

No. 32

MINUTES

OF

ETHEKWINI MUNICIPAL COUNCIL

Meeting held on Thursday, 2023-03-30T10:00 , streamed from
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, T Biyela, JM Black, NJ Bollman, M Brauteseth, WJD Burne, MH Buthelezi, KPM Cele, SB Cele, SP Chebure, J Chetty, GD Clarivette, SV De Boer, Z Dzanibe, J Essop, BA Fortein, SN Gabela, GM Gasa, DM Gcabashe, FO Gcabashe, NBC Godlwana, R Gokool, G Govender, S Govender, Y Govender, SV Govender, BR Gumede, NC Gumede, S Gumede, MS Gwala, GJ Hegter, MM Hlengwa, NP Hlomuka, SD Hlongwa, MF Ismail, LBS Jali, DM James, M Johnson, MA Jokweni, K Khambule, MN Khubisa, KNN Khubone, NL Khuzwayo, ZW Khuzwayo, SNC Khwela, A Kissoon, V Kunju, CJ Laing, SW Lushaba, M Lutchmen, WM Luthuli, ME Mabaso, MA Madlala, NI Madlala, SR Madlala, A Maharajh, RP Maharaj, 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, JL Mchunu, BA Mchunu, NP Mchunu, SW Mcineka; RL McKenzie, X Mdlazi, FW Mdletshe, SP Mfeka, K Mhlaba, GN Mhlongo, NM Mhlongo, SE Mhlongo, AZ Mkhize, KV Mkhize, MA Mkhize, MP Mkhize, NN Mkhize, NA Mkhize, SM Mkhize, TJ Mkhize, B Mkhwanazi, E Mngadi, BR Mngadi, DF Mngadi, S Mngadi, SV Mngadi, MR Mngonyama, TJ Mnguni, BV Mngwengwe, ZO Mnomiya, S Mnyandu; T Mohamed, T Miya, MB Mjadu, SR Moodley, R Moses, ND Motseke, SB Mpanza, NP Msibi, LI Msomi, NP Msomi; DV Msweli; LG Mthembu, SSS Mthethwa, TD Mthethwa, TM Mthethwa, N Munien, OB Mvubu, SK Mzimela, BD Naidoo; J Naidoo, V Ncukana, WP Ndiweni, NB Ndlela, AB Ndlovu, MF Ndlovu, NS Ndlovu, PB Ndlovu, PC Ndlovu, V Ndlovu, SG Nene, TH Nene, S Ngema, SB Ngcongco, DB Ngubane, LE Nkomeni, DR Nowbuth, XM Nqweniso, DM Nsundwane, SH Ntombela, PC Ntshangase, BT Ntuli, PB Ntuli, N Ntuli, NZ Ntuli, B Nxumalo, MR Nxumalo, PH Nxumalo, NN Nyanisa, MV Nzimande-Madlala, AAK Paruk, BW Phewa, P Pillay; GDA Pullan, A Rampersad, S Sewshanker, A Shaheed, LP Shange; BH Shange, MG Shange, TE Shezi, HP Shoji, IM Shinga, JN Sibisi, KS Sibisi, N Sibiya, LC Sikhakhane, BSB Sindane, EL Singh, J Singh, S Singh; PS Sishange, CN Sisoka, NI Sithole, BS Sivetye, EG Smith, AD Snyman, ZA Solomon, ZR Sokhabase, ZN Tshazela, BB Thusi, M Thusi, ME Thusi, VG Reddy, NT Tyelinzima, JC Van den Berg; HM Van Der Ryst, NB Vilakazi, NI Webster, SM Windvogel, TV Xulu, T Xuma, NY Young, GN Zondi; M Zondi, N Zondi, ON Mthembu -Zondi ; TG Zungu and there being three (03) vacancies.

ABSENT : Councillors R Cloete (Indisposed); MB Gwala (Personal Commitments); F Ismail, MH Khan, BG Kubheka (Indisposed); RD Macpherson, ME Mkhize (Personal Commitments); ZM Mncwango (Personal Commitments); J Jacquire (Personal Commitments), MM Ngiba, MS Nkosi (Personal

Commitments); DT Pillay (Personal Commitments); T Sabelo (Indisposed) and I Syed (Personal Commitments).

AMAKHOSI

PRESENT : Inkosi S Mlaba and EB Shozi.

AMAKHOSI

ABSENT : Inkosi JJ Shangase.

OFFICIALS

PRESENT : Messrs/Mesdames TB Mbhele (City Manager), M Mhlongo (Head: Legal & Compliance), BM Mhlongo (Deputy Head: Office of the Speaker), TN Ndlovu (Senior Manager: Secretariat), and SC Zondi (Chief Committee Officer).

At this stage of the proceedings, time being 10h15, the Speaker requested to confirm the number of Councillors present at this meeting to determine if the meeting was quorate.

(Thereafter, with the time, being 10h25; a confirmation was given that 181 Councillors were present, comprising of ANC - 84, DA - 51, EFF - 14, IFP - 13, ASA - 02, ABC - 00, ACC - 01, ACDP - 02, AIC - 01, ADEC - 01, APF - 01, ATM - 01, AL JAMA-AH - 00, DLC - 01, JEP - 00, KZNI - 01, MF - 01, MOSA - 01, NFP - 01, PFP - 01, PRM - 01, TA- 01, UIM - 01 and VF Plus - 01).

1. NOTICE CONVENING THE MEETING

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

2. OPENING

The Speaker declared the meeting open at 10h25 and extended a warm welcome to Councillors; Traditional Leaders; City Manager; Deputy City Managers; Head Legal and Compliance and other Unit Heads; Members of the Administration; Media; and Members of the Public viewing on social media live streaming.

3. AFRICAN UNION AND NATIONAL ANTHEM

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

4. OPPORTUNITY FOR PRAYER/MEDITATION

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

5. OFFICIAL ANNOUNCEMENTS

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

- 5.1.1 Councillors were requested to complete the Attendance Register circulated at the meeting.
- 5.1.2 On behalf of Council, the Speaker extended condolences to the Cele Family on the tragic passing of Ms Luyanda Cele, a 24-year-old who was an Intern at Occupational Health and Safety Unit and was reported missing in the afternoon of 17 March 2023 and was later discovered three (03) days later mutilated outside a lodge in Durban, South Beach. Council condones the ongoing surge on gender-based violence and expected that all enforcement agencies will do everything possible to bring the perpetrators to book and justice to be served.
- 5.1.3 On the other hand, the Speaker congratulated the Inkosi Albert Luthuli International Convention Centre (Durban ICC) for being nominated in the Africa's Leading Meetings and Conference Centre category. It was mentioned that ICC has been nominated twenty (20) times in the category and has won the title seventeen (17) times. It was anticipated that the ICC would again bring the award home. The King Shaka International Airport was also congratulated for winning the Best Regional Airport in Africa at the 2023 Skytrax World Airport Awards.
- 5.1.4 The Speaker further congratulated the Head: Sustainable & Resilient City Initiatives Unit, Professor Debra Roberts who would receive an honorary degree of Doctor of Laws from Rhodes University on Friday, 31st of March 2023. Mention being made that Rhodes University vice-chancellor Professor Sizwe Mabizela highlighted Professor Roberts's immense national and international contributions to climate change issues in cities as deserving of an honorary doctorate.
- 5.1.5 It was reported that with March being the month of Human Rights Month, the Municipality commemorated this day at an event held in Ward 58, Canelands under the theme "Consolidating and sustaining Human Rights Culture into the future".
- 5.1.6 The Speaker requested Council to him to bid farewell to the Municipal Spokesperson, Mr Musawakhe Mayisela who was set to leave the Municipality on the 31st of March 2023. Council wished him all the best on his new endeavours.
- 5.1.7 Councillors are encouraged to conduct themselves with dignity and decency during the Council proceedings, and in compliant with the expectations in terms of the Councillors' Code of Conduct.
- 5.1.8 Councillors were requested not interfere with the microphones and its cables on the tables as this may result to technical glitches and further affecting the recording of the proceedings of the meeting. That; any faults had to be reported to the City Administration staff who would ensure that such was resolved. Councillors were also reminded that Council had a duty to make critical decisions on behalf of City residents and, to cooperate with the City Administration Team, to achieve smooth proceedings. Therefore, Councillors were cautioned that whenever they exit and enter the meeting venue during the time when Council was voting on a particular matter, an appeal was made for Councillors to cooperate with the Administration Team when requested to wait a few minutes before exiting or entering the room.
- 5.1.9 Councillors were also requested to note that during voting, Council relies on the Councillor attendance records already reflected on the screen at the commencement of the voting process. That a Councillor who happen to enter when voting was in progress

was not counted even if raising his/her hand. The Secretariat Team was requested not change the attendance records in the middle of the voting process.

- 5.1.10 Councillors were reminded to conduct themselves in line with the provisions of the Councillors' Code of Conduct to ensure that the meeting maintain dignity and was also conducted in such a manner that good leadership image was portrayed to the eThekweni residents.
- 5.1.11 In concluding his announcements, the Speaker extended best wishes to all Councillors who celebrated their birthdays during the month of March 2023.

6. SPEAKER'S REPORT

PURPOSE

In presenting his Report, the Speaker submitted that the purpose was to report the activities undertaken by the Municipal Council during the month of February 2023, in line with the provision of Section 13(f) of the Rules of Order By-Law 2014, as amended.

6.1 COMMUNITY ENGAGEMENTS/MEETINGS

- 6.1.1 It was advised that public participation was an important Municipal Council matter and remains a critical aspect of ensuring that communities hold Council members accountable.
- 6.1.2 It was reported that over the month of March 2023, a number of public consultations on the 2021/2022 Annual report were held with different stakeholders. Although this was done as part of statutory compliance; it was appreciated to obtain different stakeholders expressing views on the performance of the Municipality as contained in the Annual Report. It being mentioned that some suggestions presented were food for thought for ongoing planning towards service delivery initiatives. Stakeholders that attended appreciated the platform created.
- 6.1.3 It was also reported that on Friday, the 24th of March 2023, there was another community outreach programme led by His Worship, Mayor Cllr Kaunda, as part of Operation Sukuma Sakhe. The objective of these ward-based engagements was to update respective communities on matters that they had raised at a previous engagement. As part of the day's programme, community meetings were held, giving communities a platform to raise concerns on their respective burning issues. Wards that were visited were Wards 12; 13; 15; 16 and 63.
- 6.1.4 Councillors were then encouraged to hold such engagements and provide reports thereof as part of compliance in terms of the Councillors Code of Conduct and keeping residents informed.
- 6.1.5 Even though the Code of Conduct stipulated that at least quarterly engagements should be held, however, in promoting good governance and transparency, Councillors were encouraged to meet monthly with their constituencies.
- 6.1.6 It was noted that over the current quarter, quarter 3, January-March 2023, less than 50% of the Wards reported on stakeholder engagements held, and therefore, Wards that have not complied were urged to still do so, prior to end of quarter 3.

- 6.1.7 It was noted that Wards that had not reported on any community engagements, were in breach in terms of the Code of Conduct as indicted above. It being mentioned that the report thereof; will be referred to the Ethics Committee for further investigation and the matter would report to the Council accordingly.

6.2 WARD COMMITTEES

- 6.2.1 The Speaker advised that Ward Committees as part of Municipal Council Committees were also required to convene monthly meetings. That matters that are raised at the said meetings are meant to find their way into the Municipal Council Committee processes so that they are addressed accordingly.
- 6.2.2 For the period of April – June 2023; it was reported that a progress report with all matters raised in Ward Committee meetings will be prepared and submitted for consideration by the Governance and Human Resources Committees in the first instance, as part of oversight over these Committees.
- 6.2.3 It was noted that the actual number of meetings held was deteriorating, however, it was mentioned that interventions were continuously being implemented such as on-going intervention meetings being attended by Officials; and with political matters also being attended to by the Speaker of Council, including empowerment programmes.
- 6.2.4 It being reiterated that ongoing empowerment programmes were also provided to Ward Committees as part of support to enhance their functionality, the latest being the meeting facilitated in line with one of the District Development Model (DDM)'s focal strategy on people development through empowering communities. This programme was aimed at equipping Ward Committees with information on their role in respect of other programmes such as DDM and Operation Sukuma Sakhe (OSS).

6.3 SANCTIONS FOR NON-ATTENDANCE OF MEETINGS

- 6.3.1 Schedule 7: Code of Conduct for Councillors contained in the Local Government: Municipal Structures Act, No.117, as amended, makes provision that a Councillor must attend each meeting of the Municipal Council and of a Committee of which that Councillor is a member, except when, leave has been granted or whenever that Councillor is requested to withdraw from that meeting.
- 6.3.2 Section 5(3)(a) of the Code further makes provision relative to sanctions for non-attendance in such meetings, which reads:
“5. Sanctions for non-attendance of meetings
- (3)(a) Proceedings for the imposition of a fine or the removal of a councillor must be conducted in accordance with a uniform standing procedure which each Municipal Council must adopt for the purposes of this item.”
- 6.3.3 It was recalled that at its meeting held on 30 June 2022, Council approved the eThekweni Municipality Terms of Reference with eThekweni Municipality: Uniform Standing Procedure, 2013 as Part B of the approved terms of reference.
- 6.3.4 The said Uniform Standing Procedure, 2013, outlines procedures to be observed in an event of alleged breach in terms of any item of the Councillor's Code of Conduct. However, the above quoted provision in .3 above, specifically indicates that the

Municipal Council should adopt uniform standing procedure for the purpose of dealing with alleged breach in terms of non-attendance of meetings.

6.3.5

The current approved Uniform Standing Procedure, 2013 covers breaches in all aspects of the Code of Conduct, including non-attendance of meetings, however, to comply with the provision of 5(3)(a) of the Code of Conduct, it is being proposed that the Municipal Council considers adopting the same Uniform Standing Procedure to also accommodate consideration breaches in terms of non-attendance of meetings.

Thereafter, it was,

RECOMMENDED THAT:

The Municipal Council grants authority for processes set out in the Uniform Standing Procedure, 2013 adopted in June 2022, to also be utilized for the imposition of a fine or the removal of a councillor in breach of non-attendance of meetings as per the requirement of section 5(3)(a) of Schedule 7: Code of Conduct for Councillors, contained in the Local Government: Municipal Structures Act, No.117, as amended.

ADOPTED.

6.4

MEMBERSHIP CHANGES IN THE ETHICS COMMITTEE

The Municipal Council established Ethics Committee to assist the Speaker of Council in monitoring the Councillors Code of Conduct. As with all other Municipal Council Committees the Ethics membership is allocated on proportional basis, as follows:

POLITICAL PARTY	NUMBER OF REPRESENTATIVES	MEMBER
African National Congress (ANC)	04	<ul style="list-style-type: none"> • Cllr N Mthembu-Zondi (Chairperson) • Cllr Sbusiso Ngcongco (Deputy Chairperson) • Cllr S Sishange • Cllr V Mngadi
Democratic Alliance (DA)	03	<ul style="list-style-type: none"> • Cllr H Shozi • Cllr T Pillay • Cllr S Chebure
Economic Freedom Fighters (EFF)	01	<ul style="list-style-type: none"> • Cllr T Miya
Inkatha Freedom Party (IFP)	01	<ul style="list-style-type: none"> • Cllr R Mbonambi

A request had been received from the ANC for membership change in its allocation by the substitution of Councillors Fakazi Mdletshe and Yolanda Young, replacing Councillors Snegugu Sishange and Vusithemba Mngadi.

It was,

RECOMMENDED THAT:

The appointment of Councillors Fakazi Mdletshe and Yolanda Young to serve on the Ethics Committee representing the African National Congress (ANC), in substitution for Councillors Snegugu Sishange and Vusithemba Mngadi, be approved.

ADOPTED.

6.5 MEMBERSHIP CHANGES IN THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

It was recalled that the Municipal Council established MPAC as a Statutory Committee with an oversight responsibility to ensure good governance within the Municipality. This Committee is on proportional representation as follows:

Political Party	Number of allocated seats	Member
African National Congress (ANC)	05	Cllr B Fortein Cllr M Thusi 3x vacancies
Democratic Alliance (DA)	03	Cllr A Beetge Cllr S DeBoer Cllr A Kisson
Inkatha Freedom Party (IFP)	01	Cllr J Naidoo
Economic Freedom Fighters (EFF)	01	Cllr T Xuma (Chairperson)
Action South Africa (ACSA)	01	Cllr A Beesley

It being noted that as per the above table the ANC currently has three (03) vacancies in the Committee arising from the resignation of two of its Members from the Municipal Council, namely erstwhile, Councillors Sindy Ngcobo and Pearl Luthuli, and the substitution of Councillor Njokweni from the Committee.

Therefore, it was

RECOMMENDED THAT:

6.5.1.1 The appointment of Councillors Mzokuthoba Mngonyama and Brenda Mpanza to serve on the Municipal Public Accounts Committee (MPAC), representing the African National Congress (ANC), be approved.

6.5.1.2 Council notes that the ANC still has a vacancy on the MPAC, which will be filled in due course.

9.3.1 ADOPTED; and 9.3.2 NOTED.

6.6 MUNICIPAL COUNCIL MEMBERSHIP

It was noted that the Municipal Council has one (01) Proportional Representation Councillor vacancy that arose from the resignation of erstwhile Councillor Pearl Luthuli representing the African National Congress (ANC).

It being further noted that the Independent Electoral Commission (IEC) has confirmed that by-elections will be held on 24 May 2023 and that will include the vacancy that exist in Ward 73.

7. APPLICATIONS FOR LEAVE OF ABSENCE

RESOLVED:

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

COUNCILLORS

Councillor R Cloete	:	2023-03-30	(Indisposed)
Councillor J Chetty	:	Requested to leave at 15h00.	
Councillor MB Gwala	:	2023-03-30	(Personal Commitments)
Councillor MF Ismail	:	Requested to leave at 16h00.	
Councillor BG Kubheka	:	2023-03-30	(Indisposed)
Councillor T Miya	:	Requested to leave early.	
Councillor ME Mkhize	:	2023-03-29 To 2023-04-03 (Personal Commitments)	
Councillor ZM Mncwango	:	2023-03-30	(Personal Commitments)
Councillor T Mohamed	:	Requested to leave at 16h00.	
Councillor J Jacquire	:	2023-03-30	(Personal Commitments)
Councillor MS Nkosi	:	2023-03-30	(Personal Commitments)
Councillor A Paruk	:	Requested to leave at 15h00.	
Councillor DT Pillay	:	2023-03-30	(Personal Commitments)
Councillor T Sabelo	:	2023-03-30	(Indisposed)
Councillor I Syed	:	2023-03-30	(Personal Commitments)

8. DECLARATION OF INTEREST

It was noted that none of the Members had declared interest on the matter that appeared on the Agenda.

9. CONFIRMATION OF MINUTES: MEETINGS HELD ON 2023-02-28; and 2023-02-28 (In-committee)

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

- (i) 2023-02-28 (Ordinary) were tabled, moved by Councillor Hlengwa and seconded by Councillor Myeni.
- (ii) 2023-02-28 (In-Committee), were adopted during an In-Committee session.

Thereafter, it was

RESOLVED:

That the minutes of the meetings of the eThekweni Municipal Council held on 2023-02-28 and the minutes of the In-Committee meeting held on 2023-02-28, as circulated and taken as read, be and they are hereby confirmed.

10. MATTERS ARISING

It was noted that there were no matters arising in respect of items appearing on the Minutes.

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

Prior to considering the above matter, Councillor Madlala of ANC appealed for an indulgence of the Speaker to amend and re-arrange the order of proceedings for this meeting. He requested for a deferral of an item on Questions submitted

in terms of Section 27 of the Rules of Order By-Law, as amended. He motivated that Council had to prioritize other items, including the 2023/2024 Draft Budget and also to allocate sufficient time for debate and the convening of Party Caucuses to agree on their respective positions in terms of draft budget approval. This was unanimously agreed to by Council.

