policies and plans,

COMMITTEE RECOMMENDS:

8.1 That the eThekweni Municipality approves in-principle, and subject to the public participation process, the draft budget for the 2024/25 - 2026/27 Medium Term Revenue and Expenditure of the Municipality and its entities tabled in terms of Section 24 of the Municipal Finance Management Act (MFMA), and it being recorded the draft budget will be subjected to further considerations arising from inputs/comments of the public participation process.

8.2 That notes be taken of the contents of the budget documentation circulated in accordance with the Municipal Finance Management Act, No.56 of 2003, and comprising the following recommendations:

8.3 Estimates of Income and Expenditure:

8.3.1 That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality for the financial year 2024/25; and indicative allocations for the two projected outer years 2025/26 and 2026/27; and the multi-year and single year capital appropriations are approved as set-out in the following tables of the budget document:

- Budgeted Financial Performance (Revenue & Expenditure by Standard Classification) **(Table A2; Page 79)**
- Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) **(Table A3; Page 80)**
- Budgeted Financial Performance (Revenue by Source and Expenditure by Type) **(Table A4; Page 81)**
- Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source **(Table A5; Page 82)**

8.3.2 That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables:

- Budgeted Financial Position **(Table A6; Page 84)**
- Budgeted Cash Flows **(Table A7; Page 86)**
- Asset Management **(Table A9; Pages 88-90)**
- Cash backed reserves **(Table A8; Page 87)**
- Basic Service Delivery Measurement **(Table A10; Page 91)**

8.4 Municipal Entities:

That the Municipal Entities budget as reflected on pages 243 to 265 be approved

8.5 Recapitulation: Valuation of Rateable Property:

That it be recorded that the recapitulation certificate summarising the valuations of rateable property, as certified by the City Valuer.

The following resolutions, pertaining to property rates (items 8.6 to 8.11) and in conformity with the provisions of Section 14 of the Local Government: Municipal Property Rates Act 6 of 2004 and Sections 17 (3) (a) (ii) and 24 (2) (c) (i) of the Local Government: Municipal Finance Management Act 56 of 2003, be adopted.

8.6 Determination of Rates:

In terms of Section 8 of the Local Government: Municipal Property Rates Act, 2004 read together with the eThekweni Municipal Rates Policy, as amended, and to be adopted with the current budget, the Municipality may levy different Rates for different categories of Property.

The proposed rate randage for the financial year 2024/2025, be revised as set out below and levied in respect of the following categories at:

CATEGORY OF PROPERTY	Current Budget 2023/24 Cents in the Rand	2024/25 Cents in the Rand	2025/26 Cents in the Rand	2026/27 Cents in the Rand
Agricultural	0.3191	0.3443	0.3705	0.3983
Business & Commercial	3.2271	3.4820	3.7467	4.0277
Outside Urban Development Line	2.0984	2.2642	2.4363	2.6190
Industrial	4.1643	4.4933	4.8348	5.1974
Public Service Infrastructure (PSI)	0.3191	0.3443	0.3705	0.3983
Residential	1.2765	1.3773	1.4820	1.5932
Unauthorised/ Abandoned/ Illegal Usage	23.6728	25.5430	27.4842	29.5455
Vacant Land***	8.3855	9.0480	9.7356	10.4658
Sectional Title Registered Real Rights of extension	8.3855	9.0480	9.7356	10.4658
Mining property	4.1643	4.4933	4.8348	5.1974
Public Service Purpose (PSP)	3.2271	3.4820	3.7467	4.0277
Public Benefit Activities (PBA)	0.3191	0.3443	0.3705	0.3983

Multiple-Use Property will be dealt with in accordance with the Rates Policy.

8.7 Exemptions, Rebates and Reductions:

That the following reductions on the market value of the property and rebates on the rates payable, be and are hereby granted in accordance with the Municipal Rates Policy.

8.7.1 Residential Property:

That in addition to the statutory reduction of R15 000, a further reduction of R105 000 be and is hereby approved for property values exceeding R350 000.

8.7.1.1 Indigent Households:

- (i) That all residential properties with a market value of R350 000 and less, as assigned in the valuation roll or supplementary valuation roll, be recognized as indigent households for the purposes of relief contemplated in the Indigent Policy and qualify for a 100% exemption from rates.
- (ii) That residential households with a property market value of R650 000 and below of which the aggregate monthly household income is R7,000 or less, be eligible to apply for registration as an indigent household under the Indigent Policy, provided all criteria set in the Indigent Policy is met.

8.7.2 Public Benefit Organisations:

8.7.2.1 That on application and approval, only Public Benefit Organisations listed in Clause 7.5 of the Municipal Rates Policy 2024/2025 shall receive an exemption from rates.

8.7.2.2 That it be recorded that Public Benefit Organisations that do not qualify for exemption from rates in terms of (8.7.2.1) above, shall be rated in accordance with the Municipal Property Rates Regulations on the Rate Ratio between Residential and Non-Residential Categories of Property published in Notice R195 dated 12 March 2010, namely at no more than 25% of the residential property rate-in-the-rand. Expressed as a ratio in relation to residential property, this is 1:0.25.

8.7.3 Senior Citizens, Disability Grantees / Medically Boarded Persons and Child Households:

8.7.3.1 That where a property is not exempt from rates in terms of (8.7.1.1) above, a rebate not exceeding R5 290 or such lesser amount as may otherwise be payable, be and is hereby approved in addition to the reduction stipulated in (8.7.1) above for qualifying Senior Citizens, disability grantees / medically boarded persons and child headed households as defined in the rates policy.

8.7.3.2 That it be and is hereby resolved to place a maximum limit of - R2.5 Million on the value of the property, in order to qualify for the Senior Citizens rebate in (8.7.3.1) above.

8.7.3.3 That it be and is hereby resolved that a rebate under Clause 7.2.2.4 of the rates policy may be granted to qualifying Senior Citizens who are trustees in a trust, notwithstanding that an independent professional person also holds office as a trustee and does not meet the qualifying criteria.

8.7.3.4 That it be and is hereby resolved that, for the purposes of Clause 7.4.2.3 (Child Headed Households) of the Rates Policy and the rebate contemplated in (8.7.3.1) above, no threshold limit be imposed on the value of the property.

8.7.4 Life Rights Schemes and Retirement Complexes:

That on application and approval, a 25% rebate be granted to qualifying Life Rights Schemes and Retirement Complexes registered in terms of the Housing Development Scheme for Retired Persons Act 65 of 1988.

8.7.5 Schools Not for Gain:

That a rebate of 50% be and is hereby granted to qualifying schools not for gain.

8.7.6 Bed & Breakfasts Undertakings:

That on application and approval a rebate of 35% be granted to all bed & breakfast establishments that satisfy the requirements of the Municipal Rates Policy, as amended.

8.7.7 Back-Packer Lodges, Holiday Accommodation and Student Accommodation:

8.7.7.1 That on application and approval, the following rebates shall apply to Back-packer establishments that satisfy the requirements of the Municipal Rates Policy, as amended:

- a) Where up to 40 beds are available to guests, a rebate not exceeding 50% will apply.
- b) Where up to 80 beds are available to guests, a rebate not exceeding 25% will apply.

8.7.7.2 That on application and approval, property let out for the purposes of Holiday Accommodation, be granted a rebate of 35%.

8.7.7.3 That on application and approval, property let out for the purposes of Student Accommodation, be granted a rebate of 25%.

8.7.7.4 That the rebate for Student Accommodation be restricted to those properties that are located within areas identified in the Municipality's Land Use Scheme as being suitable for student accommodation. Where properties are owned by an Organ of State, the Organ of State must be registered as an institution of Higher Learning.

8.7.8 Disasters:

- 8.7.8.1 That properties that have been damaged by a disaster, as defined in terms of the Disaster Management Act, 2002 may be revalued provided an application is made within sixty (60) days from the date of such disaster.
- 8.7.8.2 That on application and approval, a temporary rebate of 75% be granted in respect of property damaged by causes other than those defined by the Disaster Management Act, 2002, as contemplated in Clause 7.11.1 of the Municipal Rates Policy; for a period of six months or a portion thereof.
- 8.7.8.3 That on application and approval, a further temporary rebate of 75% be granted thereafter in respect of property referred to in Clause 7.11.1 of the Municipal Rates Policy for a period not exceeding six months provided an application is made within forty-five (45) days prior to the expiry of the six-month period.
- 8.7.8.4 That the rebate is granted on the category of property prior to damage.
- 8.7.8.5 That the Municipal Council may determine if a rebate is to be granted in relation to a disaster as envisaged in 7.11.1 of the Municipal Rates Policy. In this regard a special rebate be allowed.
- 8.7.8.6 An application for rebate must be made within one hundred and eighty days (180) days from the date of the disaster.

8.7.9 Vacant Land:

- 8.7.9.1 That the reduction of R30 000 on the market value of Vacant Land as defined in the amended Rates Policy, be granted.
- 8.7.9.2 That on application and approval, property categorised as vacant land, be granted a rebate of 10%.

8.7.10 Properties in the Ownership of the Municipality or Municipal Entities or Held in Trust by the Municipality:

- 8.7.10.1 That all municipal owned properties are exempted from property rates, except for Trading Services and municipal owned properties where the Municipality has entered into an agreement with any person, indicating otherwise.
- 8.7.10.2 That a rebate of 63% be and is hereby granted to the International Convention Centre in respect of property rates payable to the Municipality.
- 8.7.10.3 Properties held in trust in perpetuity by the Municipality in terms of a testamentary trust and where municipal officials hold letters of authority in terms of the Trust Property Control Act, 1988 (Act No.57 of 1988) are exempted from rates unless an agreement between the Municipality and any person specifies the contrary.