At this stage of the proceedings, time being 11h15, the DA requested five (05) minutes for a caucus and the meeting later resumed at 11h33.

Thereafter, the DA appealed to the Speaker to work with his Administration to address the issue of postponements of meetings, late delivery of agendas etc. It being emphasised that the Rules of Order By-Law in its entirety had to be adhered to. Also, that the answers to the deferred questions be submitted to the authors of the questions. They further indicated that the deferral of these questions should not set a precedence for future meetings.

The submission by the DA was accordingly, NOTED, by the Speaker.

12. REPORTS:

It was noted that none of the Members have declared interest on items appearing in the Agenda.

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

FIRST REPORT OF THE EXECUTIVE COMMITTEE

(Meeting held 2023-03-14)

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

1. APPOINTMENT OF CHAIRPERSONS OF SECTION 80 COMMITTEES: SECURITY & EMERGENCY SERVICES COMMITTEE AND HUMAN SETTLEMENTS & INFRASTRUCTURE COMMITTEE

(Page 1)

The eThekweni Municipal Council at its meeting held on 28 February 2023 approved the recommendation by the Executive Committee to establish a sixth Support Committee, namely, Security and Emergency Services Committee. This then necessitates the appointment of Chairperson of this Committee, which function is delegated to the Executive Committee in terms of Section 80(30)(a) of the Local Government: Municipal Structures Act No. 117 of 1998, as amended.

Meanwhile, the Municipal Council at the same meeting of 28 February 2023 received and accepted a resignation from Councillor T Miya of the Economic Freedom Fighters,

as the member of the Executive Committee. With Councillor Miya having been previously appointed Chairperson of the Human Settlements and Infrastructure Committee, his resignation then also necessitates the appointment of another member of the Executive Committee to serve as Chairperson of the aforementioned Committee.

Accordingly, by the power vested in the Executive Committee, the election process was conducted to appoint Chairperson of the Security & Emergency Services Committee and Chairperson of the Human Settlements & Infrastructure Committee. The outcome thereof resulted in the appointment of the following Executive Committee Members.

The appointment of the Chairpersons of the Support Committees in question was not contested, and was subsequently approved by the majority support, as the DA recorded its abstention in this regard.

No.	Committee	Chairperson	Political Party
1.	Security & Emergency Services	Councillor ZP Myeni	National Freedom Party
2.	Human Settlements & Infrastructure	Councillor OB Mvubu	Economic Freedom Fighters

Accordingly, the appointment of the Chairpersons referred to above is submitted to the Municipal Council for information purposes.

COMMITTEE RECOMMENDS:

- 1.1 That Council notes the appointment of Councillor ZP Myeni of the National Freedom Party as the Chairperson of the Security and Emergency Services Committee established by the Municipal Council at its meeting of 2023-02-28 as its sixth Support Committee.
- 1.2 That Council notes the appointment of Councillor OB Mvubu of the Economic Freedom Fighters as the Chairperson of the Human Settlements and Infrastructure Committee, following the resignation of Councillor T Miya who was previously appointed the Chairperson of the aforementioned Committee.

The newly appointed Chairpersons in their respective Support Committees were accordingly complimented. It being noted that politics was a fluent and ever evolving dynamic along with the concepts, ideologies, and Government structures. It being also emphasised that those appointed in leadership positions had to be equipped to enhance growth and development needed to advance the needs of the residents.

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

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

SECOND REPORT OF THE EXECUTIVE COMMITTEE

(Meeting held 2023-03-28)

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

ABSENT : Executive Committee Member MS Nkosi (Personal Commitments Leave).

1. REPORT OF THE HUMAN SETTLEMENTS AND INFRASTRUCTURE COMMITTEE: MEETING HELD: 2023-03-22.

(Page R1)

1.1 Proposed Alienation of Proposed Portion A of Erf 2105 Umlazi – U, by Direct Negotiations with the Adjoining Owner: Plan No.: SJ 4753/4; Extent 533m² (17/2/1/2/3):

(Page 100: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

Authority is sought for approval to permanently close existing street reservation described as Proposed Ptn A of Erf 2105 Umlazi-U, Registration Division FT, Province of KwaZulu-Natal, measuring 533m² in extent, in accordance with Section 211 of the Local Authority Ordinance No. 25 of 1974. It was indicated that once Council approval is received, this closure will be advertised via the Land Use Management Application process, to be read together with Section 28(2)(e) and (f) of the eThekweni Municipality Planning and Land Use Management By-Law 2016. The alienation of land (“the property”) as depicted on SJ 4753/4, in terms of Regulation 5(1) (b), read with Regulation 7 and Regulation 11 of the Municipal Asset Transfer Regulations, 2008 (“MATR”) and Section 14(2) (a) and (b) of the Local Government: Municipal Finance Management Act No 56 of 2003. (“MFMA”).

Property Description	Proposed Ptn A of Erf 2105 Umlazi-U		
Applicant	The Divine Success Trust		
Extent	533m ²		
Current Zoning	Existing Road		
Current Usage	Vacant		
Proposed Usage	Place of Worship		
Ward Councilor Cllr Sindisiwe Gabriella Shange	Notice	Date	Ward No
	By telephone	13/08/2021	86
Viable / Non-Viable	Non-viable -The property cannot be developed on its own		

The Divine Success Trust owns and utilizes Erven 2089 and 2090 Umlazi-U for worship purposes. The land is utilized for worship by the Ebenezer Family Church International.

The existing land owned by The Divine Success Trust is not sufficient for the Church requirements and therefore the proposed sale will augment the land available and enable the affairs of the Church to be realized. The Church will utilize the subject land access to the property as well as for parking as required by the Town Planning Regulations.

The subject property is zoned as Existing Street in terms of the Town Planning Scheme and will require a scheme amendment to Worship site. The road will need to be formally closed and deproclaimed prior to alienation of the property and thereafter subdivided and consolidated with Erven 2089 and 2090 Umlazi-U. A rezoning of the consolidated property to a Place Worship will be undertaken by the Divine Success Trust prior to the transfer of land.

The market value of the land is currently assessed at a value of R134 000.00 (One Hundred and Thirty- Four Thousand Rand), excluding VAT, as determined by the registered Valuer. This transaction shall attract the payment of VAT. The eThekweni Municipality Land Disposal and Granting of Property Rights Policy affords a 90% discount to registered NPO/PBO Organizations. As the Divine Success Trust is neither an NPO/PBO, the discount will not be implemented. To satisfy the requirements of Section 14(2) of the MFMA, various Line Departments were consulted on the proposed transfer/disposal to indicate whether they anticipated that the subject property was needed for basic municipal services, as indicated in Annexure “B” of the report by the Head: Real Estate dated 2022-10-18. It has been established that the property is not required for the provision of basic municipal services.

With the Committee being in agreement,

COMMITTEE RECOMMENDS:

- 1.1.1 That the Municipal Council declares that in terms of Regulation 5(1) (b), Regulation 7 and Regulation 11 of the Municipal Asset Transfer Regulations, 2008, read together with Section 14 (2) (a) and (b) of the Local Government: Municipal Finance Management Act No. 56 of 2003 that:
 - 1.1.1.1 The property described as Proposed Portion A of Erf 2105 Umlazi-U, in extent 533m² as depicted on Plan SJ 4753/4, is not needed to provide the minimum level of basic Municipal services and is considered a surplus to the requirement of the Municipality.
 - 1.1.1.2 The market value of the property is currently assessed at a value of R134 000.00 (One Hundred and Thirty-Four Thousand Rand) excluding VAT, and it being recorded that this transaction shall attract payment of VAT.
- 1.1.2 That a reversionary clause in the event that the property is not utilized for the worship purpose as indicated in this report, ownership of the property will revert to the Municipality. In such event the property will be transferred back to the Municipality at no cost, free of any encumbrances, liens, hypothec and mortgage bonds. The Divine Success Trust shall sign all documents necessary to give effect

to such transfer of the property to the Municipality. This provision shall be included in the agreement between The Divine Success Trust and the Municipality.

- 1.1.3 That the Proposed Portion A of Erf 2105 Umlazi-U be sold to the Divine Success Trust at a purchase price of R134 000.00 (One Hundred and Thirty -Four Thousand Rand), excluding VAT, it being recorded that this transaction shall attract payment of VAT.
- 1.1.4 That the land in question is presently zoned Existing Street in terms of the Town Planning Scheme and will require an amendment to Worship site. An application for the scheme amendment to accommodate a Worship site must be submitted in terms of Spatial Planning and Land Use Management Act. All Costs involved in this transaction shall be borne by the purchaser.
- 1.1.5 That the Proposed Portion (A) is to be subject to several servitude condition upon registration into private ownership.
- 1.1.6 That the area to be disposed of must be consolidated with the adjoining properties Erven 2089 and 2090 to form (B), however, should that not be possible, the area may be notarially tied to the adjoining properties. All Costs involved in this transaction shall be borne by the purchaser.
- 1.1.7 That portion of the area to be alienated compromises existing road and reserve which must be formally closed prior to alienation, which will need to be undertaken in terms of Section 211 of the Local Authorities Ordinance No. 25 of 1974, read together with the Spatial Planning and Land Use Management Act. All Costs involved in this transaction shall be borne by the purchaser.
- 1.1.8 That the Traffic Impact Assessment application has to be submitted to the Head: Traffic Authority prior to any development taking place on the proposed site.
- 1.1.9 That Telkom plant may be affected by this proposal. In this regard the purchaser is to liaise with that authority in order to ascertain their requirements.
- 1.1.10 That subject to the adoption of paragraphs .1 - .9 above, authority be granted for the Head: Real Estate to sign all the documentation necessary to give effect this transaction in terms of the Supply Chain Management Policy of the Municipality and any other applicable legislation and that it shall be subject to such further conditions as the Head: Real Estate considers necessary to protect Council interest.

Financial Implications:

All costs involved in this transaction shall be borne by the purchaser.

ADOPTED.

- 1.2 Hydropower and Solar Panel Public Private Partnership Finalised Feasibility Study (23/1/11/3/1) & (27/1/2/1/7):
(Page 146: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

Authority is sought to implement recommendations of the feasibility studies conducted for the Hydropower with respect to the Western Aqueduct Public-Private Partnership (PPP) and the Solar Panels on Reservoir Sites PPP. EThekweni Municipality is implementing energy infrastructure projects with the objective to reduce reliance on ESKOM by 20% from 2025, increasing to 40% by 2030 and to be completely

independent by 2050. Both these projects are in alignment with the Municipal's Energy Policy, which aims to transform the energy sector in key areas such as power generation. The intervention for energy security will be used as a catalyst for economic growth, job creation and greenhouse gas (GHG).

With the Committee being in agreement,

COMMITTEE RECOMMENDS:

- 1.2.1 That Council approves technical options and final recommendations of the feasibility studies undertaken for the Hydropower with respect to the Western Aqueduct and the Solar Panels on Reservoirs.
- 1.2.2 That subject to the approval of .1 above, authority be granted for the Head: Water and Sanitation to undertake procurement of a private party and such procurement to be in compliance with the applicable Supply Chain Management Policy, and in conjunction with the National Treasury Public-Private Partnership guidelines.
- 1.2.3 That the outcome of the procurement process carried out as per .2 above, be presented to the Committee for final approval.

Financial Implications:

1. The Municipality budgeted R13,272 billion for the bulk purchase of electricity in 2022/2023. The purchase of electricity under a PPA (Power Purchase Agreement) from both projects would fall within the same budget and hence would displace equivalent amounts of power purchased from ESKOM.
2. The total capacity of the hydropower generation and photovoltaic power plants is estimated at 3.8 MWp and 6.4MWp, respectively. The CAPEX costs are to be borne by the private party and will be finalised during negotiations with the preferred bidder.
3. The hydropower generation and photovoltaic power plants will be built on existing Municipal owned land, for which the Municipality will earn a monthly rental income from the private party for use of the sites. The leasing rates for use of the Municipal land will be finalised during negotiations with the preferred bidder.

The implementation of the technical options and final recommendations of the feasibility studies undertaken for the Hydropower with respect to the Western Aqueduct Public-Private Partnership (PPP) and the Solar Panels on Reservoir Sites PPP; was unanimously welcomed. It being mentioned that the Country was in shortage of a sustainable energy source. Therefore, residents of the areas affected; will benefit immensely from this partnership. A proposal was also submitted for the Municipality to continue and invest in renewable energy infrastructure in other areas within the eThekweni Municipality in order to fastrack the master goal of completely being independent of ESKOM by 2050 and also meeting the climate change and environmental commitments.

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

- 1.3 UMdloti and UMkomaas Regional Wastewater Treatment Works Public Private Partnership Finalised Feasibility Study (23/1/11/2/1/2):
(Page 155: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

Authority is sought to implement recommendations of the feasibility study conducted for UMdloti and UMkomaas Regional Wastewater Treatment Works Public-Private Partnership (PPP) and to grant authority to procure a private party to complete the PPP process, and the procurement to be in compliance with the applicable Supply Chain Management Policy, and in conjunction with the National Treasury PPP guidelines.

It was reported that the Unit currently operates three wastewater treatment plants (WWTWs) in the UMdloti catchment and another three WWTWs in the UMkomaas catchment. The plants in both catchments are approaching their design capacity. The Unit has conducted due diligence and feasibility studies into the regionalization of the WWTWs so that the UMdloti and UMkomaas catchment will be serviced by a single regionalized WWTW in each catchment.

The implementation of this PPP project will enable the Municipality to increase wastewater treatment capacity, improve effluent quality in line with the Department of Water and Sanitation (DWS) standards and will unlock potential catalytic development in both catchments for economic growth in the eThekweni Municipality.

With the Committee being in agreement,

COMMITTEE RECOMMENDS:

- 1.3.1 That authority be granted for the Head: Water and Sanitation to implement findings and recommendations of the feasibility study conducted for the proposed UMdloti and UMkomaas Regional Wastewater Treatment Works Public-Private Partnership.
- 1.3.2 That authority be granted for the Head: Water and Sanitation to procure a private Party to complete the PPP process and such procurement to be in compliance with the applicable Supply Chain Management Policy, and in conjunction with the National Treasury Private Public Partnership guidelines.
- 1.3.3 That the outcome of the procurement process carried out as per recommendation .2 above be presented to the Committee for final approval.

Financial Implications:

- 1. Based on the project estimates, it is anticipated that Capex investment of R1 622 Million will be required to construct the necessary infrastructure by the concessionaire. The annual operating cost estimated to be R113 Million once the project reaches full capacity. The current cost of operating the existing WWTWs will be an avoided cost totaling R31 776 820.00.
- 2. Council will pay the PPP concessionaire a service fee based on the volumes of treated wastewater. The private party will be reimbursed for the construction of raw sewerage conveyance systems lining existing networks to the greenfield plants; paid out in equal instalments across the first four (04) years after commissioning. The feasibility study determined that the new sewage pipelines CAPEX costs is R446 158 500.00 with an annual OPEX cost of R24 063 225.00.

Speaking on the matter, the ACDP welcomed the report and emphasised that the intention was for the Municipality to increase wastewater treatment capacity, improve effluent quality in line with the approved standards. It being mentioned that waterborne diseases had been a challenge in the past; it being further appreciated that the residents of the areas cited would be provided with clean quality water. It was also highlighted that the programme had to be implemented to other areas affected within the Municipality.

The IFP then drew the attention of Council to the findings in the Audit Committee Report, which indicated that some Wastewater Treatment Plants (WWTP) were operating with no license or permit; lack of proper plans to improve efficiency of the WWTP, which may result in unhygienic conditions. In this regard, they welcomed the Municipality's initiative to undertake these feasibility studies and further urged the Municipality to fastrack implementation thereof.

The ANC was also in support of the matter and further advised that infrastructure maintenance was critical in ensuring continuous provision of clean, safe and drinkable water. It being mentioned that public private partnerships were also essential due to various reasons, including the issue of non-availability of sufficient funding to carry out major projects.

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

- 1.4 Acceptance of Transaction Advisory Services from International Finance Corporation for eThekweni Wastewater Treatment Works Projects (23/1/11/2/1/1):
(Page 169: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

Authority is sought to accept Transaction Advisory Services from the International Finance Corporation to conduct a feasibility study for the new UMdloti and UMKomaas Wastewater Treatment Works to the value of US\$1 450.00 but at no cost to eThekweni Municipality.

The Unit is currently experiencing an increase in demand for sanitation services due to the rapid expansion and economic activity across the Municipality. This has resulted in a need to regionalize the Wastewater Treatment Works (WWTWs) and to decommission other smaller works that can no longer keep up with the demand. The Unit has identified two WWTWs at UMdloti and UMKomaas that are required immediately to prevent stifling increase in economic activities in these areas. It was planned that the new UMdloti and UMKomaas WWTW will have capacity of 50Ml/d and 12 Ml/d, respectively.

Due to the immediate need for these two plants, it was decided to conduct a feasibility study using Transaction advisory to determine if a Public-Private Partnership model would be suitable. The findings of the feasibility study will then be presented to the Committee for a decision to procure a PPP partner in accordance with the national Treasury PPP guidelines and Municipal Supply Chain Management Regulations.

With Committee being in agreement,

COMMITTEE RECOMMENDS:

- 1.4.1 That authority be granted for the City Manager to accept the in-kind Transaction Advisory services from the International Finance Corporation for the Wastewater Treatment works at UMdloti and UMKomaas to the value of US\$1,450,00, but at no cost to Council.
- 1.4.2 That, subject to the approval of .1 above, the Financial Advisory Services Agreement to be entered into in this regard be subject to review by the Legal Department

to ensure that there are no financial and Supply Chain Management implications to Council.

- 1.4.3 That authority be granted for the City Manager to, on behalf of the Municipality enter into reviewed Financial Advisory Services Agreement with the International Finance Corporation.
- 1.4.4 That the findings and recommendations of the feasibility study carried out by the Transaction Advisor be presented to the Committee.

Financial Implications:

The financial implications will be assessed before the appointment of the PPP partner.

The Transaction Advisory Services from the International Finance Corporation to conduct a feasibility study for the new UMDloti and UMKomaas Wastewater Treatment Works was greatly appreciated. It being mentioned that the programme would assist to address sewer overflow challenges and provision of adequate sanitation facilities to communities.

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

- 1.5 Report for Noting in terms of Section 116(3) of the MFMA, for the Amendment of the Period of Performance for WS 5012: the Durban Water Recycling Public-Private Partnership (23/1/5):
(Page 176: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

The Committee received the report in accordance and in compliance with Section 116(3) of the Local Government: Municipal Finance Management Act No. 56 of 2003 to amend the contract period of performance for the Durban Water Recycling Public-Private Partnership (DWR PPP) operating in eThekweni. The current contract expires on 30 April 2023. However, there is a risk to the Municipality that a new contract may not be concluded when the existing contract period lapses. It is therefore recommended that Contract WS 5012 be further extended on a month-to-month basis for a maximum period of 12 months, with effect from 01 May 2023 and on the same terms and conditions of the existing contract (WS2020/160).

The DWR plant has been successfully operational since its commissioning in 2001. The plant is a success story for the PPPs across South Africa, in particular the eThekweni Municipality. With approximately 6 months left on the current contract, the Unit is required to initiate and conclude a procurement process for a new tender. The Transaction Advisor appointment was approved by Council in 2018 (WS2018/101) to assist the Municipality with new PPP feasibility study and procurement of a new Concessionaire.

The Council approved the Transaction Advisor's PPP feasibility study and authority was granted to proceed with the procurement of a new Concessionaire in 2019. A tender for the appointment of the new Concessionaire (WS7379) was advertised on 20 August 2021 and closed on 14 January 2022. Upon conclusion of the bid evaluation, the City Integrity and Investigations Unit (CIU) received a complaint regarding the tender process and the investigation is ongoing.

Council authority is therefore sought for a further extension of the existing DWR PPP Contract (WS 5012) on a month-to-month basis for a maximum period of 12 months, with effect from 01 May 2023 and on the same terms and conditions of the existing contract (WS2020/160) to allow the CIU to conclude its investigation in this regard.

The eThekweni Municipality awarded contract WS 5012 to the DWR (Pty) Ltd in 1999. This was the first PPP governed by the National Treasury in the Municipality and was awarded as a 20-year concession contract for the production of high-quality reclaimed water. The plant was commissioned in April 2001 and officially opened by the Minister of the Department of Water Affairs and Forestry. The recycling plant has the capacity of treating 47.5 million litres of domestic and industrial wastewater to a near potable standard for sale to industrial customers for direct use in their processes. The plant produced its first water sales in May 2001 and has been running successfully ever since. The main off-takers supplied by this plant are Mondi (Pty) Ltd and SAPREF (Pty) Ltd with a combined off-take agreement of 33 ML/d. The contract currently expires on 30 April 2023.

The DWR plant has revenue generating and water security benefits for the Municipality. There is no expenditure being incurred by the Municipality. Revenue is generated from the sale of effluent which is treated by the DWR concessionaire to near potable standards for sale to the off takers. This results in potable water being freed up for use by the communities. Based on the success of this contract, the Municipality is seeking to secure a new contract under the same PPP model.

To give effect to this, the Municipality embarked on a process to appoint a Transaction Advisor to assist the Municipality to conclude a new PPP feasibility study and procure a new Concessionaire to operate the plant via the National Treasury's procurement process. The report titled 'Transaction Advisor for The Public-Private Partnership for The Durban Water Recycling Plant (WS2018/101)' was tabled at the Human Settlements and Infrastructure Committee and authority granted to proceed in 2018.

A Memorandum of General Agreement (MOGA) and a Memorandum of Particular Agreement (MOPA) were signed by the Municipality and the National Treasury's Government Technical Advisory Centre (GTAC) to collaborate on various EWS PPP projects. The Transaction Advisor was procured by National Treasury.

On completion of the feasibility study, a report titled 'Durban Water Recycling Public-Private Partnership Finalised Feasibility Study (WS2019/250)' was presented to the Human Settlements and Infrastructure Committee. Approval was granted to commence with the procurement of a new private party and such procurement to be in compliance with the National Treasury PPP guidelines, 2020.

Prior to the current DWR contract expiring on April 2021, a report titled 'Request for Noting in Terms of Section 116(3) of the MFMA to amend a Period of Performance for WS 5012: The Durban Water Recycling Public-Private Partnership (WS2020/160)' was presented to the Human Settlements and Infrastructure Committee. The intention to extend the existing contract for a maximum period of 24 months on a month-to-month basis on the same terms and conditions of the existing contract in accordance with the requirements of MFMA Section 116(3) was noted.

A new PPP tender for the appointment of new private party (WS7379) was advertised on 20 August 2021 and closed 14 January 2022.

Reasons for proposed further extension of the existing contract are as follows:

- New PPP process was started 3 years before the expiry date of the existing DWR contract. The Transaction Advisor completed a feasibility study and the National Treasury's review processes timeously. However, the project experienced some delays due to the COVID-19 pandemic as offtake guarantees could not be secured. The contracted offtake industries faced some uncertainties with respect to their business continuity and therefore could not commit to long-term agreements. This has since been resolved and the project has moved forward.
- Tender evaluation for a new contract was concluded in March 2022. The bid evaluation report was circulated for signatures. Thereafter, the office of the Head: Water and Sanitation received a complaint relating to the tender process which was subsequently referred to the City Integrity and Investigations Unit (CIU) for investigation.
- The CIU commenced with the investigation whilst the Bid Evaluation Committee Report was held in abeyance, and this has subsequently halted the approval process to award the tender. The CIU has released a preliminary report recommending that no tender be awarded and that a new tender be advertised. Due to the confidential nature of the investigation, no further information has been provided to the Department as the investigation is still ongoing and a final report shall be released in due course.
- The report WS2020/218 granted approval to extend the existing contract till 30 April 2023. Due to the delays experienced in the project, approval is sought to extend the existing WS 5012: The Durban Water Recycling Public-Private Partnership for a further 12 months, on a month-to-month basis, expiring on 30 April 2024. This is to ensure that the Municipality has adequate time to award a new tender once the CIU investigation has been concluded.

In accordance with Section 116 (3)(b) of the MFMA, an advertisement for the contract extension was placed for public comment on 22 July 2022 and no comments were received from the public.

Financial Implications:

There are no expenditure implications for the Municipality. This contract generates approximately R4 900 000 per annum in revenue for the Municipality.

With the Committee being in agreement,

COMMITTEE RECOMMENDS:

1.5.1

That Council notes the intention to amend contract duration under the existing Contract WS5012 awarded to Durban Water Recycling (Pty) Ltd, with the existing contract previously extended to 30 April 2023, and now to be further extended on a month-to-month basis for a maximum period of twelve (12) months, expiring 30 April 2024, based on the terms and conditions in accordance with the requirements of Section 116(3) of the Local Government: Municipal Finance Management Act No. 56 of 2003, which extension is informed by the following reasons:

- 1.5.1.1 New PPP process was started 3 years before the expiry date of the existing DWR contract. The Transaction Advisor completed a feasibility study and the National Treasury's review processes timeously. However, the project experienced some delays due to the COVID-19 pandemic as offtake guarantees could not be secured. The contracted offtake industries faced some uncertainties with respect to their business continuity and therefore could not commit to long-term agreements. This has since been resolved and the project has moved forward.
- 1.5.1.2 Tender evaluation for a new contract was concluded in March 2022. The bid evaluation report was circulated for signatures. Thereafter, the office of the Head: Water and Sanitation received a complaint relating to the tender process which was subsequently referred to the City Integrity and Investigations Unit (CIU) for investigation.
- 1.5.1.3 The CIU commenced with the investigation whilst the Bid Evaluation Committee Report was held in abeyance, and this has subsequently halted the approval process to award the tender. The CIU has released a preliminary report recommending that no tender be awarded and that a new tender be advertised. Due to the confidential nature of the investigation, no further information has been provided to the Department as the investigation is still ongoing and a final report shall be released in due course.
- 1.5.1.4 The report WS2020/218 granted approval to extend the existing contract till 30 April 2023. Due to the delays experienced in the project, approval is sought to extend the existing WS 5012: The Durban Water Recycling Public-Private Partnership for a further 12 months, on a month-to-month basis, expiring 30 April 2024. This is to ensure that the Municipality has adequate time to award a new tender once the CIU investigation has been concluded.

Financial Implications:

There are no expenditure implications for the Municipality. This contract generates approximately R4 900 000.00 per annum revenue for the eThekweni Municipality.

ADOPTED.

- 1.6 New Water Production at KwaMashu and Northern Wastewater Treatment Works (WWTWS) (23/1/11/2/1/2):
(Page 189: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

Authority is sought to mandate the eThekweni Municipality City Manager to, on behalf of the Municipality, enter into a Facility Agreement with the Development Bank of Southern Africa (DBSA) for a new Water Project at KwaMashu and Northern WWTWs. It was reported that due to a delay in the construction of the Smithfield Dam which is anticipated to be commissioned in 2023, potable water from plants will be a mitigation measure for any shortfall of water that will occur. Furthermore, due to the negative impacts of climate change, it would be in the best interest of the eThekweni Municipality to pursue this project to reduce the adverse effects and maintain a secure water supply during these conditions.

The reuse of wastewater has been identified in the KZN Department of Water and Sanitation Reconciliation Strategy as an intervention to mitigate against the deficit in the water supply demand/curve based on the projected future water demand.

With the Committee being in agreement,

COMMITTEE RECOMMENDS:

- 1.6.1 That the eThekweni Municipality City Manager be mandated to, on behalf of the eThekweni Municipality, enter into a Facility Agreement with the Development Bank of Southern Africa (DBSA) for a new Water Project at KwaMashu and Northern Wastewater Treatment Works.
- 1.6.2 That, to give effect to .1 above, authority be granted for the Deputy City Manager: Trading Services to transfer funds identified as savings in the 2022-23 financial year from Vote: 60610. 19510. 11500.000. MRC01. 0010: Water; Vote: 60204. 19700. 11500. 0000. MRC01. R005: Water; Vote: 64050. 10970. 11400. 0000. MRC01. 0010: Sanitation; Vote 62130. 10975. 11400. 0000. MRC01. 0010: Sanitation; to Vote: 62140. 10975. 11400. 0000. MRC01. 0010.
- 1.6.3 That, subject to the approval of .2 above, authority be granted for the Deputy City Manager: Finance to include in his Adjustment Budget Report the transfer of funds from Vote: 60610. 19510. 11500. 0000. MRC01. 0010: Water; Vote: 60204. 19700.11500.0000. MRC01. R005: Water; Vote: 64050. 11400.0000 MRC01. 0010: Sanitation; Vote: 62130. 10975. 11400.0000. MRC01. 0010: Sanitation; Vote 64700. 10640. 11400. 0000. MRC01. 0010, Sanitation; savings identified in the 2022/2023 financial year to Vote: 62140. 10975. 11400. 0000. MRC01. 0010.
- 1.6.4 That the anticipated expenditure for the City programme is:
R 5 000 000 (To be met from savings provided in 2022/2023)
R14 000 000 (Funded by the DBSA IN 2023/24-2024/25)

Vote No.: 62140.10975. 11400. 0000.. 0010
FC No.: 22/365/11

Financial Implications:

The following budget is required in the respective financial years of the appointment of a Transaction Advisor:

- 2022/23- R5000 000 (From Identified Savings)
- 2023/24-2024/25- R14000 000 (Funded by DBSA)

Identified Line Funding:

Vote: 60610. 19510. 11500. 0000. MRC01; Water	R1 000 000
Vote: 60204. 19700. 11500. 0000. MRC01. R005; Water	R 500 000
Vote :64050. 10970. 11400. 0000. MRC01. 0010; Sanitation	R1 000 000
Vote: 62130. 10975. 11400. 0000. MRC01. 0010; Sanitation	R2 000 000
Vote: 64700. 10640. 11400. 0000. MRC01. 0010; Sanitation	R 500 000

It was emphasised that the new Water Project at KwaMashu and Northern Wastewater Treatment Works would assist in addressing sanitation challenges within the area as well as improvement in turnaround time of responding to queries and/or incidents.

Therefore, the above recommendations of the Executive Committee were;
ADOPTED.

- 1.7 Request for Authority to Enter into Sub-Grantee Contracts with the Project Preparation Trust and to Note Additional Funding for the Existing Contract with the University of KwaZulu-Natal for the Implementation of the Innovative Sanitation Project Funded by the Bill and Melinda Gates Foundation (23/2/1/3/3/1):

(Page 195: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

Authority is sought to mandate the eThekweni Municipality City Manager to, on behalf of the Municipality, enter into a sub-grantee contract with the Project Preparation Trust (PPT) for the implementation of the Bill and Melinda Gates Foundation (BMGF) founded project on strengthening resilience through innovation, sanitation solution for informal settlements, and to make minor amendments to this contract as required.

Also, to notify Council of the additional funding that will be allocated to undertake activities as per the previous Council-adopted Memorandum of Agreement with the University of KwaZulu-Natal (UKZN).

With Committee being in agreement,

COMMITTEE RECOMMENDS:

- 1.7.1 That Council notes the allocation of additional funding made available through the Grant Agreement with the Bill & Melinda Gates Foundation (BMGF) and that this funding be transferred to the existing Memorandum of Agreement vote between the eThekweni Municipality and the University of KwaZulu-Natal.
- 1.7.2 That, subject to 1.7.1 above, authority be granted for the City Manager to, on behalf of the Municipality, enter into a sub-grantee contract with the Project Preparation Trust (PPT) in respect of the project, with the Council authority to also enable the City Manager to sign minor amendments to this contract when required.

Financial Implications:

The project is entirely donor funded and includes a contribution towards the salary and direct costs of the eThekweni Municipality staff involved in planning, implementation, monitoring, and evaluation costs of the project. No Municipal funding is required. The allocation breakdown to the sub-grantees is shown in the table below. The total grant is US\$600,000.00.

Sub-award Organization	Scope of Sub-award	Total sub-award
UKZN WASH R&D Center	Research and testing	US\$65,000 (R1122469)
PPT	Technical, engineering facilitation	US\$421,700(R7,282,228)

The allocation of additional funding made available through the Grant Agreement with the Bill & Melinda Gates Foundation to be transferred to the existing Memorandum of Agreement vote between the eThekweni Municipality and the University of KwaZulu-Natal was positively welcomed. It being mentioned that a clear roadmap on how the funds would be utilised had been developed and areas of priorities being identified.

In this regard, the above recommendations of the Executive Committee were; **ADOPTED.**

- 1.8 Noting of Intention to Amend Contract Authority and Contract Period in terms of Section 116(3) of the MFMA for the Top-Structure Construction Contract No.: 1H-11078 with respect to the Major Amendment of Specification of the Burlington Greenfields Extension Housing Project at Ward 65 for the Contract (22/7/1/1/3):
(Page 243: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

The Committee received a report to note intention to amend contract authority under Contract 1H-11078 - construction of Two Hundred (200) conventional 40m² top-structure Units at the Burlington Greenfields Extension Housing Project in Ward 65. Also, to extend contract period for a further 36 months from 08 February 2023 to 07 February 2026, this being in terms of Section 116(3) of MFMA.

The amendment proposed is due to delays experienced with the implementation of top-structures and the adverse geotechnical conditions on site which has necessitated the amendment of top-structure foundation designs and thereby increasing project implementation costs (including construction costs and professional fees). It should be noted that public notice to amend the contract was advertised on 02 September 2022, requesting comments or objections from the public.

The overall Burlington Greenfields Extension Housing Project will deliver a total of 365 (initially 401) housing units with basic infrastructure for the low-income earners of the Burlington area, within Ward 65. The project is categorised into three (03) Phases - Phase 1 (86 sites – was 89), Phase 2 (166 sites) and Phase 3 (113 sites). Enquiry 1H-11078 only covers a total of 200 sites (i.e. 86 units on Phase 1 and 114 Units on Phase 2).

Reasons for the intention to amend the existing contract are as follows:

- Firstly, the issue of adverse geotechnical conditions on site resulted in the amendment of the top-structure founding designs and resubmission to the NHBRC (as the designs were already approved), which in turn resulted to project delays as the construction could not commence without the NHBRC approval. The original approval from NHBRC was obtained on 20 October 2021 for the three (03) foundation types. However, construction on site could not commence as adverse geotechnical conditions were discovered by the construction team on site early February 2022. As a result, the designs were re-submitted to the NHBRC on 09 March 2022 for approval, which were subsequently approved on 25 March 2022. Ultimately, a total of five (05) design types were approved for implementation in Burlington Greenfields Extension.
- Secondly, the amendments of the approved top-structure foundation designs and resubmission to the NHBRC has affected the project implementation costs drastically. This is elaborated in table 3.1 below and also in the Foundation Adjustment and Project Costing Report attached in Annexure E of the original Report to the Support Committee. Table 3.1 depicts the original cost breakdown vs the cost breakdown for each of the 5-foundation types. At the moment, the ERF numbers and total number of units which fall within a specific foundation type is unknown and has not been identified by the Engineer. This is due to that every site is unique in terms of the underlying geotechnical conditions. As a result, the applicable foundation type is chosen after the contractor has undertaken trenching on site. This means that the rational design is based on expected platform-specific characteristics and, as such, may require minor adjustments for each unit based on trenching findings. The Foundation Adjustment and Project Costing Report is attached as Annexure E of the report by the Head: Human Settlements dated 2022-08-15.

Financial Implication:

Table below reflects approved DoHS Subsidy for 200 Units in line with the Engineer's Recommendation for a negotiated contract value of R30 104 168,05

Item	Amount
Original top-structure amount for 200 Units	R23 113 400,00
10.4% Alignment (2020 & 2021)	R2 464 420,05
TOTAL	R25 577 820,05
Cost Per Unit (Excl. VAT)	R127 889,10
Plus, Variation Allowance	R22 631,74
Total Costs Per Unit	R150 520,84
Total Top-Structure Budget	R30 104 168,00

The table below - illustrates approved contract authority, including expenditure to-date and the additional contract authority that is required to complete all works with respect to enquiry 1H-11078. Based on table 4.2 below a total of R9 513 458,05 (Excluding VAT) is required to complete the project. This value is based on recommended/negotiated cost per unit (i.e., R 150 520.84) minus costs per Unit of the original appointment (R102 953.55) multiplied by the project scope of 200 units. This is R150 520.84 minus R102 953.55 equals to R47 567.29 multiply by 200 equals to R9 513 458,05.

Table Below – Approved Contract Authority and Additional Contract Authority with respect to Enquiry 1h-11078 (All Values Excl. Vat)

	Original Contract Authority	Additional Contract Authority	New Contract Amount
Contract authority	R20 590 710,00	R9 513 458,05	R30 104 168,05
Cost per unit	R102 953,55	R47 567,29	R150 520,84
No. of units	200	200	200
Approved additional contract authority (28 temporary units)	R1 057 401,74	R0,00	R1 057 401,74
Contract amount	R21 648 111,74	R9 513 458,05	R31 161 569,79
Expenditure-to-date	R1 057 401,74		R1 057 401,74
Balance	R20 590 710,00		R30 104 168,05

However, as noted above, the services of a Structural Engineer are required to complete the project. Hence, there is a request for additional financial contract authority in the form of a provisional contract sum totaling R514 055.79. Therefore, the total additional contract authority required for enquiry 1H-11078 is R10 027 513,94 (i.e., R9 513 458,05+ R514 055,89).

At the Executive Committee level, the attention was drawn to the fact that the amendment relating to the contract period has since been attended to administratively but in line with the applicable statutory requirements. Therefore, it was agreed to then remove any reference to the contract period in this submission.

In view of the foregoing,

COMMITTEE RECOMMENDS:

1.8.1

That Council notes the intention to amend contract authority under Contract 1H-11078, in terms of Section 116(3) of the Local Government: Municipal Finance Management Act 2003, for the construction of two hundred (200) 40m² top-structure units due to delays with the implementation of top-structures and the adverse geotechnical conditions on site which has necessitated the amendment of top-structure foundation designs and thereby increasing project implementation costs (including construction costs and professional fees).

1.8.2

That it be noted that a public notice to amend the contract and requesting comments or objections from the public was advertised as per the statutory requirement.

Financial Implications:

1. **Table 1** depicts the approved subsidy by DoHS, which is in line with the Engineers' recommendation for a negotiated contract value of R30104168,05

Table 1: Approved DoHS Subsidy for 200 Units:

Item	Amount
Original top-structure amount for 200 units	R23,113,400.00
10.4% Alignment (2020 & 2021)	R2,464,420.05
Total	R25,577,820.05
Cost Per Unit (Excluding VAR)	R127,889.10
Plus, Variation Allowance	R22,631.74
Total Cost Per Unit	R150,520.84
Total top-structure Budget	R30,104,168.00

2. **Table 2** illustrates approved contract authority, including expenditure to-date and the additional contract authority required to complete all works with respect to enquiry 1H-11078. Based on table 2 below a total of R9,513,458.05 (excluding VAT) is required to complete the project. This value is based on recommended/negotiated cost per unit (i.e., R150,520.84) minus costs per unit of the original appointment (R102,953.55) multiplied by the project scope of 200 units. This is R150,520.84 minus R102,953.55 equals to R47,567.29 multiply by 200 equals to R9,513,458.05 see table 2 below:

Table 2: Approved Contract Authority and Additional Contract Authority with respect to Enquiry 1H-11078, all values excluding VAT:

	Original Contract Authority	Additional Contract Authority	New Contract Amount
Contract authority	R20,590,710.00	R9,513,458.05	R30,104,168.05
Cost Per Unit	R102,953.55	R47,567.29	R150,520.84
No. of units	200	200	200
Approved additional contract authority (28 temporary units)	R1,057,401.74	R0.00	R1,057,401.79
Contract amount	R21,648,111.74	R9,513,458.05	R31,161,569.79
Expenditure- to-date	R1,057,401.74		R1,057,401.74
Balance	R20,590,710.00		R30,104,168.05

3. However, as noted above, the service of a Structural Engineer is required to complete the project. Hence, a request for additional financial contract authority in the form of a provisional contract sum totaling to R514,055.79. Therefore, the total additional contract authority required for enquiry 1H-11078 is R10,027,513.94.