8.7.11 Nature Reserves and Conservation Areas:

8.7.11.1 That on application and approval:

- (i) Nature reserves and conservation areas shall be exempted from rates.
- (ii) The Council may grant a rebate or reduction up to 25% in respect of an environmentally sensitive land as identified in the Municipal Land Use Scheme.

8.7.12 Economic Development:

8.7.12.1 Economic Development Incentives applicable to valid and subsisting Rates Rebate Agreements concluded in the 2015-2016 to 2019-2020 financial years in accordance with Clauses 14.1-14.6 of the Rates Policy, as amended from time to time-

(i) Greenfield Developments in Priority Areas:

That all non-residential developments which are located in Priority Areas, shall continue to receive a rebate limited to the difference between the Vacant Land rate randage and that of the intended use of the developed land until such time as the respective Agreements expire by effluxion of time or are terminated.

(ii) Brownfield Developments in Priority Areas:

That all non-residential developments which are located in Priority Areas shall continue to receive a rebate based on the value of the development as per the table below until such time as the respective Agreements expire by effluxion of time or are terminated:

VALUE OF DEVELOPMENT R (MILLIONS)	PERCENTAGE REBATE ON RATES
0 - 50	15%
51 – 150	25%
151 – 300	50%
301 and above	65%

8.7.12.2 Economic Development Investment Incentives Applicable:

That subject to compliance with criteria contained in the Economic Development Incentive Policy read together, where applicable, with the Rates Policy, a rebate may be allowed for the following identified investment categories (i.e. Investment Value, Jobs Created, Targeted Sector, Spatial Priority). The rebate will be per property for greenfield and brownfield developments in commercial, industrial or multiple use developments.

The maximum rebate available will be the aggregate of the percentage rebates assigned to the qualifying criteria as set out in the table below:

Qualifying Criteria and Formula approved as part of the City's Budget Process:

CATEGORY	CRITERIA	INVESTMENT VALUE	MAXIMUM %AGE REBATE
Investment Value	New investment in any Industrial or Commercial or Mix Use Property Development.	R<1million – R299 million; or	10%
		>R300 million	20%
Jobs Created	FTE Jobs Created calculated post construction in new investment in any Sector for a maximum 3-year period.	All-inclusive values	
	• 20-250 jobs		10%
	• 251 jobs and above.		20%
Targeted Sectors	Investment in Targeted Sectors as defined in the eThekweni Economic Strategy 2022 to 2027	All-inclusive values	40%
Spatial Priority: Secondary Economic Nodes, Former Township Areas; Transit Oriented Development Nodes, Prime Investment Corridor, Urban Zones, Bespoke Inner City & Surrounding Areas and Densification Zones.	Investment in Spatial Priority Area. As defined in the City's Spatial Development Plan & the eThekweni Economic Strategy 2022 to 2027	All-inclusive values.	20%

- (i) The incentive policy will not be implemented retrospectively but rebates as stated herein will be implemented for a maximum period of 3-years from date of approval or as approved from the date post construction. Applicants are required to submit an application by 31st January as per Section 14.11 of the Rates Policy, thereby allowing the Municipality to budget accordingly in anticipation of approval.
- (ii) The incentive is not available to residential property which has not been identified within the Densification Strategy and the Inner-City LAP of the City.

8.7.13 Special Rating Areas:

8.7.13.1 That the existing Special Rating Areas as indicated in Annexure A be hereby noted.

8.7.13.2 That in respect of the Special Rating Areas, additional rates, as indicated in Annexure A hereto, be approved and levied (subject to any exclusions or exemptions determined in the Municipal Rates Policy) in respect of each category of rateable property within the boundaries of the Special Rating Area.

8.7.13.3 That it be noted that in accordance with Clause 9.2.1.3 of the Municipality's Rates Policy, the Additional Rate contemplated in terms of section 22 of the Act may not exceed 25% of the municipal rates payable by the registered owner of a rateable property.

8.7.14 Consulates:

That property owned by Consulates be valued and rates be raised and recovered from the Department of International Relations and Co-operation in terms of the Diplomatic Immunities and Privileges Act 2001 (Act 37 of 2001).

8.8 Phasing in of Rates:

A rate levied on property belonging to a Land Reform Beneficiary or his or her heirs must, after ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds, be phased in over a period of three financial years.

8.9 Threshold Values Determined in Terms of the Credit Control and Debt Collection Policy:

8.9.1 That the threshold value determined in terms of Clause 6.5 with regards to the payments made by debit card or credit card be set at a maximum amount to be determined by the CFO;

8.9.2 That the percentage payable to employers where they deduct rates and or other municipal charges as per Clause 11.3 be set at 2.5% on the total amount deducted monthly;

8.9.3 That the property threshold for debt relief as per Clause 15.2(c) be set at R350 000.00 of the market value of the property as recorded in the Municipal Valuation Roll;

8.9.4 That the property value for the adjustment of water losses as per Clause 16.4 be set at R500 000.00;

8.9.5 That the property threshold for the prepayment recovery as per Clause 20.2 be set at R350 000.00.

8.9.6 That the property threshold value for which the Municipality will not attach the primary property for judgement debt as per Clause 22.3 be set at R650 000.00

8.10 Date of Operation of Determination of Rates:

That this determination comes into operation on 1 July 2024.

8.11 Final Date for Payment of Rates:

8.11.1 Where rates are payable in monthly instalments, such payments shall be in twelve (12) equal or near equal instalments payable 21 days from the date of account.

8.11.2 Where rates are payable annually the final date for payment shall be 31 October 2024, provided that where this date falls on a Sunday or public holiday payment shall occur on the last working day prior to such Sunday or public holiday.

8.12 Administration Charge on Arrear Debts:

That the administration charge on arrear debts as referred to in Clause 9.8 of the Credit Control and Debt Collection Policy is determined at 10%. Collection of arrear debts is in accordance with the Credit Control and Debt Collection Policy.

8.13 Interest on Arrears:

That the interest rate to be applied to arrear accounts with effect 1 July 2024, shall be the interest rate as prescribed by Regulation 9 of the Municipal Property Rates Regulations, 2006.

8.14 Other Tariffs and Charges:

That other tariffs and charges as circulated with the budget document in terms of section 24(2)(c)(i) be approved for the financial year commencing 1 July 2024.

8.14.1 Rural Sustainable Services Charge:

8.14.1.1 That it be and is hereby resolved to charge a flat Rural Sustainable Services charge from each rural property as follows:

- | | |
|--|-----------------------|
| • Households (residential property) | R100 (VAT exclusive) |
| • Churches and Non-Profit Organizations | R100 (VAT exclusive) |
| • Businesses and Commercial properties | R1000 (VAT exclusive) |
| • Government and Organ of State properties | R1000 (VAT exclusive) |

8.14.2 Infrastructure Surcharge:

8.14.2.1 That an additional infrastructure surcharge of R1,50/kl for water be charged for the three (3) financial years 2022/2023, 2023/2024 and 2024/2025 in conjunction with the base tariffs in the report WS2022/036 (Potable Water and Sundry Water Tariffs for the 2024/25 Financial Year).

8.14.2.2 That an additional infrastructure surcharge of R1,50/kl for sewage disposal be charged for the three (3) financial years 2022/2023, 2023/2024 and 2024/2025 in conjunction with the base tariffs in the report WS2022/037 (Sewage Disposal Usercharge and Sundry Tariffs for the 2024/25 Financial Year)

8.15 Domestic Water Debt Relief Programme:

That it be and is hereby resolved to place a maximum limit of R350 000 on the rateable value of the property in order to qualify for the Water Debt Relief Program.

8.16 BUDGET RELATED POLICIES:

8.16.1 Rates Policy:

The Rates Policy has been reviewed for the 2024/25 financial year, as required in terms of Section 5 of the Municipal Property Rates Act (MPRA), and the amended policy was adopted in principle by Council on 2024- 01-31 for public participation with a closing date of 15 March 2024. The proposed major amendment to the policy is the provision of the vacant land rebate in Clause 7.12.4 to 7.14.9; the re-instatement of Clause 7.13.2.4 and 7.13.2.4 on the provision of rebate to property owners whose property are identified by the Municipal Land Use Scheme as an environmentally sensitive land. Lastly, the removal of Clause 7.14.1 – 7.14.4 on rebate of the Green Certified Building, pending the finalisation of the Green Certified Building Incentive Policy by Biodiversity Management Department.

8.16.2 Credit Control and Debt Collection Policy:

As required in terms of section 97 of the Municipal Systems Act, the Credit Control and Debt Collection Policy for the 2024/25 financial year has been reviewed with the following amendment to the Policy:

- (i) Clause 23.12, which prescribes the payment requirements for credit agreement between the Municipality and debtors / customers.

8.16.3 Tariff Policy:

The policy has been reviewed for the 2024/25 financial year and the major amendments to the policy are as follows:

- (i) Clause 8 amendment seeks to align categories of properties to those in the Property Rates Policy;
- (ii) Clause 9.3, the insertion of the 'Availability fee 'which was omitted in the definition table.
- (iii) Lastly, the removal of Clause 11, cross subsidisation. This Clause is redundant and no longer applies in the current tariffs.