Commenting on the matter, the IFP whilst in support of the recommendations, were of the view that there was lack of consequence management; reference being made to the delays in renewing contracts which could be due to lack of contract management.

Meanwhile, the ANC also supported the matter and emphasised that, during the April floods, retaining walls were severely damaged and amendments had to be undertaken so that certified houses in Ward 65 would be built. Therefore, it was

reiterated that the amendment proposed was due to delays experienced with the implementation of top-structures and the adverse geotechnical conditions on site which had necessitated the amendment of top-structure foundation designs and thereby increasing project implementation costs.

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

1.9

Proposed Alienation of Erf 3866 Cato Manor: 152 Forty Fifth Avenue Sherwood, by Direct Negotiations, for Worship Purposes (17/2/1/2/3):
(Page 453: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

The purpose of this report is to seek approval from the Committee to alienate a Municipal-owned property described as Erf 3866 Cato Manor, Registration Division FT, Province of Kwa-Zulu Natal, measuring 987m² in extent in terms of Regulation 5(1) (b)) read with Regulation 7 and Regulation 11 of the Municipal Asset Transfer Regulations, 2008("MATR"), Section 14(2) (a) and (b) of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA) and to transfer the non-exempted capital asset for less than its fair market value, in terms of Regulation 13 (2) of the Municipal Assets Transfer Regulations.

Purpose of Report	To alienate a municipal owned property described as Erf 3866 Cato Manor, by private treaty for worship purposes.		
Property Description	Erf 3866 Cato Manor		
Address	152 Forty Fifth Avenue, Sherwood, Cato Manor		
Extent	987m ²		
Current Zoning	Medium Density Housing		
Current Usage	Place of Worship		
Proposed Usage	Place of Worship		
Application Description	17/2/1/2/3/52/44		
Factors motivating decision to transfer the property.	<ul style="list-style-type: none"> Proactive Land release strategy. The sale will relieve Council of the maintenance burden. Social benefit to the surrounding community. 		
Comments from Municipal and affected Stakeholders	The proposed alienation was circulated internally and external for comments, it emerged that the property will not be required to provide a basic municipal service. Copy of clearance attached as Annexure A.		
Ward Councilor: Mr Burne Warren Jerome Marigny	Notice	Date	Ward No
	Yes	05 Sept. 2022	30
Viable / Non-Viable	Viable- the property can be developed on its own		

- An application to purchase Erf 3866 Cato Manor was received from The Apostolic Faith Mission of South Africa, a religious organization that aspires to purchase the site for worship purposes.
- The site is currently zoned for Medium Density Housing and located in a residential area. A Place of Worship is a complimentary land use subject to the submission and approval of a special consent application by the Land Use Management Services (LUMS), for a public place of worship.

- The Church has occupied the land since 2010 and has erected a marque tent structure which is used for worship purposes and has subsequently applied to purchase this land.
- In order to satisfy the requirements of Section 14(2) of the Act, various Line departments were consulted on the proposed transfer / disposal, and they have confirmed in writing that the asset is not needed to provide a basic Municipal service and is deemed to be a surplus to the requirements of the Municipality.

In order to satisfy the requirement of Section 14(2) of the Act, various Line Departments were consulted on the proposed disposal and to also indicate whether they anticipated that the subject property was needed for basic Municipal services.

The Property Transaction Department (i.e., the project applicant) is proposing the alienation of land for the development of a place of worship in Cato Manor. The subject sites are located on Erven 3706 & 3866, all Cato Manor and has been identified for the proposed place of worship. In terms of the central scheme, Erf 3706 Cato Manor is reserved for public open space purposes and Erf 3866 Cato Manor is zoned as medium density housing and they respectively measure 1915m and 987m in extent. Public open space is the most important space in terms of environmental health, recreational and climate change mitigation for the City. Since Erf 3706 Cato Manor is zoned as public open space reservation, it is important to get the Environmental Planning & Climate Protection Unit and Parks, Recreation, and Cemeteries Unit to endorse this proposal.

In terms of the central scheme, in a site zoned medium density housing, a place of worship may be permitted through a special consent. Therefore, a special consent application will need to be submitted to the LUMS to use Erf 3866 Cato Manor as a place of worship. Furthermore, Section 8 of the central scheme will apply with regards to the parking requirements.

With regards to the SPLUMA principles, the proposal is aligned with the principle of efficiency as the proposed alienation of land of Erf 3866 Cato Manor for the place of worship will facilitate the creation of more public facilities which will optimise the utilisation of existing infrastructure and services. Lastly, Erf 3866 Cato Manor is situated in a residential and a place of worship is a complimentary land use.

In light of the foregoing, the Land Use Management Branch is in **SUPPORT** of the proposal for only Erf 3866 Cato Manor. However, this is subject to the submission and approval of a special consent application for a place of public worship.

Given the background,

COMMITTEE RECOMMENDS:

- 1.9.1 That the Municipal Council declares in terms of regulations 5(1)(b), Regulation 7 and Regulation 11 of the Asset Transfer Regulations, 2008, Section 14(2)(a) and (b) of the Local Government Municipal Finance Management Act (2003), that:
 - 1.9.1.1 The proposed property described as Erf 3866 Cato Manor in extent 987m² as depicted on Plan No.: SJ 4769/5 is not required to provide the minimum level of basic Municipal services; and

- 1.9.1.2 The current market value of the property is assessed at a value of R394 000.00 (Three Hundred and Ninety-Four Thousand Rand), excluding VAT.
- 1.9.2 That the land described as Erf 3866 Cato Manor Registration Division FT in the Province of Kwa-Zulu Natal, in extent 987m² depicted on Plan Number SJ 4769/5, be sold in freehold by direct negotiations with the Apostolic Faith Mission Church PBO Number 930004069, and to be sold at a purchase price of R39 400.00 (Thirty Nine Thousand Four Hundred Rand), such price reflecting a 90% discount based on the current market property value of R394 000.00, as assessed by a registered valuer, in full compliance with the prevailing Municipal legislative framework, including the Municipal Supply Chain Management Policy.
- 1.9.3 That Council approves the proposed alienation for worship purposes and to be discounted by 90% of the fair market value, having duly considered the principles, as set out in Regulation 13(2) of the Municipal Asset Transfer Regulations, the discounted valued being determined to be R39 400.00 (Thirty-Nine Thousand Four Hundred Rand), excluding VAT.
- 1.9.4 That a reversionary clause be included in the title deed of the property stating that the subject property can only be utilized for religious purposes and for ancillary purposes thereto and no other purpose whatsoever.
- 1.9.5 That no encroachment over the Municipal sewer servitude be permitted, and prior to any development, sewer impact analysis be done for building plan submitted for approval.
- 1.9.6 That all cost incidental to the transaction shall be at the cost of the purchaser, including submission and approval of special consent for land use management.
- 1.9.7 That a public notice be issued to afford the community affected an opportunity to comment or submit an objection with respect to the proposed transfer of the property by direct negotiation with the Apostolic Faith Mission Church of South Africa.
- 1.9.8 That in the event of objections being lodged to the proposed sale of Erf 3866 Cato Manor to the Apostolic Faith Mission Church of South Africa, the matter be referred to the Accounting Officer for a final decision in terms of Section 50 of the Supply Chain Management Policy, headed “Resolution of Disputes, Complaints, and Queries” and thereafter to the MEC for Cooperative Governance and Traditional Affairs for consent.
- 1.9.9 That subject to the adoption of paragraphs .1 to .8 above, authority be granted for the Head: Real Estate to sign all the documents necessary to give effect to this transaction.

ADOPTED.

- 1.10 Rescission of Council Resolution Dated 28 March 2013, Proposed Closure of Portion of a Road, Alienation and Rezoning of Proposed Erven, A, B and Proposed Portion C of Erf 2150, All of Umlazi V, in Extent Approximately 1498m as Depicted on SH Plan 9972 (20/1/3/1):
(Page 469: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

Authority is sought to rescind Council resolution dated 28 March 2013 in its entirety (“2013 resolution”); to permanently close and rezone proposed property described

as Proposed Erven A and B Umlazi V; and to alienate Municipal property described as Proposed Erven A, B and Proposed Portion C of Erf 2150 Umlazi V, as depicted on SH Plan 9972, together in extent approximately 1498m² in terms of Regulations 5(1)(b), 7 and 11 of the Municipal Asset Transfer Regulations, 2008 (MATR) and Section 14(2)(a) and (b) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA).

Purpose of Report	To rescind the 2013 resolution, to permanently close and rezone Proposed Erven A and B Umlazi V and alienate Municipal property described as Proposed Erven A, B and Proposed Portion C of Erf 2150 all of Umlazi V		
Property Description	Proposed Erven A, B and Proposed Portion C of Erf 2150 Umlazi V ("the subject properties")		
Address	Corner Sibusiso Mdakane Drive and Mbe Road		
Extent	1498m ²		
Current Zoning	Existing Road Reserve and Commercial		
Current Usage	Parking		
Proposed Usage	Parking		
Application Description	Adjoining land sale		
Factors motivating decision to transfer the property.	<ul style="list-style-type: none"> Proactive Land Release Strategy. Disposal is in terms of the eThekweni Municipality Land Disposal and Granting of Property Rights Policy where the properties cannot be developed on their own. A market- related income will be generated. 		
Comments from Municipal and affected Stakeholders	The proposed alienation of the subject properties was circulated internally and externally for comments. It emerged that the subject properties will not be required to provide a basic municipal service. Copy of the clearance report is attached as Annexure D .		
Ward Councillor: Lindiwe Isabel Msomi	Notice	Date	Ward No
	Yes	27 September 2022	80
Viable / Non-Viable	Non-viable. The subject properties cannot be developed on their own.		

BACKGROUND

On 28 March 2013 the Municipal Council approved a report with the following recommendations:

“Umlazi-V Town Centre Development Project: Land Transactions to Regularise and Promote Commercial Development (20/1/3/1):
(Page 26: Economic Development and Planning Committee - Agenda dated 2013-03-07)

COMMITTEE RECOMMENDS:

3.2.1

That the Municipality declares in terms of Section 14 of the Municipal Finance Management Act 56 of 2003 that: -

- 3.2.1.1 *The under mentioned Municipal properties are not required for the provision of the minimum level of basic Municipal services; and*
- 3.2.1.2 *The economic and community value to be derived in the disposal of the properties has been considered.*
- 3.2.2 *That in terms of Section 40(2)(b)(i) of the Supply Chain Management Policy read together with Regulation 7 of the Municipal Asset Transfer Regulations, Council grants authorization for the sale of land (road area) approximately 1 800 square metres in extent, by private treaty, to the Proprietor of Max's Lifestyle: subject to the Proprietor of Max's Lifestyle: -*
- 3.2.2.1 *Purchasing, in its entirety, privately owned Erf 18 Umlazi V;*
- 3.2.2.2 *Acquiring a portion of, or a right of way over, Erf 2144 Umlazi V; and subject to the Real Estate Unit issuing a land clearance for the road area that is to be alienated, and compliance with Section 36 of the Supply Chain Management Policy.*
- 3.2.3 *That subject to the adoption of .1 and .2 above, that in terms of Section 211 of Ordinance 25 of 1974, a Portion of Mbe Road be permanently closed subject to all costs in connection therewith being borne by the Proprietor of Max's Lifestyle regardless of whether the application for deproclamation is successful or not, and in this regard a deposit of R12 000.00 (Twelve Thousand Rand Only) is to be lodged with the City Treasurer to cover the estimated costs of survey and deproclamation.*
- 3.2.4 *That the rezoning of the Portion of Mbe Road from Existing Street purposes to an appropriate zoning that is compatible with the adjoining site on which Max's Lifestyle operates, shall be undertaken by the Proprietor of Max's Lifestyle, at his cost.*
- 3.2.5 *That in the event of objections being lodged to the proposed sale and deproclamation and rezoning of Portion of Mbe Road when it is statutorily advertised, the matter be referred to the City Manager for a decision in terms of Section 50 of the Supply Chain Management Policy headed "Resolution of Disputes, Objections, Complaints, and Queries" for final decision, thereafter to the Minister Co-operative Governance and Traditional Affairs for consent.*
- 3.2.6 *That subject to the necessary clearance to alienate being obtained from the Human Settlements Unit and land clearance being obtained from the Real Estate Unit, Council grants authorization for the sale in freehold by public tender and at upset values equating to market values, of the undermentioned three independent land parcels in Umlazi V, in accordance with the provisions of the Preferential Procurement Policy Framework and the Supply Chain Management Policy namely; Erf 2143 (reflected as Parcel C in Figure 1); Erf 2148 and Portion of Erf 2147 (reflected as Land Parcel B in Figure 1); Erf 2153 and Portions of Erven 2149, 2150 and 2152 (reflected as land parcel A in Figure 1); for commercial mixed-use development, subject to the compliance of all the requirements for the disposal of immovable assets, as per Section 14 of the Municipal Finance Management Act of 2003.*
- 3.2.7 *That subject to the adoption of .6 above, the Head: Economic Development and Investment Promotion facilitate the administrative process in order for the transaction to be finalised timeously.*

3.2.8

That the Head: Real Estate be authorised to sign all documents necessary to conclude the various Agreements.”

Motivation to rescind the 2013 Council Resolution

Since the 2013 resolution was adopted, none of the provisions of the resolution have been given effect to and circumstances have resulted in the said resolution becoming unimplementable.

Point 3.2.2.1 above states that the proprietor of Max's Lifestyle shall be required to purchase private-owned Erf 18 Umlazi V as a condition of the sale and purchase of land (road area) approximately 1 800 square metres in extent. This could not be fulfilled by the proprietor of Max's Lifestyle, as the owner of Erf 18 Umlazi V has refused to sell Erf 18 Umlazi V to the proprietor of Max's Lifestyle.

Point 3.2.2.2 states that the proprietor of Max's Lifestyle shall be required to acquire a portion of, or a right of way over, Erf 2144 Umlazi V as a condition to the sale and purchase of land which also could not be fulfilled by the proprietor of Max's Lifestyle.

Point 3.2.3 contemplates a road closure of a portion of Mbe Road in terms of the previous Hand Plan (SJ 4490/8). However, the location of the proposed road closure in respect of the new Hand Plan (SH 9972) has changed.

In respect of the 2013 resolution, the previous Hand Plan was SJ No 4490/8, which has since been superseded by Hand Plan SH 9972.

The material changes between the two Hand Plans are as follows:

- a) The proposed properties to be alienated differ markedly in extent, shape, location and configuration.
- b) Proposed Portion A as depicted on the new Hand Plan SH 9972 encroaches into the road reserve on Mbe Road.
- c) The location of proposed Portion B has changed.
- d) The extent of proposed Portion C has increased in extent from 33m² to 164m².

As indicated above, it can be seen that the 2013 resolution is no longer capable of being implemented due to the abovementioned differences in the Hand Plans. An amendment to the resolution will not achieve the desired result as the substantial changes to the Hand Plans, together with the circumstances outlined in this report, render the 2013 resolution unimplementable in its current form. Further, the closure, alienation and rezoning must be in relation to the new proposed portions as depicted on SH 9972.

The new Hand Plan SH 9972 has replaced the previous Hand Plan in its entirety due to the changed requirements. The fundamental variances between the Hand Plans and the changed objectives with regard to land legal arrangements, necessitate the rescission of the 2013 resolution and therefore new authority is sought.

The registered owners of Erf 1328, Umlazi V are currently in the process of redevelopment. The building plans for that development require additional parking bays in order to be compliant with the eThekweni Municipality's parking requirement and ultimately secure the approval of building plans. The registered owners have

submitted an application to purchase the subject properties which are abutting their property to provide parking and to regularise their development.

The subject properties are situated between the intersection of Sibusiso Mdakane Drive and Mbe Road. Proposed Erven A and B Umlazi V are presently zoned for a road reserve and will have to be de-proclaimed and rezoned to a commercial site.

The open market value of the subject properties is R880 000,00 (Eight Hundred and Eighty Thousand Rand only). As the value is not in excess of R10 million, a public participation process is not required.

Motivation for the alienation of Municipal property

- When the registered owners submitted building plans to the Municipality, it transpired that there was no proper provision in place for parking and, as a result, this created traffic and safety challenges along Sibusiso Mdakane Road.
- The Municipal departments have had extensive discussions with regards to the most appropriate manner in which to resolve the traffic and safety challenges experienced within this development. The acquisition of the subject properties by the registered owners proved to be an appropriate solution to overcoming challenges caused by overdevelopment. It was established that Proposed Erven A, B and Proposed Portion C of Erf 2150 Umlazi V are not required by the Municipality for any other purpose.
- The subject properties are to be alienated in terms of the eThekweni Municipality Land Disposal and Granting of Property Rights Policy, as approved in December 2019, as the proposed sale is in respect of adjoining properties that cannot be developed on their own.

The Municipality's service delivery Units were consulted and have no objection to the closure and alienation of Proposed Erven A, B and Proposed Portion C of Erf 2150 Umlazi V.

Given the background,

COMMITTEE RECOMMENDS:

- 1.10.1 That the following resolution adopted by Council on 2013-03-28, relative to the Umlazi-V Town Centre Development Project: Land Transactions to Regularise and Promote Commercial Development, be rescinded in its entirety as contained in the report of the Head: Real Estate dated 2023-01-19:
- “3.2.1 That the Municipality declares in terms of Section 14 of the Municipal Finance Management Act 56 of 2003 that:
- 3.2.1.1 The under mentioned Municipal properties are not required for the provision of the minimum level of basic Municipal services; and
- 3.2.1.2 The economic and community value to be derived in the disposal of the properties has been considered.

- 3.2.2 That in terms of Section 40(2)(b)(i) of the Supply Chain Management Policy read together with Regulation 7 of the Municipal Asset Transfer Regulations, Council grants authorization for the sale of land (road area) approximately 1 800 square metres in extent, by private treaty, to the Proprietor of Max's Lifestyle: subject to the Proprietor of Max's Lifestyle:-
- 3.2.2.1 Purchasing, in its entirety, privately owned Erf 18 Umlazi V;
- 3.2.2.2 Acquiring a portion of, or a right of way over, Erf 2144 Umlazi V;
- and subject to the Real Estate Unit issuing a land clearance for the road area that is to be alienated, and compliance with Section 36 of the Supply Chain Management Policy.
- 3.2.3 That subject to the adoption of .1 and .2 above, that in terms of Section 211 of Ordinance 25 of 1974, a Portion of Mbe Road be permanently closed subject to all costs in connection therewith being borne by the Proprietor of Max's Lifestyle regardless of whether the application for deproclamation is successful or not, and in this regard a deposit of R12 000.00 (Twelve Thousand Rand Only) is to be lodged with the City Treasurer to cover the estimated costs of survey and deproclamation.
- 3.2.4 That the rezoning of the Portion of Mbe Road from Existing Street purposes to an appropriate zoning that is compatible with the adjoining site on which Max's Lifestyle operates, shall be undertaken by the Proprietor of Max's Lifestyle, at his cost.
- 3.2.5 That in the event of objections being lodged to the proposed sale and deproclamation and rezoning of Portion of Mbe Road when it is statutorily advertised, the matter be referred to the City Manager for a decision in terms of Section 50 of the Supply Chain Management Policy headed "Resolution of Disputes, Objections, Complaints, and Queries" for final decision, thereafter to the Minister Co-operative Governance and Traditional Affairs for consent.
- 3.2.6 That subject to the necessary clearance to alienate being obtained from the Human Settlements Unit and land clearance being obtained from the Real Estate Unit, Council grants authorization for the sale in freehold by public tender and at upset values equating to market values, of the undermentioned three independent land parcels in Umlazi V, in accordance with the provisions of the Preferential Procurement Policy Framework and the Supply Chain Management Policy namely; Erf 2143 (reflected as Parcel C in Figure 1); Erf 2148 and Portion of Erf 2147 (reflected as Land Parcel B in Figure 1); Erf 2153 and Portions of Erven 2149, 2150 and 2152 (reflected as land parcel A in Figure 1); for commercial mixed-use development, subject to the compliance of all the requirements for the disposal of immovable assets, as per Section 14 of the Municipal Finance Management Act of 2003.
- 3.2.7 That subject to the adoption of .6 above, the Head: Economic Development and Investment Promotion facilitate the administrative process in order for the transaction to be finalised timeously.
- 3.2.8 That the Head: Real Estate be authorised to sign all documents necessary to conclude the various Agreements."

- 1.10.2 That, subject to the adoption of .1 above, the Municipal Council declares in terms of Regulations 5 (1)(b), 7 and 11 of the MATR, read together with Section 14(2)(a) and (b) of MFMA that:
- 1.10.2.1 The proposed property described as Erven, A, B and Proposed C of Erf 2150 all of Umlazi V together in extent approximately 1498m² as depicted on Hand Plan SH 9972 are not required to provide the minimum level of a basic Municipal service; and
- 1.10.2.2 That the proposed Erven A, B and proposed Portion C of Erf 2150, Umlazi V, be rezoned and alienated at the purchase price assessed at a value of R880 000.00 (Eight Hundred and Eighty Thousand Rand only), excluding VAT, it being recorded that such price reflects the current market value as assessed by a registered valuer and which is to be paid by the purchaser.
- 1.10.2.3 That in terms of Section 211 of the Local Authorities Ordinance No. 25 of 1974, read together with Section 28(2)(e) of the eThekweni Municipal Planning and Land Use Management By-law, as amended, the closure of the portion of the road area, be approved.
- 1.10.2.4 The road closure is to be advertised in terms of Chapter 9 read together with Section 28(2)(e) of the eThekweni Municipality's Planning and Land Use Management By-law 2016, as amended.
- 1.10.3 That all relevant conditions received from the Municipality's service delivery Units, as detailed in paragraph 5 of this report will form part of the sale agreement to be concluded between the Municipality and the purchaser.
- 1.10.4 The approval in .3 above shall be subject to any conditions specifying the framework within which the alienation of the subject properties shall occur.
- 1.10.5 In the event of objections being lodged to the proposed closure of the Municipal property described as proposed Erven A and B Umlazi V when it is advertised, the process in terms of the eThekweni Municipality's Planning and Land Use Management By law 2016, as amended, be followed to respond to the objections.
- 1.10.6 That a public notice be issued to afford the community affected an opportunity to comment or object to the transfer of the subject properties by direct negotiations.
- 1.10.7 That Council declares that the recommendation .2.2 above is subject to the condition that should the purchaser fail to finalise the rezoning from road reserve to commercial within a period of two (2) years from the date of instruction letter issued by the Head: Real Estate, the Head: Real Estate shall have the discretion to either set aside the sale or request the purchaser to submit a duly motivated application for the extension of time for the rezoning of the property, provided that the delay or failure to finalise the rezoning is not attributed to the fault of the seller/municipality. Such extension of time will be approved by the Head: Real Estate.
- 1.10.8 That all costs incidental to the transaction shall be at the cost of the purchaser.
- 1.10.9 That all development plans be submitted to the Municipality for approval prior to any construction.

- 1.10.10 That authority be granted to the Head: Real Estate to sign all the documents necessary to give effect to this transaction.

REFERENCE BACK

In terms of Rule of Order Bylaw 20(1)(c), Councillor MS Gwala of the IFP, seconded by Councillor MR Nxumalo, moved as a procedural motion that the “Rescission of Council Resolution Dated 28 March 2013, Proposed Closure of Portion of a Road, Alienation and Rezoning of Proposed Erven, A, B and Proposed Portion C of Erf 2150, All of Umlazi V, in Extent Approximately 1498m as Depicted on SH Plan 9972” ; be referred back to the Committee to conduct its own oversight on the cited land.

NOT CARRIED

As some members were not in support of the reference back, the matter was put to the vote. With 187 Councillors present, 69 Councillors (DA- 48; IFP -14; Action SA -02; ABC – 00; ACC - 01, ACDP – 02; UIM – 01 and VF Plus – 01) voted in favour of the reference back and 117 Councillors (ANC - 86, EFF – 19; AIC -01, DLC – 01; ADEC – 01; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 01, MOSA – 01; NFP -01; PFP – 01 and TA- 01) voted against the reference back. 01 PRM Councillor abstained on the matter.

The above-mentioned motion to refer back was, by the majority vote, **NOT CARRIED**.

Discussion thereafter reverted to the substantive matter and the IFP maintained that the matter had to be referred back to the Support Committee to conduct oversight and be acquainted with all the details and structure of the cited land.

Whereas the majority of the Parties cited that the Proposed Closure of Portion of a Road, Alienation and Rezoning of Proposed land would resolve the traffic and safety challenges experienced within the cited development. It being further mentioned that the development would also assist to boost local economy as employment opportunities would be created for the nearby residents of Umlazi.

Thereafter, as some Councillors were not in support of the approval of the recommendations from the Executive Committee, the matter was put to the vote.

With 188 Councillors present, 171 Councillors (ANC - 87, DA 51; EFF – 19; Action SA -02; ABC – 00; ACC - 01, AIC -01, DLC – 01; ADEC – 01; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 01, MOSA – 00; NFP -01; PFP – 00 ;TA- 00; UIM – 01 and VF Plus – 01) voted in favour of the recommendations and 17 Councillors (IFP – 14; ACDP – 02 and PRM - 01) abstained on the matter.

In this regard, the above recommendations of the Executive Committee, were by the majority vote, **ADOPTED**.

- 1.11 Proposed Lease of Improved Land for Parking Purposes: Proposed Lease on Remainder of Erf 17 and Erven 2147 and 2148 All of Umlazi V, as depicted on SJ Plan 4849 (17/2/1/5):
(Page 517: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

With the members of the Inkatha Freedom Party abstaining on the matter,

COMMITTEE RECOMMENDS:

- 1.11.1 That the Municipal Council approves in principle that the right be granted to use, control or manage the capital asset described as remainder of ERF 17 and Erven 2147 and 2148 Umlazi V, in extent approximately 2 209m² as depicted on SJ Plan No.: 4849/9, in terms of Regulation 34(1)(b) read with Regulations 36 and 40 of the Municipal Assets Transfer Regulations that:
 - 1.11.1.1 The proposed property described as the remainder of Erf 17 and Erven 2147 and 2148 is not required to provide minimum level of basic Municipal service for a period of nine (9) years and eleven (11) months
 - 1.11.1.2 The market rental of the property is currently assessed at a value of R6 940.00 (Six Thousand Nine Hundred and Forty Rand) per month, excluding VAT and escalating at 6% per annum.
- 1.11.2 That the approval of .1 above is subject to the condition that the appointment of the lessee shall be in full compliance with the prevailing Municipal legislative framework, including the Municipal Supply Chain Management Policy.
- 1.11.3 That all costs incidental to this transaction shall be borne by the lessee.
- 1.11.4 That all development plans must be submitted to the local authority for approval prior to any construction.
- 1.11.5 That subject to the adoption of .1 to .4 above, the Head: Real Estate be authorized to sign all documents necessary to give effect to this transaction in terms of the Municipality's Supply Chain Management Policy and any other applicable legislation and it shall be further subject to such further conditions as the head: Real Estate considers necessary to protect the Municipality's interest.

REFERENCE BACK

In terms of Rule of Order Bylaw 20(1)(c), Councillor MS Gwala of the IFP, seconded by Councillor MR Nxumalo, moved as a procedural motion that the “Proposed Lease of Improved Land for Parking Purposes: on Remainder of Erf 17 and Erven 2147 and 2148 All of Umlazi V, as depicted on SJ Plan 4849 2”; be referred back to the Committee to conduct its own oversight on the cited land.

NOT CARRIED

As some members were not in support of the reference back, the matter was put to the vote. With 189 Councillors present, 70 Councillors (DA- 50; IFP -14; Action SA -02; ABC – 00; ACC - 01, ACDP – 02 and UIM – 01) voted in favour of the reference back and 117 Councillors (ANC - 88, EFF – 19; AIC -01, DLC – 01; ADEC – 01; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 00, MF - 01, MOSA – 01; NFP -01; PFP – 00 and TA- 01) voted against the reference back. 02 Councillors (PRM - 01 and VF Plus – 01) abstained on the matter.

The above-mentioned motion to refer back was, by the majority vote, NOT CARRIED.

Discussion reverted back to the substantive matter and the IFP maintained that the report had to be referred back to the Support Committee to conduct its own oversight on the land cited.

Whereas the ANC mentioned that the proposed lease of improved land for parking purposes was to be allocated to a well-established tourist attraction complex at Umlazi V section.

Thereafter, as some Councillors were not in support of the approval of the recommendations from the Executive Committee, the matter was put to the vote.

With 189 Councillors present, 117 Councillors (ANC - 88, EFF – 19; AIC -01, DLC – 01; ADEC – 01; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 00, MF - 01, MOSA – 01; NFP -01; PFP – 00 and TA- 01) voted in favour of the recommendations and 70 Councillors (DA- 50; IFP -14; Action SA -02; ABC – 00; ACC - 01, ACDP – 02 and UIM – 01) voted against the matter. 02 Councillors (PRM - 01 and VF Plus – 01) abstained on the matter.

Accordingly, the above recommendations of the Executive Committee, were by the majority vote, **ADOPTED.**

- 1.12 Proposed Registration of a Right of Way Servitude Over 2148 Umlazi V in Extent 343m as Depicted on SJ Plan 4884/10, Sibusiso Mdakane Drive (17/2/1/2/3):
(Page 534: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

With the members of the Inkatha Freedom Party abstaining on the matter at the Support Committee level,

COMMITTEE RECOMMENDS:

- 1.12.1 That Council declares in terms of Regulations 5 (1)(b),7 and 11 of the Municipal Assets Transfer Regulations, read together with Section 14 (2)(a) and (b) of the Local Government: Municipal Finance Management Act No 56 of 2003, that:
- 1.12.1.1 The right of way servitude over Erf 2148, Umlazi V measuring 343m² in extent as depicted on Hand Plan SJ 4884 is required to provide the minimum level of basic Municipal services and:
- 1.12.1.2 An amount of R200 000.00, excluding VAT, be claimed as a compensation (from registered owner of Erf 2642 which is currently the Salim Munshi Family Trust), in respect of the granting of the right of way servitude over 2148, Umlazi V in favour of Erf 2642 Umlazi V.
- 1.12.2 That in the event of objections being lodged to the proposed right of way servitude over 2148 Umlazi V when it is advertised, the process in terms of the eThekweni Municipality's Planning and Land Use Management By-law 2016, as amended, be followed to attend to the objections.

- 1.12.3 That the current market value of the servitude assessed at a value of R200 000.00 (Two Hundred Thousand Rand only), excluding VAT, be paid by the applicant to the Municipality.
- 1.12.4 That all cost incidental to the transaction shall be for the applicant.
- 1.12.5 That authority be granted for the Head: Real Estate to sign all the documents necessary to give effect to this transaction in terms of the Municipality's Supply Chain Management Policy and any other applicable legislation, and that it shall be subject to such further conditions as the Head: Real Estate considers necessary to protect the Municipality's interest.

REFERENCE BACK

In terms of Rule of Order Bylaw 20(1)(c), Councillor MS Gwala of the IFP, seconded by Councillor NP Mchunu, moved as a procedural motion that the "Proposed Registration of a Right of Way Servitude Over 2148 Umlazi V in Extent 343m as Depicted on SJ Plan 4884/10, Sibusiso Mdakane Drive" ; be referred back to the Committee to conduct its own oversight on the land cited.

NOT CARRIED

As some members were not in support of the reference back, the matter was put to the vote. With 187 Councillors present, 14 IFP Councillors voted in favour of the reference back and 172 Councillors (ANC - 87, DA- 48; EFF – 19; Action SA -02; ABC – 00; ACC - 01, ACDP – 02 AIC -01, DLC – 01; ADEC – 01; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 01, MOSA – 01; NFP -01; PFP – 00; TA- 01; UIM – 01 and VF Plus – 01) voted against the reference back. 01 PRM Councillor abstained on the matter.

The above-mentioned motion to refer back was, by the majority vote, NOT CARRIED.

Discussion reverted back to the substantive matter and the IFP maintained that the report had to be referred back to the Support Committee to conduct its own oversight on the proposed measurement of the land cited.

Whereas the ANC mentioned that the land proposed for sale to Shoprite was close to the delivery section of the aforesaid shop at Umlazi V section. It being further mentioned that Shoprite had positively contributed to the reduction of the unemployment rate as more locally based communities are employed by the store.

Thereafter, as some Councillors were not in support of the approval of the recommendations from the Executive Committee, the matter was put to the vote.

With 187 Councillors present, 172 Councillors (ANC - 87, DA- 48; EFF – 19; Action SA -02; ABC – 00; ACC - 01, ACDP – 02 AIC -01, DLC – 01; ADEC – 01; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 01, MOSA – 01; NFP -01; PFP – 00; TA- 01; UIM – 01 and VF Plus – 01) voted in favour of the recommendations. 15 Councillors (IFP – 14 and PRM -01) abstained on the matter.

Accordingly, the above recommendations of the Executive Committee, were by the majority vote, **ADOPTED.**

At this stage of the proceedings, time being 13h13 the IFP requested five (05) minutes for a caucus, the request was granted by the Speaker and the later meeting resumed at 13h30.

As part of its report back from the caucus; the IFP recorded their dissatisfaction on the manner in which the meeting was being conducted. They mentioned that the Speaker has a responsibility to ensure that the meeting is conducted in a fair and unbiased manner. In this regard, they requested a legal advise on this matter.

Thereafter, the Speaker mentioned that, in terms of the Rules, all Councillors are allowed to speak on items of their choices and that the Municipality's Legal and Compliance Unit is available to provide guidance and advice on matters which necessitated such.

It appeared that the IFP was not satisfied with the response by the Speaker, hence, at this stage of the proceedings, time being 13h38, all IFP Councillors left the meeting.

- 1.13 Proposed Short-Term Lease of Land for Commercial Parking Purposes on Proposed Portion A of Erf 18 Pinetown, Adjoining Erf 19 Pinetown, 44 Motlala Road, as Depicted on Plan No: SJ 4080/3 (17/2/1/2/5):
(Page 618: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

COMMITTEE RECOMMENDS:

- 1.13.1 That the Municipal Council approves that the right be granted to use, control or manage the capital asset described as short-term lease on proposed Portion A of Erf 18 Pinetown in extent approximately 7 827m² as depicted on SJ Plan 4801/3, in terms of Regulation 34(1)(b), read with Regulations 36 and 40 of the Municipal Assets Transfer Regulations, based on the following reasons:
- 1.13.1.1 The property described in .1 above is not required to provide minimum basic Municipal service for a period of 9 nine years and 11 months.
- 1.13.1.2 The market rental is currently assessed at a value of R16 000.00 (Sixteen Thousand Rand) excluding VAT, and escalating by 6% per annum.
- 1.13.2 That the approval of .1 above is subject to the condition that the appointment of the lessee shall be by direct negotiation and in full compliance with the prevailing Municipal legislative framework, including the Municipal Supply Chain Management Policy. The lease shall be in respect of parking only and will be subject to a one-year notice period should the area within the electrical servitude be required for Municipal purposes, prior to the expiry of the lease.
- 1.13.3 That all costs incidental to the transaction shall be at the cost of the lessee.
- 1.13.4 That all development plans be submitted to the local authority for approval prior to the construction of a parking lot.
- 1.13.5 That subject to the adoption of .1 to .4 above, authority be granted for the Head: Real Estate to sign all documents to give effect to this transaction, in terms of the Municipality's Supply Chain Management Policy and any other applicable legislation,

and that it shall be subject to such further conditions as the Head: Real Estate: considers necessary to protect the Municipality's interest.

ADOPTED.

- 1.14 Proposed Alienation of Portion (A) of the Farm Kirkfalls No. 14227 (24/8/2/1/2:
(Page 649: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

COMMITTEE RECOMMENDS:

- 1.14.1 That the Municipal Council declares in terms of Regulation 20(1) of the Municipal Asset Transfer Regulations 2008 that:
- 1.14.1.1 The property described as Proposed Portion A of the Farm Kirkfalls No.14227 registration division FT, Province of KwaZulu-Natal in extent approximately 43,04 hectares, as depicted on Plan Annexure 1 is determined by resolution of Council to be not needed for the provision of minimum level of basic Municipal services and to be surplus to the requirements of the Municipality.
- 1.14.1.2 The market rental of the property is currently assessed at a value of R1 850 720.00 (One Million Eight Hundred and Fifty Thousand Rand Seven Hundred and Twenty Rand), excluding VAT.
- 1.14.2 That Council approves the proposed alienation/transfer to the Ingonyama Trust, being an organ of state, for housing, social, traditional and community purposes, and to be discounted to a nominal amount of R1000.00 (One Thousand Rand), excluding VAT. This transaction will attract the payment of VAT.
- 1.14.3 That it should be a condition of transfer that:
- 1.14.3.1 The property is alienated for housing, social and community purposes and will be subjected to a reversionary clause relative to the use which can only be utilized for social and community purposes and for ancillary purposes thereto and no other purpose whatsoever being registered against the title deed of the property.
- 1.14.3.2 A reversionary clause be included in the sale agreement stating that in the event of the property not being utilized by the prospective buyer for the purpose as indicated in this report then ownership of the property will revert to the Municipality at no cost to the Municipality and free of any encumbrances, liens, hypothec and mortgage bonds. The prospective buyer to sign all documents necessary give effect to such transfer of the property to the Municipality. This provision to be included in the sale agreement between the prospective buyer and the Municipality and to be carried forward to the title deed.
- 1.14.4 That all costs incidental to the transaction shall be borne by the Ingonyama Trust.
- 1.14.5 That all developmental plans and applications must be submitted and approved by the local authority prior to any commencement of construction on the property
- 1.14.6 That the Municipal Council approves that .1 above is subject to the condition that the Proposed Portion A of the Farm Kirkfalls No. 14227, Registration Division FT, Province of KwaZulu-Natal, in extent approximately 43,04 hectares, be sold to the Ingonyama Trust at a purchase price of R1 000.00 (One Thousand Rand), excluding

VAT, and in full compliance with the prevailing Municipal legislative framework, including the Municipal Supply Chain Management Policy.

- 1.14.7 That subject to the adoption of paragraphs .1 to .6 above, authority be granted to the Head: Real Estate to sign all the documentation necessary to give effect to this transaction in terms of the Supply Chain Management Policy of the Municipality and any other applicable legislation, and that it shall be subject to such further conditions as the Head: Real Estate considers necessary to protect the Municipality's interest.
- 1.14.8 That authority be granted for the Head: Cleaning and Solid Waste to engage with the eThekweni Municipality's Planning and Climate Protection Department (EPDC) to identify suitable land for the offset requirements in terms of the environment authorization which will be determined by the outcome of the variation application process.
- 1.14.9 That subject to the adoption of .8 above and in the event of any land identified that needs to be acquired, authority be granted to the Head: Real Estate to acquire the land identified for offsets by private treat or expropriation.