8.16.4 Funding and Reserves Policy:

A funding and reserves policy has been formulated and was approved by council at its meeting on 2010-05-03. The policy is aimed at ensuring that the Municipality procures sufficient and cost-effective funding in order to achieve its capital expenditure objectives in an optimum manner.

8.16.5 Budget Policy:

There were no amendments to the Budget Policy which was approved by Council on 23 February 2011.

8.16.6 Investment / Cash Management and Borrowing Policies:

- 8.16.6.1 As required by the Municipal Finance Management Act, and in conformity with the Municipal Cash Management Regulations, the Investment Framework policy and Guidelines has been reviewed. The policy was last reviewed on 2023-06-26 with the proposed changes to be submitted to Council for approval.

8.16.6.2 The borrowing Framework Policy and Guideline has also been reviewed. The policy was last reviewed on 2023-06-26 with the proposed changes to be submitted to Council for approval.

8.16.7 Supply Chain Management Policy:

The 2023 Policy has been reviewed and amended to enable the procurement of goods and services to be within the new prescribed thresholds for formal written price quotations and for competitive bidding process in line with National Treasury's revised threshold values for the procurement of goods and services.

The amendments to the SCM Policy 2023 are to be submitted to Council for approval.

8.16.8 Indigent Policy:

The policy has been reviewed for the 2024/25 financial year with no major amendment to the policy.

8.16.9 Other Budget Related Policies:

That in terms of Section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, there are no proposed amendments to any other budget related policies.

8.17 Capital Expenditure Estimate:

8.17.1 That in those instances where information has been provided in terms of Section 19(2)(b) of the Municipal Finance Management Act No. 56 of 2003, together with project procurement scheduling, the approval of the capital budget constitutes project approval for the specific projects as reflected in the detailed capital budget. It being noted that project budgets will be re-prioritised if departments fail to submit their project procurement schedules.

8.17.2 Where information in terms of Section 19(2)(b) is not provided, specific project approval is to be sought from Municipal Council during the year and that approval by Municipal Council be given only if the report seeking approval is accompanied by the specific project procurement schedule. All Capital projects must have QAC and Architecture Unit Approval (where applicable) for inclusion in the budget.

8.17.3 That the borrowing to fund the capital budget be R1.5 Billion to deal with infrastructure projects and R 1 Billion per annum for the outer 2 years.

8.17.4 That Project authority be granted for the Projects listed on Annexure B, that are not funded or partially funded subject to savings being identified during the year or Section 33 of the MFMA being complied with if funding is beyond the MTREF.

8.17.5 That the capital budget procurement process commences with the approval in principle of the tabled budget.

8.17.6 That authority be granted for projects from Programme and Project Preparation Support Grant (PPPSG) with a positive return on investments (ROI), to be considered for approval subject to the identification of savings being identified during the years.

8.17.7 That Service delivery should not be compromised, ward-based projects be accelerated per zonal plans allocation and the visibility of service delivery must be ensured. Zonal Plans allocation will be R1 Million for all wards except the disadvantaged wards that will share the balance to address service delivery backlogs.

8.18 Borrowings to Finance the Capital Budget:

That authority be sought from the Municipal Council for the raising of appropriate long-term debt in terms of Section 46 of the Municipal Finance Management Act No 56 of 2003, to finance in part the municipality's capital budget over the MTREF period.

In this regard authority is sought for an amount of R1.5 bn for 2024/25 and R1 Billion per annum for each of the outer years of the MTREF period.

8.19 New Functions/ Services:

That no new functions or service be introduced without specific approval thereto by the Council after full consideration of the effect thereof on the municipality's Budget. In addition, the budgets pertaining to new functions or services can only be approved in principle and thereafter would have to be prioritised in terms of the Integrated Development Plan together with all other submissions that have been received.

8.20 Measurable Performance Objectives:

That in terms of Section 24(2)(c)(iii) of the Municipal Finance Management Act No. 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium-term revenue and expenditure framework as set out in **Table SA7 (Page 156)** be approved.

8.21 Integrated Development Plan (IDP):

That the draft reviewed Municipality's Integrated Development Plan (IDP) tabled with the budget in terms of Section 17(3)(d) of the Municipal Finance Management Act No.56 of 2003, it being recorded that the annual review process as prescribed in terms of Section 34 of the Municipal Systems Act, is continuing and that a report to the Executive Committee will be submitted on completion of the consultative process.

8.22 Particulars of Investments:

That in terms of Section 17 (3) (f) of the Municipal Finance Management Act No. 56 of 2003, particulars of the municipality's investments are reflected in **Tables SA15 – SA16 (Pages 167-168)**

8.23 Remuneration of Councillors and Senior Officials:

That in terms of Section 17(3)(k) of the Municipal Finance Management Act No.56 of 2003 that the proposed cost to Council of the salary, allowances and benefits of each political office bearer, councillor and senior officials of the municipality and its entities, is reflected in **Table SA23 (Page 176)**

8.24 Housing/Hostels Deficit:

8.24.1 That the estimated Formal Housing Deficit of R63.2m for the 2024/2025 financial year be met from the Rate Fund.

8.24.2 That the estimated New Development Housing and Hostels deficit of R299m be funded from the Rate Fund.

8.24.3 That appropriate interventions be escalated by the Executive Committee including, inter alia, the phased introduction of economic rentals, the constructive engagement of the Provincial State Authorities to secure additional funding and develop / introduce strategies to reduce electricity and water consumption.

8.25 Unfunded Mandates:

That the eThekweni municipality make representation to the Provincial and National Government regarding unfunded mandates presently undertaken by the Municipality with a view to securing funding for and handing over of these services in terms of the mandates as stipulated by the Constitution. Develop an interim approach on addressing unfunded mandates based on Rand for Rand.

The cost of unfunded mandates is set out hereunder:

DETAILS	<u>BUDGET 2024/25</u> <u>R M</u>
Libraries	407.3
Health – Other than municipal health services	172.2
Museums	88.9
Housing: New Development and Hostels	299.0
Formal Housing	63.2
TOTAL	1 030.6

8.26 Impact of Housing Expenditure on the Cash Reserves:

8.26.1 That municipality makes further representation regarding expenditure incurred in previous years by the municipality amounting to R4.8bn for the construction and provision of housing done on an agency basis on behalf of the KZN Department of Human Settlements (KZN DOHS)

8.26.2 In addition, in order to avoid the cash reserves dropping below prudent levels that could negatively impact our good credit rating, the municipality only implement KZN DOHS approved housing projects and implementation (incl. invoicing and submission of claims to KZN DOHS) of these approved projects to be in line with the approved KZN DOHS budget and cash flows. It should be noted that the City has taken a decision to align project cashflows with KZN DOHS, which has proven to be impractical owing to the misalignment of financial years. The three months overlap continuously creates a gap, in which the MTREF view may need to be incorporated, to enable mid-term financial decisions.

8.27 Expenditure Control, Austerity Measures & Tariffs in the Current State of the Economy:

8.27.1 That given the current economic climate, further austerity measures be considered, and that all departments review their expenditure and ensure that the municipality is getting the best value for all expenditures.

8.27.2 That in view of water, sanitation, and electricity increases and the decreasing volumes of sales over the past few financial years, the sustainability of these services needs to be closely monitored. Tariff structures as well as alternate sources of revenue need to be considered together with the improved effectiveness of spend.

8.27.3 The security tender be urgently finalized, the right sizing of services done and the replacement of services with electronics be considered

8.27.4 That Cost containment regulations have strictly adhered to cost containment concerning travel, entertainment, eventing, consultants etc.

8.27.5 That urgent interventions be put in place to improve the collection rates in hostels and that appropriate sanctions be considered to enforce payment.

8.27.6 That Manager's closely monitor the use of municipality vehicles and ensure that all trips are justified and in the best interest of municipality. i.e., Effective and efficient use of Fleet across the city

8.28 Free Basic Services:

8.28.1 That the Free Basic Services Package as set out on **page 104** is approved for the budget year 2024/2025.

8.28.2 That in view of the sustainability of providing free basic services a flat rate for services be considered so that costs will be recovered based on prepaid electricity sales as a matter of urgency

8.29 Off Balance Sheet Financing:

That approval in principle be granted for alternate financing options/models to be considered, incorporating but not limited to Sect 33 (Contracts having future budgetary implications) of the MFMA type arrangements, to finance major infrastructure works requiring significant capital sums over several years where risks and rewards are equitably shared between the municipality and its chosen partner/s. Each specific project will be submitted to Council for consideration.

8.30 Food Aid Programme (Soup Kitchens):

8.30.1 That in order to assist the municipality in its food aid program and maximize this service, this programme has been developed as an intervention that aims to relieve the impact of poverty and to assist people to escape the cycle of poverty and indigence.

8.30.2 The programme benefits about 550 beneficiaries per day per site. There are currently 87 functional sites spread across the municipality with plans to expand this to 94 sites in the 2024-25 financial year.

8.30.3 This programme is funded with an operational budget of R137m in the 2024-25 financial year which covers the cost of groceries, bread, gas, stipends, and other sundry operations expenses.

8.30.4 In order to sustain this programme, public-private partnerships will be explored with other external role-players such as NGOs and religious organisations.

8.31 Destination Marketing Programmes:

8.31.1 That Council approves the hosting of the destination marketing programs as budgeted for.

8.31.2 That be recorded that:

- a) In addition to the global impact of Covid that affected the tourism sector, the tourism sector of Durban was further affected by unique disasters.
- b) The 2021 July Unrest affected the destination's tourism economy and brand which reduced visitors' confidence to choose the destination resulting in visitor numbers declined.
- c) As depicted in TABLE A, for 2 consecutive years, the performance of the eThekweni Municipality Industry was on the decline.

TABLE A:

Number of Visitors	2017	2018	2019	2020	2021
Domestic overnight	3 458 211	3 376 504	3 545 534	1 664 127	2 082 176
International overnight	339 007	281 040	283 604	69 553	58 271
Total overnight visitors	3 797 218	3 657 544	3 829 138	1 733 680	2 140 447
Day visitors	1 286 052	1 256 029	1 273 308	823 386	1 133 131
Total visitors	5 083 270	4 913 573	5 102 446	2 557 066	1 273 578

- d) The relation festive season decline trend was observed in past 3 years as depicted in TABLE B and the recovery from that, is as per strategic focus of national and international destination promotion programmes, media partnerships and business tourism through MECE. The decline included the loss of domestic market share which is the biggest portion of visitors segment for Durban.

TABLE B:

SEASON ECONOMIC IMPACT TREND: 2020/2021; 2021/2022 AND 2022/2023			
	Festive Season 2020/21	Festive Season 2021/22	Festive Season 2022/23
Accommodation Occupancy	55%	68%	60%
Number of Visitors	313 893 (ON 207 125 , Day 97 307)	781 707 (ON 547 195, Day 234 512)	329 588 (ON 222 820, Day 136 731)
Direct spend (R' million)	R522 471 574	R1 276 715 053	R548 595 153
GDP contribution (R' million)	R 1 292 588 782	R3 191 787 632	R1 371 487 883
Employment contribution (permanent)	2 886 4000 (temp)	6 782 11000 (temp)	3 031 4000 (temp)
Government taxes (R' million)	R 96 411 870	R 235 592 695	R101 232 464

- e) As part of tourism recovery, after much tourism sector consultation, the eThekweni Municipality in October 2022 adopted a 5-year Durban Tourism Visitor Marketing Strategy of 2022 to 2026.
- f) This is with a strategic focus of re-igniting the tourism economy locally and internally through, leisure tourism through regular holiday makers and leisure events and business tourism through MECE – (Meetings, Exhibitions, Conferences/ Conventions and Events).
- g) The MECE tourism focus is important to close keep the tourism economy in off-peak seasons with no holiday makers.
- h) As aligned to the adopted Durban Visitor Marketing Strategy, it is for this reason that the focus of the destination promotion and marketing programmes was to attract, partner and stage programmes that will boost destination tourism and recovery as well as achieve the strategic objectives of:
- Attracts national, regional and international visitors and increase visitor numbers during both at peak and off-peak season
 - Boost accommodation occupancy in tourism products
 - Profiles destination through pre, during and post promotion in Public Relations Value.
 - Increase the length of stay to the destination
 - Destination Brand and holistic experience exposure
 - National, regional and international Media Exposure and Media leveraging
 - Trade Relations for further leveraging without additional costs to the City.
 - Economic Boost for the City within the value chain of tourism products
 - Increase contribution to government taxes and rates
 - Job creation in the tourism dynamic value chain.

- i) TABLE C reflects the projected performance of the eThekweni Municipality industry from the holistic execution of what all the focus areas of the adopted Durban Visitor Marketing Strategy.

TABLE C:

PROJECTED PERFORMANCE AREAS & TARGETS : 2022 – 2026

Domestic Tourism Base Case

	2022	2023	2024	2025	2026
Number of tourists	2 768 066	2 941 070	2 999 892	3 059 890	3 121 087
% Growth	32.9%	6.3%	2.0%	2.0%	2.0%
% Of pre-COVID average (2017-2019)	80%	85%	87%	88%	90%
Total direct expenditure (billions)	R5.7	R6.3	R6.7	R7.2	R7.7

International Tourism Base Case

	2022	2023	2024	2025	2026
Number of tourists	123 093	184 639	246 186	246 186	346 787
% growth	111.2%	50.0%	33.3%	0.0%	40.9%
% of pre-COVID average	40%	60%	80%	80%	N/A
% share of total tourists to eThekweni	4%	6%	8%	7%	10%
Total direct expenditure (billions)	R0.79	R1.21	R1.63	R1.66	R2.37

22



- j) To align with the strategic objectives of the Council adopted Durban Visitor Marketing Strategy, the destination promotion and marketing programs selection will be also guided by the categorization listed in TABLE D below.

TABLE D:

No.	Destination Promotion Programme Categorization	Description
1	Category A	<ol style="list-style-type: none"> Has a national, regional, and international footprint in attracting visitors These category programmes are important for the rejuvenating peak season of Easters and festive season as it helps Durban to bring in visitors as they choose Durban instead of any other competitor holiday destination. Attracts visitors to come to Durban to attend and spend a minimum of 3 days in Durban. Visitors make a travel decision to come to Durban to attend the event and explore other tourism attractions of Durban. It also attracts a high LSM that spend money in Durban various tourism value chain, shopping, restaurants and it is the market that wants exclusive type of entertainment. This category also helps promote the destination through their influential marketing plan, Event owners are influential, and generally goes beyond one event beneficiation but has pre activations that also boost the tourism economy especially in townships.
2	Category B	<ol style="list-style-type: none"> has a local footprint of visitors coming from outside Durban but within the Province of KwaZulu Natal. They boost occupancy but at a low scale. The type of attendees it attracts are not big spenders. It is an event that does not necessary influence an out-of-town visitor to come to Durban but it becomes and entertainment option for visitors when they are already in Durban. to come to Durban to attend and spend days in Durban. The attendees are generally people that do use many tourism value products of accommodations, shuttle services, restaurants, fine dining It attracts a mid to lower LSM that are generally not big spenders and not seeking exclusive type of entertainment. Due to the nature of their marketing plan, this category generally requires marketing support and other value in Kind support from the City.

No.	Destination Promotion Programme Categorization	Description
3	Category C	<ol style="list-style-type: none"> 1. has a local footprint of visitors that is mostly Durbanites not from out of town. 2. It is an event that does not necessary influence an out-of-town visitor to come to Durban but it becomes an entertainment option for locals that are generally in the communities and not booking tourism accommodation. 3. The attendees are generally people that do not use much of tourism value products of accommodations, shuttle services, restaurants, fine dining as they are local. 4. It attracts a lower LSM that are generally not big spenders and not seeking exclusive type of entertainment. 5. Due to the nature of their marketing plan, this category generally requires a lot of marketing support and other value in kind support from the City. 6. There is minimal leveraging benefits of media leveraging, brand exposure from their self-funded robust marketing
4	Business Tourism (Meetings, Exhibition, Conference/Convention, Events-MECE)	<ol style="list-style-type: none"> 1. A great tourism booster with visitor numbers on of peak seasons through business visitors and accompanying spouses. 2. Boost accommodation occupancy as MECE delegates and visitors 3. A great booster for job creation in the tourism value chain including MECE-convention centres, shuttle services, tour operators through MECE pre and post tours. 4. Media leveraging and exposure as MECE venture has international media 5. Increase length of stay by attendees as MECE are staged and hosted in Durban for a minimum of 3 days excluding day of arrival for set up and days of free time or/and free time 6. Stimulates repeat visits as MECE attendees from business tourism travel will return to destination for leisure with family. 7. Bulk high MECE visitor spend as these are generally subsidized by their businesses not from their personal disposable income.

Financial provisions – R 41 Million (2024/25)

- k) It is accordingly recommended:
- i) That Council provisionally approves the hosting of the destination promotion and marketing programs as budgeted for and indicated on **Annexure C** subject to programmes fulfilling the objectives of the strategy as listed in section 1.8 and TABLE D.
 - ii) That Council grants authority for the City Manager to bid and secure international and national business tourism MECE Programmes to host in the City during off peak season that fulfill the objectives of the strategy as listed in section 1.8 and TABLE D.
 - iii) The unit to submit a report to the standing committee with the final programmes listed and selected against the criteria of responding to the strategic objectives of re-igniting tourism as per list strategic focus and also demonstrable benefit to the city in line with extent of contributing to the targets of the Council adopted Durban Visitor Marketing Strategy for noting.
 - iv) That authority be granted to the City Manager to negotiate benefits and rights to leverage the destination and profile Durban with the organizers.
 - v) That authority be granted to the City Manager to conclude contracts with the owners in terms of the partnership investment

8.32 Additional Recommendations:

8.32.1 That whilst we have provided for a 5.2% increase in salaries and a further R220 Million for performance notch increases, this will only be payable subject to affordability.

8.32.2 That the average Electricity Tariff increase of 14.0%.

8.32.3 That it be noted that the Water tariff increase is at 14.9% for Domestic consumers and 14.9% for Business consumers. The bulk purchase increase from UMngeni Water Board is 9.5%.

8.32.4 That it be noted that the Sanitation tariff increase is at 12.9% for Domestic consumers and 12.9% for Business consumers. The bulk purchase increase from Umngeni Water Board is 9.5%.