ADOPTED.

At this stage of the proceedings, time 13h40, Council took a comfort break; and later resumed at 15h03.

- 1.15 Authority to Conduct Public Participation Process in terms of the Municipal Asset Transfer Regulations with respect to Proposed Granting of Long-Term Rights to Use, Control or Manage Portion of the Remainder of Erf 1 Durban, Kings Park Swimming Pool (17/2/1/2/5):
(Page 687: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

COMMITTEE RECOMMENDS:

- 1.15.1 That Council hereby approves in principle granting of long-term rights to use, control or manage Portion of the Remainder of Erf 1 Durban, Kings Park Swimming Pool, to enable the commencement of the public participation process required in terms of the Municipal Asset Transfer Regulations.
- 1.15.2 That authority be granted for the Accounting Officer to conduct a public participation process as envisaged in terms of Regulation 34(1)(a) read together with Regulation 34 (3)(b) of the Municipal Asset Transfer Regulations 2008, for the proposed granting of long term rights to use, control or manage various Municipal capital assets listed in Table A below, it being recorded that their respective fair market value exceeds R10 Million and the duration of the proposed rights to be granted exceeds three years.

Table A:

No	Property Description	Value	Aerial Plan
	Proposed Portion of Rem of Erf 1 Durban (Kings Park Swimming Pool)	R153 500 000.00	Annexure 3

- 1.15.3 That the public participation process be conducted in accordance with the provisions of the above Regulations and, including the following:

- (a) Inviting the local community and other interested parties to submit comments or representations.
- (b) Soliciting views and recommendations of the National Treasury and the Provincial Treasury.
- (c) Complying with Section 21A of the Local Government: Municipal Systems Act 2000, by publishing the notification through the media, in a local newspaper published in the area of jurisdiction of the Municipality, in a newspaper circulating in its area of jurisdiction and as determined by the Municipality as a newspaper of record or by means of radio broadcasts covering the area of jurisdiction of the Municipality.

1.15.4 That the Accounting Officer conduct such public participation process at least 60 days before the date of the meeting of the eThekweni Municipal Council where the matter will be considered, and requesting an approval in terms of Regulation 34(1)(b) read with Regulation 35 for the proposed granting of the long-term rights to use, control or manage the capital budget described in table A above.

ADOPTED.

1.16 Authority to Conduct Public Participation Process in terms of the Municipal Transfer Regulations 2008, to Grant Rights to Use, Control or Manage the Proposed Lease over the Remainder of Erf 776 Sea View and Remainder of Erf 784 Dunns Grant in Joint Extent Approximately 1,3299 Ha, as Depicted on Hand Plan SJ 4809/8 and Erven 578, 579, 601, 602 and Proposed Portion A of Erf 791 All of Hambanathi in Joint Extent Approximately 2,8960 Ha, as Depicted on Hand Plan SJ 4605 (17/2/1/2/50):
(Page 730: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

COMMITTEE RECOMMENDS:

1.16.1 That authority be granted to the Accounting Officer to conduct a public participation process as envisaged in terms of Regulation 34(1)(a) read together with Regulation 34(3)(b) of the Municipal Asset Transfer Regulations 2008, for the proposed granting of long-term rights to use, control or manage the properties described as Rem of Erf 776 Sea View and Erf 784 Dunns Grant in joint extent approximately 1,3299 ha, as depicted on Hand Plan SJ 4809/8 ('The Sea View and Dunns Grant Property') and Erven 578, 579, 601, 602 and Proposed Portion A of Erf 791, all of Hambanathi in joint extent approximately 2,8960 ha, as depicted on Hand Plan SJ 4605/8 ('The Hambanathi Property'), it being recorded that the respective fair market values of the properties exceed R10 000 000 (Ten Million Rand) and the duration of the proposed rights to be granted exceed three (03) years.

1.16.2 That the public participation process be conducted in accordance with the provisions of Regulation 35 of the Municipal Asset Transfer Regulations 2008, including

- a) Inviting local community and other interested parties to submit comments or representations;
- b) Soliciting views and recommendations of the National Treasury and the Provincial Treasury; and
- c) Complying with Section 21A of the Local Government: Municipal System Act, No. 32 of 2000 by publishing the notification through the media, in a local newspaper(s) published in the area of jurisdiction of the

Municipality, in a newspaper (s) circulating in its area of jurisdiction and determined by the Municipality as a newspaper of record, or by means of radio broadcasts covering the area of jurisdiction of the Municipality.

- 1.16.3 That authority be granted to the Accounting Officer to conduct such public participation process at least sixty (60) days before the meeting of the Municipal Council at which the decision referred to in Regulation 34(1)(b) will be considered to give final approval to grant long-term rights to use, control and manage the capital assets described as the Sea View and Dunns Grant Property and the Hambanathi Property in joint extent of approximately 4 3159 ha, as depicted on Hand Plan Numbers SJ4809/8 and SJ4605/8 respectively.

- 1.16.4 That authority be granted for the Head: Real Estate to sign all the documents necessary to give effect to the abovementioned recommendations.

ADOPTED.

- 1.17 Application for Delegation of Powers by the Province of the KwaZulu-Natal Premier in terms of Section 37 (2) of the Land Survey Act, 1997 to Consent to the Alteration, Amendment, Partial Cancellation or Cancellation of a General Plan: Request for Further Delegation of Powers Delegated to Council in terms of Section 37 (3) of the Land Survey Act (2/2/3):
(Page 871: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

COMMITTEE RECOMMENDS:

- 1.17.1 That, in consultation with the Province of the KwaZulu-Natal Premier, Council grants delegated powers to the following posts in order for the incumbents occupying same to sign all required Section 37 (2) certificates:
- 1.17.1.1 The Deputy Head - Surveying and Land Information (Professional Land Surveyor registered with the South African Geomatics Council as per the Geomatics Profession Act 19 of 201, in terms of Section 13 (4) (d).
- 1.17.1.2 An official (Officer) employed in the full-time service of the Municipality who has been authorised and designated by the Municipality in terms of Section 35 (2) of the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) (SPLUMA).
- 1.17.1.3 An official who has been appointed as a Municipal Planning Authorised Officer in terms of Section 6 (1) of the Municipality's Planning and Land Use Management By-law, 2016; and is also a member of the Municipal Planning Tribunal in terms of Section 36 (1) (a) of SPLUMA.

ADOPTED.

- 1.18 Request for Approval to Provide Blue Garden Bag Service Through Retail Outlets:
(Page 877: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

Authority is sought to continue providing blue garden bag service through retail outlets and to conclude agreements with them regulating the terms and conditions of supply. The Cleansing and Solid Waste Unit ("the Unit") has a business branch that competes in the open market with an aim of generating additional revenue for the Municipality. The waste management services offered include the provision of waste receptacles, collection, disposal and special events waste management.

The Blue Garden Bags are offered to residents as a convenient alternative to containerize garden waste, which is collected on the waste collection day. This service is offered on a contract basis where blue garden bags are delivered directly at the residents' premises, alternatively blue garden bags can be procured as and when required from retail outlets that stock blue garden bags on behalf of the Municipality.

The tariff or rate at which these are charged is approved annually during the tariff approval process by Council and it's a separate charge from the domestic user charge rate. Retail outlets that stock blue bags have a reseller contract with the Municipality, where the retail outlets pay for bags that are stocked in their outlets and the charges for these blue bags are billed to their Municipal accounts. Historically, the provision of the blue garden bags through retail outlets was undertaken by the Waste and Water Services Unit. It has however been noted that the Council approval regulating the provision of the blue garden bags could not be located and an audit report from the City Integrity and Investigations Unit has requested that new agreements be concluded which safeguard the Municipality's interests.

The Unit is therefore requesting Council approval to continue with the provision of the blue garden bags through retail outlets and for approval to conclude agreements regulating the terms and conditions of supply.

The business branch generates additional revenue for the Unit which is broken down into Trade, Disposal and Bulk and extra refuse income.

The table below depicts additional income generated by the business branch, broken down into different revenue streams:

DESCRIPTION	Adjusted Budget	Forecast	Estimate	Estimate	Estimate
	2021/2022	2021/2022	2022/2023	2023/2024	2024/2025
Disposal facilities	51 412	54 286	56 582	61 109	65 998
Bulk and Extra Refuse	42 701	40 564	40 726	43 985	47 504
Trade Refuse	234 572	231 955	245 872	264 595	285 762
Blue garden Bags	10 193	9 431	12 000	12 960	13 997
Lost/Stolen wheelie bin recoveries	230	393	507	548	591
Total (Rm)	328 685	336 629	355 687	383 197	413 852

With the Committee being in agreement,

COMMITTEE RECOMMENDS:

- 1.18.1 That the Municipal Council approves the continuation of the arrangement by the Cleansing and Solid Waste Unit to provide blue garden bag service through agreements to be entered into with retail outlets.
- 1.18.2 That authority be granted for the Head: Cleansing and Solid Waste to sign all required agreements regulating the terms and conditions of supply.

Financial Implications:

DESCRIPTION	ADJUSTED BUDGET 2021/2022	FORECAST 2021/2022	ESTIMATE 2022/2023	ESTIMATE 2023/2024	ESTIMATE 2024/2025
Disposal facilities	51 412	54 286	56 582	61 109	65 998
Bulk and extra refuse	42 701	40 564	40 726	43 985	47 504
Trade Refuse	234 572	231 955	245 872	264 595	285 762
Blue garden bags	10 193	9 431	12 000	12 960	13 997
Lost/ stolen wheelie bin recoveries	230	393	507	548	591
Total (RM)	328 685	336 629	355 687	383 197	413 852

ADOPTED.

- 1.19 Connecting Communities Through Sanitation and Water Operators Partnership Between eThekweni Municipality and Hamburg (6/2/3/1/1/1) & (23/1/6):
(Page 890: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

COMMITTEE RECOMMENDS:

- 1.19.1 That authority be granted for the City Manager to accept a 3-year partnership between the eThekweni Municipality and the Hamburger Wasserwerke (HWW), UN Habitat, for Practical Training and Capacity Building Programme relating to water and sanitation operations.
- 1.19.2 That subject to the approval of .1 above, authority be granted for the Head: Water and Sanitation to enter into a Project Implementation Agreement with the Hamburger Wasserwerke as the implementing agent of this programme.

ADOPTED.

- 1.20 Approval of eThekweni Municipality Water Supply By-Law 2022 (1/1/3/1/32):
(Page 936: Human Settlements and Infrastructure Committee - Agenda 2023-03-22)

COMMITTEE RECOMMENDS:

- 1.20.1 That Council passes the final eThekweni Municipality Water Supply By-law 2022.
- 1.20.2 That, subject to .1 above, Council approves the publication and promulgation of the final By-law in the Provincial Gazette, and with the By-law taking effect on the date of publication.
- 1.20.3 That the promulgation of the eThekweni Municipality Water Supply By-law 2022, be published in the Ezasegagasini Metro.

ADOPTED.

- 1.21 Rescission of Council Decision and Set Aside: Portion of Erf 692 Durban, in Extent of 1019m² as Depicted on Plan No: SJ 4755/5 (Mitchell Park), 2 Nimmo Road (17/2/1/2/5):
(Page 1182: Human Settlements & Infrastructure Committee - Agenda 2023-03-22)

With the Members of the Democratic Alliance abstaining on this matter at the Support Committee level,

COMMITTEE RECOMMENDS:

- 1.21.1 That the Municipal Council concurs that the following resolution adopted on 26 August 2021, to lease the Municipal-owned vacant land by public tender, described as Portion of Erf 692 Durban, in extent of 1019m² as depicted on SJ Plan No. 4755/5 in terms of Regulation 34 (1) (b) read with Regulation 36, 40 and 41 of the Municipal Assets Transfer Regulations, be rescinded in its entirety:

“1.6 Proposed Lease on Portion of Erf 692 Durban, 2 Nimmo Road, Durban: Restaurant (17/2/1/2/5):
(Page 141: Human Settlements and Infrastructure Committee - Agenda 2021-08-03)

COMMITTEE RECOMMENDS:

- 1.6.1 That the Lessee be granted the right to use, control or manage the capital asset described as Portion of Erf 692 Durban, in extent of 1019 m² as depicted on SJ Plan No. 4755/5 in terms of Regulation 34 (1) (b) read with Regulations 36, 40 and 41 of the MATR and that:***
- 1.6.1.1 The current market rental value of the property is currently assessed at a value of R30 570.00.00 (Thirty Thousand Five Hundred and Seventy Rand), per month, excluding, VAT, and thereafter the greater of either the basic monthly amount or 7% of the gross monthly income derived from all business activities on the property.***
- 1.6.1.2 The property is leased by a public tender process in accordance with the provisions of the Preferential Procurement Policy Framework which supports Radical Economic Transformation Framework and the Supply Chain Management Policy.***
- 1.6.2 That all costs incidental to the transaction shall be at the cost of the Lessee.***
- 1.6.3 That all developmental plans must be submitted to the Local Authority for approval prior to any construction.***
- 1.6.4 That subject to the adoption of .1 and .3 above and the approval by the Bid Adjudication Committee, authority be granted for the Head: Real Estate to sign all the documents necessary to give effect to this transaction in terms of the Supply Chain Management Policy of the Municipality and any other applicable legislation, that it shall be further subject to conditions as the Head: Real Estate considers necessary to protect Municipality's interest.***
ADOPTED.”

- 1.21.2 That the Municipal Council approves the proposed set aside of Portion of Erf 692 Durban, 2 Nimmo Road, Durban, for the Parks, Recreation and Culture Unit to use the property as the Library.

As some members were not in support of the recommendations, the matter was put to the vote. With 166 Councillors present, 119 Councillors (ANC - 88, EFF – 16; IFP -00; Action SA -01; ABC – 00; ACC - 01, ACDP – 02 AIC -00, DLC – 01; ADEC – 01; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI -

01, MF - 01, MOSA – 01; NFP -01; PFP – 00; TA- 01 and VF Plus – 01) voted in favour of the matter. 45 DA Councillors voted against the matter. 02 Councillors (PRM – 01 and UIM – 01) abstained on the matter.

- 1.22 Review of Tariffs: Surveying and Land Information: 2023/2024 (7/6/1/2):
(Page 1192: Human Settlements & Infrastructure Committee - Agenda 2023-03-22)

With the Democratic Alliance abstaining at the Executive Committee level, and the other Parties present being in support,

COMMITTEE RECOMMENDS:

- 1.22.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, the proposed general increase of 5% for the Surveying and Land Information tariffs in the 2023/24 financial year, with the increase to be effective from 2023-07-01 and the tariffs details outlined in Annexure “A” of the report of the Acting Head: Engineering dated 2023-02-01.
- 1.22.2 That upon 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.
- 1.22.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

ADOPTED.

- 1.23 Proposed Deproclamation and Sale of Proposed Portion [A] Remainder of Erf 2719 Umlazi-Z to Adjoining Property Owner (17/2/1/2/3):
(Page 1274: Human Settlements & Infrastructure Committee - Agenda 2023-03-22)

COMMITTEE RECOMMENDS:

- 1.23.1 That the Municipal Council declares in terms of Regulations 5(1) (b) read with Regulations 7 and 11 of the Municipal Asset Transfer Regulations, 2008 (“MATR”) and Section 14(2)(a) and (b) of the Local Government: Municipal Finance Management Act, No 56 of 2003 that:
- 1.23.1.1 The Proposed Portion [A] Remainder of Erf 2719 Umlazi-Z (the Property) is not needed to provide the minimum level of basic Municipal services; and
- 1.23.1.2 The current market value of the Property is assessed at R17 400.00 (Seventeen Thousand Four Hundred Rand), excluding VAT, as per Annexure “C” in the report of the Head: Real Estate dated 2023-02-03.
- 1.23.2 That the proposed sale of the property be concluded in compliance with the eThekweni Municipality’s Land Disposal and Granting of Property Rights Policy.
- 1.23.3 That a notice be published in Ezasegagasini Metro and boards be placarded by the Survey Department in noticeable positions of the property.
- 1.23.4 That the Municipal Council declares that .1 is subject to the conditions:

- 1.23.4.1 Proposed Portions [A] Remainder of Erf 2719 Umlazi-Z requires to be rezoned from Existing Street to Special Residential 180, the rezoning shall be undertaken by and at the cost of the prospective purchaser.
- 1.23.5 That the purchaser to submit an application in terms Section 28 of the eThekweni Municipality's Planning and Land Use Management By-Law 2016 (Municipal Notice 114 of 2017), Proposed Portions [A] Remainder of Erf 2719 Umlazi-Z, the existing street in extent 134m², depicted on SJ 4732/6, be permanently closed subject to all costs being borne by the perspective purchaser.
- 1.23.6 That subject to 211 of Ordinance 25 of 1974, the closure of the road over proposed Portions [A] Remainder of Erf 2719 Umlazi-Z in extent 134m², depicted on SJ 4732/6, be approved.
- 1.23.7 That this closure be advertised via the Land Use Management application process, read together with Section 28(2)(e) and (f) of the eThekweni Municipality's Planning and Land Management Bylaw 2016.
- 1.23.8 That in the event of objections being lodged the proposed road closure when it is advertised, the Planning and Land Use Management By-Law process be followed to attend the objections.
- 1.23.9 That the proposed Portion [A] Remainder of Erf 2719 Umlazi-Z. Registration Division FT, Province of KwaZulu-Natal is extent 134m² as depicted on SJ 4732/6, be sold at the purchaser price of R17 400.00 (Seventeen Thousand Four Hundred Rand), excluding VAT, such price reflecting the current market value of the property as assessed by the registered valuer.
- 1.23.10 That the proposed Portion [A] Remainder of Erf 2719 Umlazi-Z must be consolidated with the respective adjoining property, upon transfer, at the expense of the purchaser.
- 1.23.11 That all conditions by the Municipality's Service Delivery Units will form part of the Sale Agreement.
- 1.23.12 That all costs incidental to this transaction shall be at the cost of the prospective purchaser.
- 1.23.13 That authority be granted for the Head: Real Estate to sign all documents necessary to give effect to this transaction in terms of the Supply Chain Management Policy of the Municipality, the Municipal Asset Transfer Regulations 2008, the Municipal Finance Management Act No. 56 of 2003, the Land Disposal and Granting of Rights Policy of the Municipality, the eThekweni Municipality's Planning and Land Use By-Law 2016 (Municipal Notice 114 of 2017), as amended, and any other applicable legislation the Heads: Real Estate considers necessary to protect the Municipal interests.

Financial Implications:

All costs involved in this transaction shall be borne by the purchaser.

ADOPTED.