8.32.5 That it be noted that the refuse user charge tariff increases of 7.9% for residential

	2024/25 Proposed tariffs	2025/26	2026/27
Electricity	14.0%	13.24%	13.68%
Water: <ul style="list-style-type: none"> Domestic Business 	14.9% 14.9%	14.9% 14.9%	14.9% 14.9%
Refuse Removal <ul style="list-style-type: none"> Domestic Business 	8.0% 9.0%	9.9% 9.9%	9.9% 9.9%
Sanitation <ul style="list-style-type: none"> Domestic Business 	12.9% 12.9%	12.9% 12.9%	12.9% 12.9%
Rates: Average	7.9%	7.6%	7.5%

ANNEXURE A – 2024/2025

ADDITIONAL RATES LEVIED ON SPECIAL RATING AREAS (8.7.13 REFER)

Special Rating Areas	Residential	Business & Commercial	Industrial	Vacant Land	Agriculture	Unauthorised/abandoned	Public Service Infrastructure
a) Precincts bordered by Monty Naicker, Dorothy Nyembe, Anton Lembede and Dr Yusuf Dadoo Streets. (CBD Precinct)	0,001428	0,003239	0	0	0		
b) Precinct bordered by Soldiers Way, Dr AB Xuma Road, Florence Nzama Street and Bram Fischer Road. (North East Business Precinct)	0	0,000608	0,000785	0,001202	0		

Special Rating Areas	Residential	Business & Commercial	Industrial	Vacant Land	Agriculture	Unauthorised/abandoned	Public Service Infrastructure
c) Precinct bordered by Dorothy Nyembe Street, Margaret Mncadi Avenue, Beach Walk and Anton Lembede Street. (North East Business Precinct)	0	0,000608	0,000785	0,001202	0		
d) Precinct bordered by Soldiers Way, Bram Fischer Road, Sylvester Ntuli, KE Masinga and Archie Gumede (Place) Roads. (North East Business Precinct)	0	0,000608	0,000785	0,001202	0		
e) Precinct bordered by OR Tambo Parade, Dr Pixley KaSeme Street Mall, Rutherford and Gillespie Streets (South Beach Precinct).	0,002649	0,006006	0	0,011876	0		
f) Umhlanga Promenade Precinct bordered by Ocean Way (South), Lot 430 (North), Lagoon Drive (West) and the Indian Ocean (East).	0,00102	0,002313	0	0,004574	0		
g) Precinct bordered by Burlington Road, Burlington Drive, Nagel Road, Windsor Road, Midmar Road and Henley Road.	0,003733	0,008464	0	0,016738	0	0	0
h) Umhlanga Village Precinct bordered by Flamingo Lane, Ocean Way, Lagoon Drive, McCauland Crescent, Weaver Crescent and the Ruth First Highway.	0	0,003187	0	0	0		
i) Giba Gorge bordered by N3 Highway (South), Reservoir Road, Jan Smuts Avenue, Galloway Lane, Mountbatten Place, Alexander Drive, King Cetshwayo Highway (East), Portion 157 of Clifton (North) to Saint Helier Road (West)	0,000454	0	0	0,002033	0,000113		
j) Maytime Community bordered by M13 Highway, Woodside Avenue, Haygarth Road, Abrey Road, Msonti, Quilhall Lane, Alexander Avenue, Mtonbi and Victory Road.	0,002869	0,006504	0	0,012862	0		
k) Area consisting of the length of Florida Road, from Lillian Road to Mitchell's Park, including properties on both sides of Florida Road.	0	0,008882	0	0	0	0	0

Special Rating Areas	Residential	Business & Commercial	Industrial	Vacant Land	Agriculture	Unauthorised/abandoned	Public Service Infrastructure
l) Westville Perth West Area bounded by Glencairn Close in the West, Stanley Teale Road in the South, Robert Herrick Avenue in the North and the eastern boundary consisting of Linford Place and Drayton Place in Westville	0,003225	0	0	0,003225	0	0	0
m) Glenwood area bounded by Helen Joseph Road, King Dinuzulu Road, Berea Road, Turners Avenue, Che Guevara Road, Moore Road, Clark Road and Bulwer Road.	0	0,004829	0,006231	0	0	0	0
n) Pigeon Valley area bounded by Mazisi Kunene, Lamont, Penzance, Evans, Frere Crescent, ZK Matthews, Alan Paton, Lena Ahrens, Helen Joseph, Cato and Clark Roads	0,001167	0,001167	0	0	0	0	0

ANNEXURE B (8.17.5) REFER)

LIST OF PROJECTS NOT FUNDED OR PARTIALLY FUNDED THAT WILL BE FUNDED WHEN FUNDING BECOMES AVAILABLE

Capital description	Department names	Below the line 2024/25	Below the line 2025/26	Below the line 2026/27
Landsdowne RS Pumpstation new	TRC-Sanitation	14,769,000		
Alternative Sanitation Technology	TRC-Sanitation		15,000,000	26,885,000
Kingsburgh Wastewater Treatment Works Upgrade	TRC-Sanitation	3,500,000		
WEWE TRUNK MAIN	TRC-Sanitation	4,923,000		
UPGRADE OF SCADA SYSTEMS	TRC-Water	5,600,000		
Hostel upgrade	TRC-Water	110,000,000	27,488,000	
Construction of 10 ML Quarry Heights/Nyokeni Reservoir and 300 KL ET	TRC-Water	500,000	1,664,400	7,472,700
Waterloo Reservoir Upgrade (10 MI)	TRC-Water	500,000	1,752,000	7,866,000
Tongaat WTW to Tongaat South Res Rising Main upgrade	TRC-Water	5,400,000	3,715,540	3,336,351
Molweni Res 1	TRC-Water	1,600,000	1,142,702	1,011,170

Capital description	Department names	Below the line 2024/25	Below the line 2025/26	Below the line 2026/27
Salem Res Upgrade	TRC-Water	2,500,000	1,642,500	1,474,875
Hambanathi Rising Main - Upgrade Rising Main from DN250AC/ST to DN300 Steel	TRC-Water	2,800,000	490,560	-
WWTW PPP Infrastructure Payments (Pipelines and Pumpstations)	TRC-Sanitation	-	-	60,211,950
RIDGE END RESERVOIR WPS	TRC-Water	3,000,000		
ST THOMAS RESERVOIR WPS FUNC UPGRADE	TRC-Water	3,000,000		
Adams 4 Res Inlet, Storage capacity upgrade and procurement of pumps	TRC-Water	3,188,800	2,102,837	1,888,232
Firwood Reservoir, Construction of a New Elevated Tank to Supply HL Zone and Associated Works	TRC-Water	500,000	109,500	122,906
Thandokuhle Reservoir Construction	TRC-Water	500,000	1,752,000	393,300
ROAD REHABILITATION - VARIOUS R	HSI-Engineering	26,151,200	66,902,200	70,247,400
CSA2412: WATERFALL DEPOT	HSI-Engineering			8,367,200
CSA2412: WATERFALL DEPOT	HSI-Engineering			2,656,600
Pedestrian Safety CBD Project – Monty Naicker Road and Dr AB Xuma Street	Ethekwini transport Authority	3,000,000	22,000,000	
Pedestrian Safety CBD Project – Dr Pixley Kaseme and Anton Lembede Street	Ethekwini transport Authority		3,000,000	
Traffic and Safety Improvements - Intersection: Griffiths Mxenge Highway Upgrade	Ethekwini transport Authority		5,390,000	
Newlands Transformer T1B Repla	Electricity	10,000,000	-	-
Bayhead 132kV substation	Electricity	-		36,000,000
Jameson Park 132/11 KV substation	Electricity	24,300,000	3,700,000	-
KE Masinga S/STN Equipment	Electricity	1,000,000	-	-

Capital description	Department names	Below the line 2024/25	Below the line 2025/26	Below the line 2026/27
Springfield Substation 132 ki	Electricity	30,750,000	100,000	-
Avoca 132/11 kV Substation	Electricity	50,000	-	-
Clermont 132/11 kV Substation	Electricity	5,000	-	-
PRASA 11 kV Supplies	Electricity	14,000,000	-	-
132kV emergency bypass Cables	Electricity	-	8,000,000	9,000,000
HV Substation Equipment replacement	Electricity	30,000,000	12,525,700	9,874,300
Smart Service - Rates Clearance Application	Electricity	2,000,000	1,000,000	1,050,000
HV LAN refurbishment	Electricity		200,000	210,000
Differential Protection Retrofitment Project	Electricity	500,000	2,000,000	2,100,000
SDH System Upgrade for Network Optimisation	Electricity	3,700,000	500,000	500,000
Substation Integrated Security	Electricity	3,280,400	14,000,000	2,100,000
Giba Gorge Developer Supply	Electricity	12,000,000	-	12,000,000
Hambanathi Hub	Agro	3,143,000	2,812,800	3,117,600
Upgrade of the audio-visual system at Moses Mabhida stadium	Moses Mabhida stadium	17,000,000	-	-
Kings Park Pool	Parks and recreations	10,000,000	10,000,000	
Kings Park Athletics Stadia	Parks and recreations	10,000,000	24,000,000	
Balkumar Pool	Parks and recreations	3,000,000		
Windsor Golf Course	Parks and recreations	4,000,000		
EML	Parks and recreations	4,500,000		

Capital description	Department names	Below the line 2024/25	Below the line 2025/26	Below the line 2026/27
Cato Crest Library	Parks and recreations	2,000,000		
Botanic Gardens	Parks and recreations	650,000		10,000,000
CCTV Expansion	Disaster	14,698,000	17,780,000	12,419,000
Fibre Optic	Disaster	6,809,000	9,100,000	13,005,000
Phoenix Fire Station - Phase 1: Structural repairs to roof trusses	Emergence services	1,000,000	1,200,000	18,503,750
Chatsworth fire station - Phase 1: Adds & Alts/repairs to Boundary Wall (Due to Flood damage)	Emergence services	500,000	1,000,000	18,503,750
Hammersdale Fire - New fire station	Emergence services	1,000,000	700,000	-
Jacobs Fire Station (Alterations)	Emergence services	1,000,000	800,000	20,000,000
Umlazi Fire Station- Alterations	Emergence services	500,000	700,000	800,000
FIRE-TRAINING FACILITY-Illovu - Adds & Alts	Emergence services	981,400	1,500,000	36,000,000
Verulam Police Station - Renovations as per Conditional Assessment (CSA3145)	Metro police	1,334,694	5,000,000	6,505,306
Airconditioning - Replacement of condemned units.	CHR- Human Resources	900,000		
Mobeni Roof Replacement	FIN-City Fleet	2,989,000		
Brickworks Phase 2	EDP - Catalytic Projects			50,000,000
Ntshongweni Infrastructure Upgrades for Ph1	EDP - Catalytic Projects	136,000,000	-	-
Cornubia Boulevard - Phase 3 (WP4C)	EDP - Catalytic Projects	20,000,000	-	-
Cornubia Boulevard - Phase 2 (WP6B)	EDP - Catalytic Projects	29,400,000	-	-
Cornubia Boulevard - Phase 1 (WP6A)	EDP - Catalytic Projects	38,850,000	-	-

Capital description	Department names	Below the line 2024/25	Below the line 2025/26	Below the line 2026/27
Umbumbulu Town Centre Development	EDP - Economic Development Unit	3,000,000	6,000,000	
Pinetown Railyard Redevelopment	EDP - Economic Development Unit	9,840,000		
Zazi Street Land Acquisition ERF1078, ERF83, ERF84	EDP - Economic Development Unit	4,020,000		
Zazi Street Construction of Pedestrian linkages Posselts	EDP - Economic Development Unit	8,600,000		
Electrification supply in kwaDabeka Gcakini	EDP - Economic Development Unit	3,794,000		
KwaMashu Auto Hub	EDP - Economic Development Unit	10,000,000		
DATA CENTRE MAINFRAME SERVER AN	Information Management	25,000,000	-	-
Microwave Solution	Information Management	6,351,000	9,825,000	9,824,000
Total		703,877,494	286,595,739	463,446,390

His Worship the Mayor presented a draft budget of the eThekweni Municipality for the 2024/2025 financial year. In his opening remarks, he expressed that the draft budget was presented against the background of renewed hope, not only in South Africa but globally as more than half of the world's population would be going to the polls in countries such as the United States of America, United Kingdom, Russia, India, Senegal, and Taiwan.

Moreover, His Worship emphasized that this year's elections were crucial as they marked three decades of democracy and that there was a need for reflection on the progress made, towards building a better life for all. He expressed that it must be stated from the onset that the government of the African National Congress has done a great deal to change the lives of its people for the better in the past 30 years. He alluded that while notable achievements were celebrated however more was still to be done to achieve the initial mission of an equal, just, and prosperous nation.

He emphasized that eThekweni has significantly improved from before 1994 as more households and communities have access to water and electricity. Access roads have been upgraded from gravel to blacktop, particularly in townships, informal settlements, and rural areas.

Highlighting some of the remarkable achievements, he cited that new and integrated human settlements had been built to eradicate the apartheid spatial development patterns. To promote mass participation in sports and recreation activities, state-of-the-art sports facilities in township and rural communities.

His Worship, the Mayor affirmed that the draft budget aimed at building a firm foundation which was laid over the years through the expansion of services to all residents of eThekweni. The draft budget aimed at accelerating service delivery and ensuring that through a rebuilding process, a positive investor climate to grow the economy and create jobs was built.

Furthermore, the Mayor expanded on the need for prioritisation of infrastructure projects to stimulate economic activities that would assist with job creation. Therefore, the construction of human settlements, roads, rural bridges, dams, substations, and water treatment plants provide the infrastructure necessary for the growth of the city's economy and meeting the needs of eThekweni residents.

At this juncture, His Worship the Mayor undertook to provide an update to the residents of eThekweni about the restoration of basic services following the prolonged illegal industrial action. He confirmed that the refuse collection has been fully restored and residents were reminded to take out their refuse bags on the morning of their scheduled collection days. He added that the Water and Electricity teams were working tirelessly to repair faults and restore the supply of electricity to all the affected areas. Additionally, he expressed appreciation to the Minister of COGTA, Premier, and KZN MEC for COGTA for facilitating negotiations amongst all parties to find lasting solutions.

Further gratitude was expressed to the residents of eThekweni for being patient during the strike period. He sadly sent his deepest condolences to the family of Ms Kunene who was senselessly murdered in the line of duty and wished speedy recovery to all those who were injured in the line of duty with the hope that the law would prevail.

BUDGET OVERVIEW

His worship the Mayor expressed that, the 2024/2025 budget comes at a very difficult time with moderate global growth expected from 3.1% in 2024 to 3.2% in 2025 whilst GDP growth in South Africa in 2023 is estimated at 0.6% with load-shedding having a major impact. This has resulted in the economy not growing fast enough to meet the expected developmental needs and challenges. Accordingly, tough economic and fiscal choices had to be made in this budget. He expressed that the city had limited resources, and further emphasized the need for reprioritisation of projects, based on the principles of affordability and sustainability. He stated that the key focus of the draft budget is on service delivery, economic development, and infrastructure rehabilitation.

The total proposed budget for 2024/2025 is R67.3 billion with an operating budget of R59.7 billion and a capital budget of R7.6 billion.

The budget is constrained by a proposed Eskom tariff increase of 12.72% and an Umgeni-Thukela Water Board average increase of 9.5%. The high fuel price and the price increase of other goods and services above inflation also constrain what can be done in the budget whilst also ensuring that tariff increases are reasonable.

Thereafter the Mayor presented the budget per department as follows: -

ELECTRICITY

The City would continue to supply electricity to its customers, maintain the electrical networks, and attend to reported electricity faults. The city also remains committed to the electrification of rural and informal settlements to make this service accessible to all. As part of an effort to generate revenue, the municipality will continue to connect new prepaid customers. Other initiatives the municipality will be implementing in the next financial year include the Smart Metering Project and the provision of free basic electricity to over 336,000 poor households.

To be able to implement all these interventions, the municipality has allocated a total budget of R21.5 billion comprising an operating budget of R20.8 billion and a capital budget of R687.8 million. The increase in the operating budget for electricity is mainly due to the Eskom bulk tariff of 12.72%. In addition, there is a provision of R1.145 billion for repairs and maintenance to rehabilitate the electricity network so that it is stable. This will minimize power outages which adversely affect the city's economy.

The electricity capital budget will be spent on the ongoing extension and reinforcement of existing networks, and the commissioning of 17 new substations to make eThekweni energy secure. All these interventions have resulted in a tariff increase of 14% for electricity for residents and businesses.

WATER

His worship expressed that, water is life, therefore the city must ensure that all our citizens have access to this precious gift of nature. Our water network spans 14 500km with 470 storage facilities, 47 pump stations, and 10 purification works which services over 980 000 households.

The infrastructure, and water services have a total budget of R9.8 billion comprising an operating budget of R8.4 billion and a capital budget of R1.4 billion. The operating budget increase is mainly due to the Umgeni-Thukela Water Board bulk tariff increase of 9.5%. In addition, the Mayor confirmed that there is a provision of R423 million for Repairs & Maintenance to rehabilitate the water infrastructure to ensure stable water supply and reduce water losses through leaks.

The capital budget will be spent on the replacement of water pipes, repair of the Southern Aqueduct, upgrading of the SCADA system to monitor water infrastructure, and completion of Adams 6 Reservoir and the Inwabi to Engonyameni pipeline. This will help address many of the water challenges faced in areas such as Umlazi, Folweni, Chatsworth, KwaMakhutha, Zwelibomvu, and Adams.

Water security is a major challenge throughout the country. In addition, eThekweni's water infrastructure has been severely damaged by the recent floods which has exacerbated the situation. Whilst most of the people living in eThekweni have access to water, rapid urbanization, aging infrastructure, and vandalism have strained the City's resources. In short, the water demand is exceeding the supply. The users in the uMngeni River Catchment have exceeded the available capacity of the existing water infrastructure and this needs to be augmented.

The following short-term and medium-term interventions are being implemented to address water supply challenges:

- *Repair 24km Southern Aqueduct for R1.2 billion which will help improve water supply in the southern region, including Chatsworth, uMlazi, Folweni, Adams, and KwaMakhutha.*
- *Upgrading the Ntuzuma pump station for R35 million. This will alleviate water challenges in areas such as Inanda, Lindelani, Ntuzuma, Machobeni, uMzinyathi, and some parts of KwaMashu. Replacement of pumping mains on major water distribution systems, including Thongati, Waterloo, Grange, and Hazelmere water distribution systems. This also includes the replacement of air valves.*
- *The upgrading of the trunk mains in Zwelibomvu and KwaXimba to increase water capacity in the areas. Rolling out a comprehensive pipeline replacement throughout the City, including a leak detection and repair program. Piloting of two water reuse projects.*
- *Provision of temporary relief to residents who continue to experience intermittent water supply, the City has procured 55 water tankers and in the next financial year, the city plan to procure an additional 100 water tankers. In areas with sufficient groundwater, the city will continue to drill more boreholes, especially in rural areas.*
- *The building of the Mkhomazi Dam, known as the Upper Mkhomazi Water Project (uMWP-1). This project entails the construction of a Dam, a raw water tunnel, a water treatment works, and a potable water pipeline to augment the yield of the uMngeni-uThukela Water Supply System by 200 million cubic metres per annum to 594 million cubic metres per annum.*

His Worship confirmed that the project was jointly undertaken with the Department of Water and Sanitation (DWS), the Trans-Caledon Tunnel Authority (TCTA), and uMngeni-uThukela Water (UW) at an estimated cost of R23.2 billion.