- 1.24 (a) Proposed Granting of Rights to Use, Control or Manage a Lease on Proposed Erf (B) Rossburgh, Erf 145 Rossburgh and Portion 18 of Erf 732 Sea View, Located at 193 South Coast Road by Way of a Long-Term Lease

- (b) To Permanently Close the Road Area as Depicted on Plan No. SJ 4732/9 over Proposed Portion Erf (B) Rossburgh in accordance with Section 211 of the Local Authorities' Ordinance No. 25 of 1974 (12/2/1/2/5):
(Page 1289: Human Settlements & Infrastructure Committee - Agenda 2023-03-22)

COMMITTEE RECOMMENDS:

- 1.24.1 That the Municipal Council declares in terms of Section 14 of the Local Government: Municipal Finance Management Act No. 56 of 2003 that:
- 1.24.1.1 Proposed Erf (B) being a consolidation of Proposed Portion (A) of Erf 144 Rossburgh, Erf 145 Rossburgh and Portion 18 of Erf 732 Sea View as depicted on SJ 4732/9 in an approximate extent of 3845 square meters are not needed to provide the minimum level of basic Municipal services and are considered to be surplus to the requirement of the Municipality for the period that the proposed granting of rights to use, control or manage the said Property.
- 1.24.1.2 That the current market value of the proposed Erf (B) Rossburgh being a consolidation of Portion (A) of Erf 144 Rossburgh, Erf 145 Rossburgh and Portion 18 of Erf 732 Sea View, as depicted on SJ 4732/9 in an approximate extent of 3845 square meters is R7 690 000.00 (Seven Million Six Hundred and Ninety Thousand Rand), at an assessed market value rental of R696 000.00 (Six Hundred and Ninety Six Thousand Rand) per annum and R58 000.00 (Fifty Eight Thousand Rand) per month have been considered and is exclusive of VAT.
- 1.24.1.3 That the Municipal Council approves that a right be granted to use, control or manage the Capital asset described as Proposed Erf (B) Rossburgh being a consolidation of proposed Portion (A) of Erf 144 Rossburgh, Erf 145 Rossburgh Portion 18 of Erf 732 Sea View in an approximate extent of 3845 square meters, as depicted on SJ 4732/9 in terms of Regulations 34(1)(b) read together with Regulation 36, and 41 of the Municipal Asset Transfer Regulations, 2008, It being recorded that after the proposed lease has lapsed, control of the property will revert to the Municipality.
- 1.24.1.4 That a thirty-year lease be granted in respect of the capital asset.
- 1.24.1.5 That all conditions received from the Municipality's service delivery Units, as detailed in paragraph 5 of the report will form part of the lease agreement to be concluded between the Municipality and the successful tenderer.
- 1.24.1.6 That the property described as Proposed Erf (B) being a consolidation of Proposed Portion (A) of Erf 144 Rossburgh, Erf 145 Rossburgh and Portion 18 of Erf 732 Sea View in an approximate extent of 3845 square meters, as depicted on SJ 4732/9, be leased by way of public tender in accordance with the Municipal Supply Chain Management Policy, at a base rental of R58 000.00 (Fifty-Eight Thousand Rand) per month, excluding VAT, and escalating by 6% per annum, reviewable every five (5) years for a period of thirty (30) years.
- 1.24.1.7 That the rental be suspended for up to three (3) years from the date of the registration of the notarial deed of lease to allow for the development of the property. Should the prospective lessee not complete the development within the three (3) year period,

an application may be made to the Head: Real Estate to submit a request to the Municipal Council to consider an extension of time to complete the development in accordance with suitable terms and condition as recommended by the Head: Real Estate.

- 1.24.2 That the Municipal Council declares that .1 is subject to the following conditions:
- 1.24.2.1 That the proposed Portion (A) of Erf 144 Rosburgh, Erf 145 Rosburgh and Portion 18 of Erf 732 Sea View, as depicted on SJ 4732/9 in an approximate extent of 3845 square meters is required to be rezoned. The zoning shall be undertaken by and at the cost of the prospective lessee.
- 1.24.2.2 That should the prospective lessee fail to finalize the rezoning within two (2) years from the date of the instruction letter, then the Head: Real Estate shall have the discretion to either set aside the sale or request the prospective lessee to submit a duly motivated application for an extension of time for the rezoning of the property, provided that the delay or failure to finalize the rezoning is not attributable to the fault of the prospective lessee. Such extension of time will need to be approved by the Head: Real Estate.
- 1.24.3 That in terms of Sections 211 of the Local Authorities Ordinance No. 25 of 1974, read together with Section 28(2)(e) of the eThekweni Municipal Planning and Land Use Management By-Law 2016, as amended, the closure of the road area over proposed Erf (B) as depicted on SJ 4732/9, be approved.
- 1.24.4 That the road closure over proposed Erf (B) is to be advertised via the application process of the eThekweni Municipal Planning Land Use Management By-Law 2016, as amended.
- 1.24.5 That in the event of objections being lodged to the proposed closure of the road area over Proposed Erf (B), as depicted on SJ 4732/9 when it is advertised, the process in the eThekweni Municipal Planning and Land Use Management By-Law 2016, as amended be followed to address these objections.
- 1.24.6 That all costs incidental to the transaction shall be borne by the prospective lessee, and all development plans are to be submitted to the Local Authority for approval prior to any construction taking place.
- 1.24.7 That subject to the adoption of .1. to .6 above, authority be granted for the Head; Real Estate to give effect to the above-mentioned recommendations.

Financial Implications:

All costs involved in this transaction will be for the Lessee to be appointed.

ADOPTED.

- 1.25 Proposed Closure of Open Space and Granting of a Right of Way Servitude over the Remainder of Erf 667 Brickfield, in favour of the Adjoining Property: Plan No. SJ 4751/6 Extent 1005m²(21/7/5):
(Page 405: Human Settlements and Infrastructure Committee - Agenda 2022-11-24)

It was noted that this matter was raised under matters arising from the previous Minutes of the Human Settlements and Infrastructure Committee held on 2022-11-24. During discussion, all members were in agreement that this matter be

re-submitted to the Executive Committee and Council, respectively, in order to obtain the Council approval.

COMMITTEE RECOMMENDS:

- 1.25.1 That Municipality declares in terms of Regulation 5(1)(b), Regulation 7 and Regulation 12 of the Municipal Asset Transfer Regulations 2008, read together with Section 14(2)(a) and (b) of the Local Government: Municipal Finance Management Act No. 56 of 2003 that:
 - 1.25.1.1 A Portion of the property described as Remainder of Erf 667 Brickfield in extent of 1005m² as depicted on Plan No.:4751/6 is not needed to provide the minimum level of basic Municipal services and is deemed to be a surplus to the requirements of the Municipality.
 - 1.25.1.2 The market value of the portion of the property affected is currently assessed at a value of R800 000.00 (Eight Hundred Thousand Rand), excluding VAT.
- 1.25.2 That a Portion of the Remainder of Erf 667 Brickfield be burdened by a right of way servitude in favour of adjoining Portion 1 of Erf 667 Brickfield at a purchase price of R800 000.00 (Eight Hundred Thousand Rand), excluding VAT.
- 1.25.3 That no encroachment over existing Municipal sewer servitude be permitted by a right of way servitude to any development (if applicable), a sewer impact analysis is to be done at the building plan submission stage.
- 1.25.4 That the Committee approves the reallocation and transfer of funds as detailed in the report of the Head: Electricity dated 2022-06-24.
- 1.25.5 That the Telkom Plant may be affected by this proposal. In this regard the purchaser is to liaise with that authority in order to ascertain their requirements
- 1.25.6 That this transaction is subject to the special conditions from the Parks, Recreation and Culture Unit as listed below and in the report of the Head: Real Estate dated 2011-12-08 that:
 - 1.25.6.1 The applicant must be prepared to make a contribution to the improvements and rehabilitation of the park in the interest of the immediate community.
 - 1.25.6.2 The right-of-way needs to be designed and constructed in a manner that is not posing risk to the immediate neighbours and public park. The edges of the right-of-way portion must be adequately fenced, in the form similar to and not excluding that of "ClearVu". All embarkments created during this process need to be designed to meet the engineering standards. Where possible all retaining walls must be within the right-of-way portion and be the responsibility of the servitude owner for all maintenance therein. Use of interlocking blocks as part of the retaining walls must be adequately planted with suitable indigenous vegetation. The interface between the embarkment and the park must be securely fenced as suggested above.
 - 1.25.6.3 A new access will need to be developed into the park adjacent to the right-of-way portion. This will need to be formally constructed in a manner that will support heavy Municipal vehicles entering the park for maintenance purposes. This entrance will need to have a lockable gate to prevent unauthorised vehicles entering the park and

provision is to be made for access & egress for pedestrians with prams and for the physically challenged.

- 1.25.6.4 In mitigation and support for the right-of-way and use of the site during construction require the whole site to be rehabilitated as proposed.
- 1.25.6.5 A Public-Private Partnership must be considered and established between Leisure and Recreation Association of South Africa (LARASA) representative Mrs Naidoo, the Developer/Hospital and the Parks Department, to rehabilitate the existing park by making design changes to improve the utilization of the park, with the potential to improve the health aspects of the users of the park. To provide support to undertake the development of a Fitness Gym designed by LARASA. Various stations be developed across the site, each accommodating a specific apparatus that supports a physical fitness programme. Support will be in the form of design, construction and preparation of a series of foot paths cut into the bank at grade linking the respective apparatus stations together with a uniform brick paving. The design layout will be provided by LARASA.
- 1.25.6.6 The hospital can give consideration to designing an interface between the park, service entrance and hospital where patients and their families can access the park for therapeutic purposes and reflection. A suitable space can be designed and created to meet the required atmosphere and place for proposed right-of-way servitude over Remainder of Erf 667 Brickfield.
- 1.25.7 That in terms of Section 212 of Ordinance 25 of 1974, read together with Section 28(2)(1) of the eThekweni Municipality Planning and Land Use Management By-Law 2015, the portion affected in the Remainder of Erf 667 Brickfield be permanently closed as Public Open Space.
- 1.25.8 That this closure is to be advertised via the Land Use Management application process read together with Section 28(2)(1) of the eThekweni Municipality's Planning and Land Use Management By-Law 2016.
- 1.25.9 That in the event of objections being lodged to the proposed closure of Portion 1 of Erf 667 Brickfield when it is advertised, the Planning and Land Use Management By-Law process be followed to attend to these objections.
- 1.25.10 That subject to the adoption of recommendations .1 to .9 above, authority be granted to the Head: Real Estate to sign all the documentation necessary to give effect to this transaction in terms of the Supply Chain Management Policy of the City and any other applicable legislation and that it shall be subject to such further conditions as the Head: Real Estate considers necessary to protect Council interests.

ADOPTED.

2. REPORT OF THE FINANCE COMMITTEE MEETING HELD: 2023-03-22.

(Page R30)

- 2.1 Public Tender Awards of eThekweni Municipality for the Month Ended 31 January 2023 (9/1/3):
(Page 21: Finance Committee - Agenda 2023-03-22)

The Committee noted that the amount of R292 415 270.22 (Two Hundred and Ninety-Two Million Four Hundred and Fifteen Thousand Two Hundred and Seventy Rand Twenty-Two Cent) was the total value of tenders issued during the month of January 2023.;p

According,

COMMITTEE RECOMMENDS:

- 2.1.1 That the public tender awards by the City for the month of January 2023, inclusive of awards made in terms of Section 36 of the Supply Chain Management Regulations, as contained in the report by the Deputy Head: Supply Chain Management dated 2023-02-10, be noted.
- 2.1.2 That it be noted that where information is available for Wards and registration numbers, it is included in the report, as information used to compile the report is taken from submissions made by the Units.
- 2.1.3 That the Finance Committee calls for additional information on individual awards, where it deems appropriate and necessary to play its oversight role.
- 2.1.4 That the City Manager reserves the right to investigate the awards with a view to taking disciplinary, criminal and recovery actions where willful and negligent violation of Supply Chain Management Policies and Municipal Finance Management Act provisions are observed.
- 2.1.5 That the City Manager shall table a report to the Committee relative to the disciplinary, criminal and recovery actions taken, it being recorded that the City Manager can only respond when the reports are available.

Speaking on the matter, the DA noted with concern that during the month of January 2023, sixty percent (60 %) of the tender awards were made in terms of Section 36 of the Supply Chain Management (SCM) Regulations and that most of these tenders were related to Durban Solid Waste Department (DSW). They further mentioned that Section 36 tender awards were as a result of insufficient capacity within the SCM Unit. They were of the view that these transactions were irregular, it being cited that twenty (20) DSW tenders had been awarded within one hundred and twenty (120) days; in this regard, they emphasised that normal competitive bidding processes had to be followed.

Also commenting on the matter, the ANC mentioned that Council has a responsibility to ensure that all its processes are fair and transparent. It was mentioned that in the event that there were transgressions and/ or abuse of Section 36 on any tender awards, those would be dealt with by the relevant Committee and reported accordingly to Council. However; they acknowledged the challenges within the SCM Unit, it being cited that all tenders awarded were subjected to review by the Internal Audit Unit. It was further mentioned that procurement plans would be in place and that Section 36 Awards would only be applied for urgent matters, including unforeseen disasters.

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

2.2

Approval of Accounting Policies (7/1/P):

(Page 138: Finance Committee - Agenda 2023-03-22)

Approval is sought in terms of Section 122 (3) of the Municipal Finance Management Act (MFMA) which requires municipalities and municipal entities to prepare financial statements in accordance with the Generally Recognition Accounting Practices (GRAP). It being noted that the GRAP accounting standards are developed by the Accounting Standard Board (ASB).

It was recalled that the Council implemented the GRAP and GAMAP accounting framework during the 2005/06 financial year. In accordance with the above, newly developed standards would be adopted on a continuous basis when they are promulgated by the Minister of Finance and become effective. In this regard there have been no changes in the standards of GRAP for the 30 June 2023 financial year, however, the accounting policies have been amended to incorporate the enhancements to the existing policies and GRAP 3 disclosure pertaining to standards approved but not yet effective,

- The financial statements are prepared based on the materiality framework where the materiality figure is calculated using the latest audited results. Section 1.9 of the accounting policies dealing with Materiality has been amended to include the updated materiality figure which is based on the 30 June 2022 audited financial statements.
- The municipality assesses on an annual basis whether there is any indication that its capital assets might be impaired. The impairment assessment is based on the significant judgements documented in section 1.13 of the accounting policy, specifically that relating to non-cash generating impairment testing. The judgements applied in impairment testing have been expanded to clarify that damaged assets are tested for impairment only when there is a significant or permanent decline in the service potential of the asset. This means that impairment testing excludes minor damages that could be rectified through repairs and maintenance.
- The municipality is required to disclose on the financial statements the impact of Standards that are approved, but not yet effective. Section 1.2 of the accounting policies dealing with the basis of preparation has been amended to include the impact of Interpretation GRAP 21 on the financial statements when effective. Interpretation GRAP 21 deals with the effects of the past decisions on materiality and will not have an impact on the financial statements once the Standard becomes effective.

COMMITTEE RECOMMENDS:

That in order to ensure compliance with Section 122 (3) of the Municipal Finance Management Act and National Treasury guidelines, which requires that the Annual Financial Statements of the Municipality and its entities are in accordance with the Standards of Generally Recognized Accounting Practice, the Accounting Policies reflected in Annexure “A” to the report of the Head: Expenditure dated 2023-02-27, be approved.

ADOPTED.

2.3 Review of Tariffs for Issuing of Tenders: 2023/2024 (7/6/1/5):
(Page 183: Finance Committee - Agenda 2023-03-22)

Authority is sought to approve the tariffs relating to the price payable to eThekweni Municipality for copies of the application of tenders at various thresholds (2023/24 financial year) in terms of Section 75A (1)(a) of the Local Government Municipal Systems Act 2000 (Act 32 of 2000) which gives power to eThekweni Municipality to impose tariffs for any of its functions or services, hence the tariffs for tender fees.

The purpose of eThekweni Municipality Supply Chain Management Unit is to implement the acquisition of goods and services through competitive bidding process taking into consideration Section 217 of the Constitution which requires that when an organ of state contracts for goods and services, it must do so in accordance with principles of fairness, equitability, transparency, competitiveness, and cost-effectiveness.

It being noted that the tariffs applicable to price payable to eThekweni Municipality for copies of the application to tenders at various thresholds were last revised on 1 July 2022. As a result of cost-containment, the Municipality moved away from selling tender documents to uploading them on the municipal website as well as on e-Tenders website so that they are more accessible to the public and also cutting costs for printing and distribution.

With the DA Members abstaining and the majority of the Political Parties being in consensus,

COMMITTEE RECOMMENDS:

2.3.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act of 2000 (Act of 32 of 2000), that with effect from 2023-07-01 the tariffs set out in Annexure “A” of the report of the Deputy Head: Supply Chain Management dated 2023-02-22 be levied in respect of tender fees as follows:

Annexure A:

TENDER FEES				
Charge Code	Description	Present Tariff (excl. VAT) 2022/2023	Tariff (excl. VAT) 2023/2024	Tariff (excl. VAT) 2024/2025
		R	R	R
PRC0047CC	R0.00 to R199 000.00	0.00	0.00	0.00
PROC0048CC	R200 000.00 to R1m	133.00	133.00	133.00
PROC0049CC	Above R1m to R5m	333.00	333.00	333.00
PROC0050CC	Above R5m to R10m	665.00	665.00	665.00
PROC0051CC	Above 10m	1 331.00	1 331.00	1 331.00

2.3.2 That upon Council granting final approval of the proposed 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.

- 2.3.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Financial Implications:

In terms of Section 17(3)(a)(ii) of the Municipal Finance Management Act 56 of 2003 the setting of any municipal tariffs must be done in a form of a draft resolution that must accompany an annual budget to be tabled for approval before a municipal Council. Data relating to income and expenditure as shown below:

Income and Expenditure:

	Year	Year	Year	Year
	2021/2022	2022/2023	2023/2024	2024/2025
TENDERS BRANCH	(Actual)	(Budget)	(Budget)	(Budget)
	R	R	R	R
INCOME (Excl. Grants)	(348 641,00)	(580 000,00)	(200 000,00)	(210 000,00)
EXPENDITURE	254 617,00	319 165,00	336 350,00	354 820,00
DEFICIT	(94 025,00)	(260 835,00)	136 350,00	144 820,00

As some members were not in support of the recommendations, the matter was put to the vote. With 170 Councillors present, 124 Councillors (ANC - 88, EFF – 18; IFP -00; Action SA -01; ABC – 00; ACC - 01, ACDP – 02 AIC -01, DLC – 01; ADEC – 01; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 01, MOSA – 01; NFP -01; PFP – 00; PRM – 01; TA- 01; UIM – 01 and VF Plus – 01) voted in favour of the matter. 46 DA Councillors abstained on the matter.

- 2.4 Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE) Incurred for Quarter Ended 31 December 2022 (7/7/R & 9/R):
(Page 189: Finance Committee - Agenda 2023-03-22)

Committee noted the total irregular expenditure of R9,095,141.06 (Nine Million and Ninety-Five Thousand One Hundred and Forty-One Rand Six Cents) has been incurred and reported by various Units for the second quarter ended 31 December 2022. Background being given that these reports have been reviewed and analysed by the Internal Control Unit, noted by the Bid Adjudication Committee and would be referred to the Municipal Public Accounts Committee for recommendation for the write off or recovery based on the outcomes of investigation.

Accordingly,

COMMITTEE RECOMMENDS:

- 2.4.1 That the Unauthorised, Irregular, Fruitless and Wasteful Expenditure reported for the Quarter ended 31 December 2022 amounting to R9 095 141.06 (Nine Million and Ninety-Five Thousand One Hundred and Forty-One Rand Six Cents), be noted.
- 2.4.2 That depending on the outcome of the process detailed in terms of Section 32 of the Municipal Finance Management Act No. 56 of 2003, further action may arise,

including disciplinary action, recovery of monies and criminal charges being instituted where applicable.

- 2.4.3 That a report be prepared and submitted to the MEC for Co-operative Governance and Traditional Affairs, National Treasury and the Office of the Auditor-General in terms of Section 32 and Section 170 of the Municipal Finance Management Act No. 56 of 2003.

Commenting on the above matter, the DA mentioned that lack of consequence management implementation has been cited as a finding on numerous occasions by the Audit Committee. They mentioned that action needed to be taken urgently to address the repeated findings, it being emphasised that criminal charges had to be instituted where applicable. They also referred to other alarming findings including job descriptions which lacked proper specifications; employees found with lesser qualifications compared to their job descriptions.

Also joining on the discussion, the ANC mentioned that the purpose of this report was to apply an accounting principle by declaring irregular expenditure so that the matter would be referred to the relevant Committees for recommendation for the write off or recovery based on the outcomes of investigation. It was also mentioned that the Financial Misconduct Disciplinary Board was established; and had already commenced with its duties. It was also emphasised that consequence management was being implemented, and criminal cases have been opened where applicable, on the basis that some officials implicated on some of the cases had subsequently resigned from the Municipality.