He expressed that all these water interventions result in a water tariff increase of 14.9% for residents and businesses to ensure a stable water supply and water security going forward.

SANITATION

The Mayor stated that sanitation is the key to restoring dignity and ensuring our communities live in a healthy environment. The City's wastewater management network spans over 8,500 km of sewer pipeline, 230 wastewater pump stations, and 27 wastewater treatment works. About 445,000 kilolitres of effluent flow through the treatment works daily. In addition, our sanitation service manages over 91,000 Urine Diversion toilets, 1,600 communal ablution facilities, and 26, 000 Ventilated Improved Pit toilets.

To maintain this service, the city has allocated a total budget of R3.1 billion comprising of an operating budget of R2.3 billion and a capital budget of R832 million. The operating budget increase for sanitation is mainly due to the Umgeni-Thukela Water Board bulk tariff increase of 9.5%. In addition, there is a provision of R355 million for Repairs & Maintenance to rehabilitate the wastewater infrastructure to ensure that sewage spillage is reduced and the impact on our beaches and tourism is reduced.

The capital budget will be spent on the upgrade of wastewater treatment works, the upgrade of the SCADA system, the upgrade of the Mahatma Gandhi pump station which impacts the harbour and surrounding businesses, and the rollout of alternative sanitation technologies. This will help address many of the wastewater challenges we are currently facing as a city.

As a result of these interventions, the sanitation tariff increase is 12.9% for residents and businesses.

CLEANSING AND SOLID WASTE

His Worship expressed that Cleansing and Solid Waste is the lifeblood of healthy and sustainable environments. The Cleansing & Solid Waste Unit provides a once-a-week service to over 1 million households and businesses which includes the transportation of domestic, commercial, and industrial waste, management of 4 landfill sites, 8 transfer stations, 15 gardens refuse sites, 30 depots, 5 fleet workshops, and 716 vehicles, 962 skips, 15 recycling drop off centres, and 9 recycling buy-back centres. Over 130 million black refuse bags, 8 million street litter bags, and 7 million orange recycling bags are distributed and over 1.4 million tons of refuse are removed annually thus ensuring a healthy and sustainable environment for all.

This is funded from an operating budget of R2.2 billion which includes a provision of R166 million for Repairs & Maintenance to ensure improved service delivery with no backlogs.

The capital budget of R368 million will be spent on the new fleet and various landfill site development projects which include Buffelsdraai, Illovo, and Shongweni Landfill sites. This will help address many of the refuse challenges that the city is currently facing.

All these waste management interventions result in a refuse tariff increase of 8% for residents and 9% for businesses.

ENGINEERING

With regards to Engineering, it was explained that this unit provides engineering services for building and the built environment, surveying, and land information service to Council, businesses, and residents. This includes maintenance of nearly 7,000 km of tarred roads and over 1,700 km of unsurfaced roads, as well as sidewalks. Road network is being improved and expanded, particularly in rural and township communities.

To maintain this level of service, the Municipality has allocated a total budget of R3.3 billion comprising an operating budget of R2.6 billion and a capital budget of R759 million for engineering services. There is a provision of R684 million for Repairs & Maintenance to ensure that roads and the stormwater drainage are repaired and well maintained.

HUMAN SETTLEMENTS

The Human Settlements Unit is responsible for the delivery of new housing units and the management of hostels and rental stock. The current housing stock is 5 164, including 10 hostels, and a total rental stock of about 8,000.

To provide quality human settlement services, the municipality has set aside a total budget of R1.44 billion comprising an operating budget of R631.2 million and a capital budget of R815 million.

The capital budget will be spent on the building of 1,638 new houses in 2024/2025 to fulfill the ideals of the Freedom Charter that “There Shall be Houses, Security and Comfort for All.”

COMMUNITY AND EMERGENCY SERVICES

Community & Emergency Services is responsible for health, agroecology, parks, recreation & culture, Moses Mabhida Stadium, and 5 other stadiums, as well as safety and security services.

This includes the management of 336 soccer fields, 177 community halls, 141 parks, 123 cemeteries, 99 libraries, 16 museums, 54 swimming pools, 66 cricket pitches, 138 netball and volleyball courts, 8 nurseries, 17 beaches (98 km of coastline), 40 shark nets, and 40 cyberzones. It also maintains 260,000 hectares of verges at R124 million per annum and tree management.

The Health Department provides healthcare and manages 59 clinics, 41 health posts, and mobile clinics, whilst Environmental Health promotes public health in the public realm.

The Disaster Management and Emergency Control Unit provides crime surveillance through 432 CCTV cameras. The Fire Unit operates and maintains 23 fire stations. The Security Unit manages the external security companies and VIP guards at R263 million per annum. Metro Police at a cost of R1.75 billion has 36 stations and 6 satellite stations across the City to ensure safety and security.

To ensure that the people of eThekweni have a safe and healthy environment where they can live, work, and play, the municipality has allocated an operating budget of R6.7 billion for this service which has the biggest staff complement. There is also a provision of R153 million for Repairs & Maintenance to ensure that the infrastructure required is well maintained, including swimming pools.

ETHEKWINI TRANSPORT AUTHORITY (ETA)

Providing integrated, safe, and reliable public transport is the priority of the city. To this end, the eThekweni Transport Authority is responsible for public transport facilities in the city which includes 2 618 bus shelters, 69 taxi ranks, and 11 bus stations.

To maintain this service, the ETA has an operating budget of R1.56 billion and a capital budget of R754.9 million. Provision is also made for Durban Transport and the People Mover system.

The capital budget will be spent on traffic calming, the Bridge City terminal, the integrated fare management system, and the Go Durban Integrated Rapid Public Transport Network.

PROPERTY RATES

His Worship indicated that the proposed property rate increase is 7.9%. These rates contribute to various municipal services, including engineering services, public safety, transport services, community and emergency services, human settlements, and economic development services.

MAJOR CAPITAL PROGRAMMES

Our major capital projects over the 2024/2025 MTREF to improve service delivery, build a conducive environment for economic development, and rehabilitate infrastructure are the following:

- *Wastewater Treatment Works Upgrades/Expansion: R2.4 billion*
- *Low-cost Housing and Infrastructure: R2.5 billion*
- *eThekweni Transport Authority (Including PTIS): R2.3 billion.*
- *Replacement of Bus Fleet: R298 million*
- *Electricity Infrastructure: R2.1 billion*
- *Addressing Community Service Backlogs: R2.3 billion*
- *Roads Rehabilitation and Reconstruction, and New Access roads: R1.7 billion*
- *Zonal Planning: R338 million*
- *Water loss Intervention Programme & Replacement of water pipes R3 billion*
- *R728 million for Catalytic Projects which are critical in bringing the Foreign Direct Investment in the city.*

JOB CREATION

It was reported that one of the key priority areas of this government is to create job opportunities for young people and those who are above the age of 35 years.

Accordingly, this budget will also fund the following job-creation projects:

- *The Sihlanzimvelo Stream Cleaning Programme with over 840 jobs created.*
- *The Zibambele Programme with over 7 300 jobs created.*
- *450 job opportunities at Moses Mabhida Stadium events*
- *2 600 beneficiaries from the Presidential Employment stimulus*
- *264 cooperatives for grass cutting.*
- *1 67 caretakers employed at ablution facilities.*
- *1 584 plumbers used on a rotational basis.*
- *466 community-based contractors employing 1,398 people.*
- *475 community-based contractors to roll out rural water and sanitation projects.*
- *887 people employed by DSW using EPWP grant.*

NUTRITION PROGRAMME (SOUP KITCHENS)

The Mayor highlighted that in the next financial year, the city will expand the soup kitchen program which has about 550 beneficiaries from poor households per day per site.

He mentioned that currently, there are 87 functional sites, and we will be expanding this service to 94 sites. This demonstrates the commitment of the city to ensuring that no resident of eThekweni goes to bed hungry. The operating budget for this service for the next financial year will be R137 million.

In concluding his budget speech, His Worship the Mayor expressed that a lot has been done to change the lives of the people of eThekweni and this budget demonstrates that the city is committed to continue providing quality services while growing the economy and creating sustainable jobs.

Furthermore, he expressed gratitude to all stakeholders who were involved in finalizing the draft budget. Gratitude was also extended to the City Manager, and the CFO for their support and invaluable input and a sterling job in ensuring a balanced budget under the trying circumstances.

Following presentation of the draft budget, the Speaker afforded the Democratic Alliance to present the proposed amendment to the motion. Accordingly, Councillor Laing moved as an amendment to item 8 on page 16 of the agenda to read as follows:

“Item 8.1 That for purposes of the statutory public participation process, eThekweni Municipal notes the content of the Draft Budget for 2024/25 - 2026/27 Medium Term Revenue and Expenditure.

8.2 That Council approves the distribution of the draft budget for purposes of public participation,

The renumbering of recommendations 8.2 and 8.3 as 8.3 and 8.4 That the approved in principle be replaced by noting until the public participation”

The proposed motion to amend was seconded by Councillor Thabani Mthethwa.

Thereafter the Speaker allowed other political parties to debate on the draft budget report. Accordingly, the ANC expressed appreciation to the Mayor for presenting the budget and thereafter sought legal opinion on the proposed amendment by the Democratic Alliance.

Accordingly, the legal advised that as per the Municipal Finance Management Act 56 of 2003 section 16 subsection (2) the required process was the tabling of the Draft Budget and subsequently the public participation process on the draft budget. The Legal further read the relevant section as it was contained in the act with confirmation that the approval process would be required after the public participation process.

Following the legal opinion being given on the matter, ANC expressed that as per the standard procedure, a process of approving the draft reports is usually done before sending out the draft budget for public participation. Clarity was sought on whether there were recent changes in respect of the standard practice.

Responding to the above submission, the Speaker reiterated that in terms of the MFMA, the requirement was that the draft budget be tabled at Council and therefore confirmed that the Council has met the requirements in terms of the tabling of the draft budget and after 90 days it will be approved by Council following the public participation process.

Accordingly, the ANC appreciated the legal opinion and further expressed that the opinion fell short of what has always been a common practice where the Council approve the draft Budget and the consultation process. It was further stated that the approval at this stage would allow for administrative preparation to avoid delays in the necessary implementation processes. The ANC proposed that the approval in principle process be considered for authoritative purposes.

Commenting on the legal opinion, the DLC was of the view that in terms of the opinion, it was unclear whether the Council may approve in principle or may just note the draft budget.

The APF reiterated that in terms of the Legal opinion whether noting or approving the document had no legal implications. The APF therefore proposed that Council should exercise its legislative mandate of approving or noting the draft budget, the approval of the budget is considered before the public participation.

Whereas the EFF was of the view that the draft budget should be noted as per the provisions of the Act to avoid unnecessary legal implications.

Concluding on the matter, the Democratic Alliance maintained that the final approval would have to be done after public participation was conducted, on such basis the Democratic Alliance was against the approval process of the content of the report.

Before ruling the ruled on the matter, Legal undertook to clarify that in terms of the legislation whether the Council notes or approves the draft budget both had no legal implications, however, approval was not compulsory in this process.

Following consideration of the legal opinion and submissions by the various parties, thereafter, the Speaker undertook to make a ruling that all items on the agenda would be noted in line with the relevant sections enshrined in the MFMA.

Moreover, a brief debate ensued around the proper procedure to be followed concerning the proposed amendment and the approval of the substantive motive considering the legal opinion and the normal approval process, It was at this juncture when the ANC requested a five-minute caucus break which the Speaker accordingly granted.

After the Caucus, the Speaker undertook to clarify that a decision was yet to be taken on both matters, the proposed amendment to the motion and the substantive matter.

Thereafter a report back from the caucus was obtained where the ANC indicated that as the ANC, they had agreed to request the Speaker to allow the Council to vote on the matter since there was a debate on whether to approve or to note the report.

Accordingly, the meeting reverted to the proposed amendment, thereafter, as some of the members were not in support of the amendment, the matter was put to a vote. With 171 Councillors present, 57 Councillors (DA-39, IFP-12, ASA-02, DLC-01, MF-01, UIM-01, and VF Plus-01,) voted in favour of the matter. 114 Councillors (ANC-85, EFF-22, ABC-02, AIC-01, DLC-01, NFP-01 and PFP-01) voted against the amendment. There were no Councillors who abstained from voting.

Accordingly, the amendment was not CARRIED.

The meeting subsequently reverted to the substantive matter where Councillors were allowed to debate on the Draft Budget report.

Debating on the matter ASA submitted that the proposed tariff increase was outrageous, and the eThekweni residents would be negatively affected by such exorbitant increase. The ASA highly condemned corruption in the government processes. Accordingly, the ASA was against the approval of the proposed tariff increase.

Whereas the IFF expressed concern about the shortage of basic services such as water and electricity in various areas within the city. The IFP expressed that the ruling party could not be celebrating achievement when there were still challenges concerning the unfunded mandate which was explained as causing financial constraint to the city. The IFP was of the view that due to the current economic situation and service delivery challenges, the tariff should have not been increased as most communities were financially struggling. In a nutshell, the IFP recorded its abstinence on the matter.

Speaking on the matter, the EFF perceived the budget as being a well-balanced budget in that the city was expected to generate revenue to be able to fix all existing challenges within the city. Furthermore, EFF commended the city's indigent policy and the threshold extension of 350 which was an indication that most disadvantaged communities were going to benefit from this policy.

Additionally, EFF expressed the need for control measures to be put in place to ensure adequate management and monitoring of capex expenditure and improved revenue collection. There should be turnaround strategies to address non-water and electricity revenue. The borrowings should be used to prioritize infrastructure rehabilitation programs. Accordingly, the EFF supported the draft budget.

The Democratic Alliance submitted that accurate feedback was anticipated on the issue of the industrial strike since what was reported by the Mayor was not in line with what was on the ground. Debating on the budget, the DA expressed that there was a need to consider the current economic situation before considering tariff increases. The DA zoomed into the budget and highlighted the following, 93% collection rate with no consideration of debtors to the value of 28 billion in areas, therefore the increase was perceived as a way of compensating for the revenue losses.

The proposed tariff increase was explained as being above the inflation rate. The DA strongly emphasized the need to repair the deteriorating infrastructure which affects the smooth provision of basic services. The DA was of the view that budget reprioritization should have been considered to ensure that all internal issues were resolved.

The grant allocation funding was also highlighted as being in a state of depletion since there was a notable reduction which was indicative of the current economic situation. The DA further proposed that there was a need to relook at the grant funding projections on certain projects such as EPWP and PEP to address anticipated deficits in such programs. The Democratic Alliance was against the proposed tariff increase.

APF supported the draft budget however expressed concern about the excessive increase of tariff and appealed that the imposed increase should consider the fact that citizens were financially struggling. The APF further expressed concerns about the uncertainty on the industrial strike issue whether it has stopped or was still ongoing since delivery of services was highly affected by the strike.

The DLC expressed concern that the city was faced with serious challenges however in the budget process the current issues faced were not considered, issues such as revenue water loss and lack of water provision to certain areas such as Tongaat, KwaMashu, Ntuzuma, and other suburbs. The DLC was of the view that there was a need for a disciplinary process to be initiated against employees at water services who were not performing adequately to ensure that water leaks were addressed timeously.

The DLC further expressed concern about the unfunded mandate and borrowings where no tangible evidence could be provided on what the borrowings were used for. The issue of excessive outstanding debts by the National departments was raised as an area that the city would need to attend to avoid imposing high tariffs to cover the city's debts. In conclusion, the DLC did not support the draft budget.

The ANC positively welcomed the draft budget with a commitment that the community would be granted an opportunity to provide comments on the proposed tariffs. The revenue that would be collected would be used to address the issues currently faced by the city. The ANC was in support of the budget on the basis that it would be used for the betterment of the citizens of the city with hope that all other political parties would support the budget. The ANC further expressed appreciation to the officials who were involved in the budget process.

The NFP supported the draft budget which was still going to be sent out for public comments. The NFP further expressed the need to accommodate communities that were faced with financial difficulties with a proposal that the city should have interventions in place to assist those communities who were not able to pay for the basic services. The NFP was of the view that budget reprioritisation of certain projects should be considered.

His worship the Mayor commenced, by explaining the process involved in drafting the city's budget and the factors that form the basis of the decisions for the tariff increases. The Mayor further submitted that the proposed draft budget has also been reviewed by other key stakeholders such as the National Treasury for compliance purposes and authority to further consult with the public on the proposed tariff increases. His Worship expressed that it was important for the city to generate more revenue to be able to address all the infrastructure challenges that were highlighted by the opposition parties. He added that the city had limited financial resources to address all infrastructure challenges.

In His concluding remarks, the Mayor assured the house that the ANC was in support of the budget as it was going to assist greatly in rebuilding the city, with indigenous policy as part of an intervention to accommodate previously disadvantaged communities. The proposed budget should be responsive to the needs of the people and business owners. The Mayor dismissed the submissions that the city's borrowings were too high considering the threshold. The Mayor was of the view that the city was within the norm concerning borrowings particularly when compared to other metros. Furthermore, he dismissed the allegations that most communities were faced with a shortage of water and cited that when debating more specifics should be provided. Summarily, His Worship, the Mayor appealed to the society and the business owners to collaborate with the city in improving the lives of the citizens through the attraction of investors that would assist in improving the economy and generation of employment opportunities.

Following the brief debate on the matter with some of the members not in support of the recommendations, the matter was then put to a vote. With 180 Councillors present, 117 Councillors (ANC - 87, EFF - 21, ABC – 02, APF - 01, ATM-01, JPE-01, KZNI-01, NFP-01, and PRM-01) voted in favour of the matter. 03 Councillors (ActionSA-03, DLC-01, and UIM-01) voted against the recommendation. 60 Councillors (DA – 42, IFP-14, ACDP-2, MF-01 and VF Plus-01) abstained from voting.

8.1 ADOPTED in-principle, by the majority vote,

8.2 NOTED.

The meeting terminated at 16h22.

APPROVED THE MEETING OF THE ETHEKWINI COUNCIL ON 2024-08-01.

SPEAKER