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

- 2.5 Budget Statement Report for the Month Ended 28 February 2023 (7/1/4):
(Page 201: Finance Committee - Agenda 2023-03-22)

In giving an overview, the Head: Expenditure took the meeting through the salient features of the report relative to the actual operating revenue of 99% of the year-to-date budget, with a variance of -1%, and revenue generated to date is 68.3%. The actual operating expenditure reported as a percentage of year-to-date budget figure is 94% with a variance of -6% and Operating Expenditure spent to date is 61.6%. The reported capital expenditure is 93% of the budget with a variance of -7% and the capital year to date spent is 34.85%. A cash collection of 92.2% as at the end of February 2023 was reported, and slightly lower when compared to the same period in the previous year (95%).

Upon deliberations, some members were concerned with the rate of capital spent, unread water meters, liquidity management and the human settlements grant spent being under 50%. It being emphasized the Municipality should make efforts and develop strategies to address the debt recovery rate. Explanation was given that interventions were continuously being made to address the debtors' challenges, reference being made to the 80/20 Electricity Programme and the Debt Relief programme. It being noted that capital expenditure was to increase, mention being made that the development of annual procurement plans will be undertaken in the preceding year so that implementation thereof commence in July, being the first month of the new financial year.

In view of the foregoing;

COMMITTEE RECOMMENDS:

- 2.5.1 That the Budget Statement report for the month ended 2023-02-28 and the supporting documents, submitted by the City Manager as per his report dated 2023-03-16, in compliance with Section 71 of the Municipal Finance Management Act 56 of 2003 and in terms of Government Notice 32141 dated 17 April 2009, relating to the “Local Government: Municipal Finance Management Act 2003, the Municipal Budget and Reporting Regulations”, be noted.
- 2.5.2 That in compliance with Section 32(2) of the Municipal Finance Management Act, Council notes that there was no Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW) incurred for the month of February 2023 reported by the line departments as detailed in section 10 of the Budget Statement Report.
- 2.5.3 That Council refers that the UIFW referred to in .2 above to the Municipal Public Accounts Committee (MPAC) for investigation into the recovery or write-off of the said expenditure in terms of Section 32(2)(b) of the Municipal Finance Management Act and request MPAC to report back to Council on the outcome of its investigations.

Commenting on the matter, the DA expressed concern over outstanding debts which have accumulated to R23 Billion, and they were of the opinion that the Municipality has not developed sufficient strategies or plans to recover the monies owed to the Municipality. They also cited the ongoing Court case on the outstanding Municipal debt between the Municipality and Tansnat. In this regard, they requested a report on the outcome of the court proceedings.

Thereafter, the ANC mentioned there was an improvement in the cash collection rate as it was reported to be 92.2% as at the end of February 2023 and that interventions were continuously being made to address the debtors’ challenges. Regarding the Tansnat matter, it was reported that all the issues related thereto were discussed at length during the Finance Committee.

At this stage of the proceedings, a point of order was raised wherein Councillor Madlala of the ANC was unhappy with the pronunciation of his surname by a Councillor from the DA and, as such, he requested for it to be corrected. He then narrated the scars of the apartheid and the challenge to heal especially when incidents of undermining Blacks are witnessed again.

Following which, Councillor Govender of the DA also raised a point of order reminding the meeting that her surname had also been mispronounced in the past and this was disregarded.

Thereafter, a heated debate ensued between both political parties, and, with the DA considering some of the utterances by Councillor Madlala unacceptable. Following continued exchange of words, Councillor Madlala ended up extending an apology in this regard.

Notwithstanding the apology, the DA still felt aggrieved, thus, at this stage of the proceedings, time being 16h25, the DA requested five (05) minutes for a caucus, and it was granted by the Speaker; the meeting later resumed at 17h00.

In providing feedback, the DA Caucus submitted its dissatisfaction in the manner in which the meeting was being conducted, citing points of orders raised not being acknowledged, the manner in which Council Members kept shouting at each other, without being recognised by the Speaker. They therefore expressed unwillingness to continue participating in the meeting. On the other hand, they advised of their intention to formally submit to the Speaker their concern in writing.

The Speaker noted the concern and mentioned that both leadership of the ANC and DA would discuss the matter further after his Office receives a formal letter.

Thereafter, with the time being 17h07, all DA Councillors left the meeting.

Following which, with the time being 17h11, it was confirmed that 119 Councillors were present for the meeting to continue.

Thereafter, the above recommendations **2.5.1 & 2.5.2** were **NOTED**, and **2.5.3** being **ADOPTED**.

- 2.6 Public Tender Awards of eThekweni Municipality for the Month Ended 28 February 2023 (9/1/3)
(Page 377: Finance Committee - Agenda 2023-03-22)

The Committee noted that the amount of R718 219 678.60 (Seven Hundred and Eighteen Million Two Hundred and Nineteen Thousand Six Hundred and Seventy-Eight Rand Sixty Cent) was the total value of tenders issued during the month of February 2023.

According,

COMMITTEE RECOMMENDS:

- 2.6.1 That the public tender awards by the City for the month of February 2023, inclusive of awards made in terms of Section 36 of the Supply Chain Management Regulations, as contained in the report by the Deputy Head: Supply Chain Management dated 2023-03-08, be noted.
- 2.6.2 That it be noted that where information is available for Wards and registration numbers, it is included in the report, as information used to compile the report is taken from submissions made by the Units.
- 2.6.3 That the Finance Committee calls for additional information on individual awards, where it deems appropriate and necessary to play its oversight role.
- 2.6.4 That the City Manager reserves the right to investigate the awards with a view to taking disciplinary, criminal and recovery actions where willful and negligent violation of Supply Chain Management Policies and Municipal Finance Management Act provisions are observed.
- 2.6.5 That the City Manager shall table a report to the Committee relative to the disciplinary, criminal and recovery actions taken, it being recorded that the City Manager can only respond when the reports are available.

NOTED.

2.7 Investments Report for the Month Ended 28 February 2023 (7/11/4):
(Page 516: Finance Committee - Agenda 2023-03-22)

The Committee noted the Municipal funds invested at different Financial Institutions are recorded to amount to R5 534 Million, at an average rate of return on investments of 8.01%. Also, that the Municipality has an overdraft facility of R682 Million and the unutilised Capital and Operational Grants as at the end of February 2023 was reported to be R2 116 Million. It being noted that there was 49 (fifty) days cash on hand.

Accordingly,

COMMITTEE RECOMMENDS:

That the report on investments for eThekweni Municipality as at 2023-02-28, which records the total funds invested at financial institutions as R5 534 000 000.00 (Five Billion Five Hundred and Thirty Four Million Rand), at an average of return on investment of 8,01%, as submitted by the City Manager, in line with the requirements of the Municipal Cash Management and Investment Regulation of the Municipal Finance Management Act, 2003, be noted.

NOTED.

2.8 Review of the Tariff for Revenue Clearance Certificate Fee for the 2023-24 MTREF (7/6/1/5):
(Page 522: Finance Committee - Agenda 2023-03-22)

Authority is sought to approve the Revenue Clearance Section tariffs (2023/2024 financial year) in terms of Section 75A (1) (a) of the Local Government: Municipal Systems Act 32 of 2000 and Section 17 (3) (a) (ii) of the Local Government: Municipal Finance Management Act 56 of 2003.

Background information being given that the Revenue Management Unit purpose was to provide efficient and effective systems of revenue and customer management that are necessary to enable the municipality to collect all monies due in respect of revenue services such as property tax, electricity, water sewerage and refuse collection and other services provided described as “sundry services”. It being noted that the main responsibility of Revenue Clearance Section is to manage the issuing of Revenue Clearance Certificates by ensuring that the debt is fully recovered before the certificate is issued.

Mention being made that the need to review tariffs relating to Revenue Clearance Certificates emanates from the number of processes that are involved in issuing of clearance certificate. It being noted that manual application requires certain human interventions, including manual checking for compliance, additional administration that is involved in rejections, capturing of information onto the system. However, it being also noted that electronic applications by contrast eliminate many of the problems associated with manual applications, hence a higher charge for processing manual clearance applications must be applied.

It was recalled that the Interim Rates Clearance Application Management (IRCAM) system was developed to manage the process to Revenue Clearance application. The system is used to verify property information for pending property sales and determine all outstanding charges related to the property. It being noted that currently all

electronic applications, attorneys The IRCARM (Interim Rates Clearance Application Management) system was developed to manage the application process for Revenue Clearance applications. The system is used to verify property information for a pending property sales and determine all outstanding charges related to the property. Currently, for all electronic applications, attorneys access the system via 3rd party systems which are managed by E4 and Lexis Nexis. A number of applications come through this platform and as a result, the Municipality has to invoice **E4 and Lexis Nexis** monthly. E4 and Lexis Nexis pays the Municipality a commission for all the applications that they are processing on Municipality's behalf.

The current deficit is expected to increase over time as indicated in the table of income and expenditure. This is due to the filling of vacant posts as required for department operations. The application fee has remained static and increased marginally. As a result, the revenue clearance department must recover the expenses of the section from the revenue clearance application fees generated. The increase for this year considers the above-mentioned fact. To cover the estimated expenditure of R16,1m in the next financial year, the tariff will have to be increased by more than double the current tariff to reduce the deficit that is being absorbed by the department. As the tariff relates to a service provided for transfer of properties, the increase in the tariff's will be limited to approximately 10%.

Further information was given that the World Bank and National Treasury have conducted a study on "Doing Business in South Africa" and one of the areas that has been investigated is the issuing of Revenue Clearance Certificates. eThekweni Municipality did not fare well amongst the other Metro's in the country and a strategy to improve suggested that there is a need for a new streamlined system that would automate some of the processes to improve our services to our customers. The implementation of the new stream lined (automated) system is expected to be during the 2024 – 2025 financial year which also requires that appropriate tariffs are introduced in respect of manual applications which is one of the areas where the processes are slowed down. The intention with the tariffs is to introduce a new manual tariff once the new system has been implemented and to cancel the current manual tariff at the same time. The new manual tariff will be considerably higher than the current tariff as it will be representing the cost to company of the clerk that fulfils this duty.

As some members were not in support of the recommendations at the Support Committee level; the matter was put to a vote; with 26 Councillors present; 15 Councillors (ANC -13; IFP- 01 and MF - 01) voted in support, and 11 Councillors (DA - 8 and EFF - 3) abstained on the matter; therefore.

At the Executive Committee level, the DA abstained on the matter and with the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

2.8.1

That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act of 2000 (Act 32 of 2000) that the current tariffs for the 2023-24 financial year be increased by 10% with effect from 2023-07-01 and that the tariffs set out in Annexure "A" of the report of the Head: Revenue Management dated 2023-02-20 be levied in respect of the Revenue Clearance Certificate (RCC) as follows:

- 1.1 The cost of processing an electronic application for a Rates Clearance Certificate be R240.00 (Two Hundred and Forty Rand) including VAT for properties below or equal to R185 000.00 and at R386.00 including VAT for properties above R185 000.00 in value.
- 1.2 The cost of processing a manual application for a Rates Clearance Certificate be R486.00 (Four Hundred and Eighty-Six Rand) including VAT for properties below or equal to R185 000.00 and at R726.00 including VAT for properties above R185 000.00 in value.
- 1.3 The cost of processing a manual application with the new system in place be R986.00 (Nine Hundred and Eighty Six Rand) including VAT for any application submitted through the Conveyancers.
- 1.4 For each application applied for through Revenue Clearance system, vendors will pay R12.00 (Twelve Rand) as a Commission to Council: R13.19 (Thirteen Rand and Nineteen Cents) is inclusive of VAT.

- 2.8.2 That the new manual tariff as depicted in in Annexure “A” of the report of the Head: Revenue Management dated 2023-02-20, be implemented within a month after the new system used by conveyancers to apply for Revenue Clearance Certificates has been implemented.
- 2.8.3 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.
- 2.8.4 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Financial Implications:

In terms of Section 17(3)(a)(ii) of the Municipal Finance Management Act 56 of 2003 the setting of any municipal tariffs must be done in a form of a draft resolution that must accompany an annual budget to be tabled for approval before a municipal Council. Data relating to income and expenditure as shown below:

Revenue Unit	2021/22 Actual	2022/23 Estimate	2022/23 Forecast	Proposed 2023/24 Estimate	Proposed 2024/25 Estimate	Proposed 2025/26 Estimate
	R	R	R	R	R	R
Income	(11,069,762.00)	(7,412,080.00)	(7,412,080.00)	(8,153,300.00)	(8,960,950.00)	(8,989,000.00)
Expenditure	14,386,079.00	14,787,330.00	15,019,340.00	16,028,720.00	16,770,920.00	17,530,670.00
(Surplus)/ Deficit	3,316,317.00	7,375,250.00	7,607,260.00	7,875,420.00	7,809,970.00	8,541,670.00

ADOPTED.

- 2.9 Review of the Tariff for Direct Debit Penalties for the 2023-24 MTREF (7/6/1/5):
(Page 532: Finance Committee - Agenda 2023-03-22)

Authority is sought to approve the Revenue Unit tariffs (2023/2024 financial year) in terms of Section 75A (1) (a) of the Local Government: Municipal Systems Act 32 of 2000 and Section 17 (3) (a) (ii) of the Local Government: Municipal Finance Management Act 56 of 2003.

The Receipting and Systems Control section is responsible for ensuring that all funds paid to the municipality are receipted and that customers' accounts are credited accordingly to reflect all monies received. It being noted that the section also administers the direct debit facility by capturing all direct debit applications to ensure revenue collection takes place on the set strike dates when a debit order is processed to the customers' bank accounts to facilitate payment of their municipal bills.

Mention being made that direct debits are administered on 4 strike dates in the month, each customer being debited on a date following their billing date. Therefore, a customer's debit order is authorized after they have received a bill reflecting the amount owing and due to be debited on their particular strike date. On the day of the debit order The Revenue Management System (RMS) upon doing receipt uploads automatically credits the customer's RMS account with the direct debit payment.

It being noted that in some instances, the debit order is not successful, and this due to a few reasons namely insufficient funds, debit not authorized (where a customer reverses the debit order) and debit not allowed. A significant amount of time is spent after each strike date printing the bank statement and compiling a list of rejected debit orders in order to reverse the receipts on RMS as customers' accounts are credited on the strike date.

It being also noted that the tariff for direct debit rejection is currently R20 and has remained unchanged for a long time. Therefore, in analysing the direct debit rejections Systems Control does pick up instances of regular rejection of debit orders by customers as the penalty is minimal. A customer will benefit with their account reflecting that a payment was made to avoid disconnection and have full access to municipal services. Customers then proceed to reverse the debit order to get their funds returned and by the time their next bill is generated reflecting the reversal they can then make a late payment to avoid disconnection of services in the following billing period. Systems Control does cancel direct debits after 3 consecutive rejections.

Considering this, it is proposed that a tariff of R80 be implemented for rejected debit orders to mitigate reversals of payments.

This would also prompt customers to ensure they make timely provision for payment of their municipal debit order to avoid a penalty being levied. It being noted that penalty fee is also in line with the fee charged across the board by banking institutions for rejected debit orders.

As some members were not in support of the recommendations at the Support Committee level; the matter was put to a vote; with 27 Councillors present; 15 Councillors (ANC – 13; AIC – 01 and PFP -01) voted in support; 01 MF Councillors voted against the recommendations; and 12 Councillors (DA – 8; EFF – 03 and IFP - 01) abstained on the matter; by majority vote.

At the Executive Committee level, the DA abstained on the matter and with the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 2.9.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act of 2000 (Act 32 of 2000) the Revenue Unit proposed tariff of R80.00 (Eighty Rand) for the 2023-24 financial year with a general 8% annual increase with effect from 2023-07-01 and that the tariffs set out in the financial implications below and in the report of the Head: Revenue Management dated 2023-02-20 be levied in respect of the penalty charged on rejected direct debits to customers for accounts payments.
- 2.9.2 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.
- 2.9.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Financial Implications:

In terms of Section 17(3)(a)(ii) of the Municipal Finance Management Act 56 of 2003 the setting of any municipal tariffs must be done in a form of a draft resolution that must accompany an annual budget to be tabled for approval before a municipal Council. Data relating to income and expenditure as shown below:

REASON FOR DIRECT DEBIT REJECTION	RMS Code	Present Tariff 2022/23	Tariff 2023/24	Tariff 2024/25	Tariff 2025/26
		R	R	R	R
Insufficient Funds	02	20.00	80.00	87.00	94.00
Payment Stopped by Account Holder	04	20.00	80.00	87.00	94.00

ADOPTED.

3. **REPORT OF THE COMMUNITY SERVICES COMMITTEE MEETING HELD 2023-03-22.**

(Page R38)

3.1 **Request for Authority to Accept the J.L Dube Memorial Project (Amphitheatre) in Inanda Township from the Department of Sports, Arts and Culture to eThekweni Municipality for Operationalisation (35/2/R):**

(Page 98: Community Services Committee - Agenda 2023-03-22)

Committee noted that correspondence has been received from the Department of Sports, Arts and Culture regarding the intention to transfer the newly built Dr JL Dube Project Memorial in Inanda Township over to the eThekweni Municipality, to operate the project. It was noted that the strategic objective of this transfer is to ensure that eThekweni Municipality supports programmes and projects that promote Local Economic Development thus contributing to the building of the City's economy. It was highlighted that this project comprises of an amphitheatre, access road and parking space which is currently valued at an amount of R37,263,808.84 (Thirty Seven Million Two Hundred and Sixty Three Thousand Eight Hundred and Eight Rand and Eighty Four Cents).

Accordingly,

COMMITTEE RECOMMENDS:

- 3.1.1 That authority be granted for the Head: Parks, Recreation and Culture, in consultation with other relevant stakeholders, to endorse and accept the transfer of the J.L Dube Memorial Project (Amphitheatre) from the Department of Sports, Arts and Culture to the eThekweni Municipality as the facility would be of great benefit economically and socially, and as a venue to nurture artistic talent within the Municipality, especially among the youth.
- 3.1.2 That subject to the approval of .1 above, the Head: Parks, Recreation and Culture ensures that all administrative processes are duly followed, and that the Department of Sports, Arts and Culture is informed of the acceptance of the offer to transfer the J.L Dube Memorial Project (Amphitheatre) to the eThekweni Municipality.
- 3.1.3 That subject to the approval of .1 and .2 above, authority be granted to the City Manager to, on behalf of the eThekweni Municipality, enter into a Memorandum of Understanding with the Department of Sports, Arts and Culture, under the guidance of the Municipality's Legal and Compliance Unit.

Financial Implications:

There will be no financial implications with regard to the transfer of the project except where official announcements are made in terms of events and venues. If/where necessary, transfer and handling, can be arranged with the stakeholders and a declaration be made in a joint statement. Once the project is transferred, the following financial implications would be incurred pertaining to operational, repairs and maintenance costs:

ITEM	ESTIMATED AMOUNT
Employee Related Costs	R2 000 000.00
Operational	R1 000.000.00
Repairs and Maintenance	R 500 000.00
TOTAL	R3 500 000.00

Vote Number – To be Activated.

FC Number – To be supplied once the report is adopted by the Executive Committee.

ADOPTED.

- 3.2 Request for Approval: Donation of Air Quality Monitoring Sensors from the United Nations Environment Programme (UNEP) (30/2/4/2/3):
(Page 108: Community Services Committee – Agenda 2023-03-22)

The report requests for the approval to receive low-cost air quality monitoring sensors from the United Nations Environment Programme (UNEP) which is responsible for coordinating responses to environmental issues with the United Nations system. To address challenges regarding air quality management in the City, the Health Unit requested to partner with UNEP of which UNEP confirmed donation of air quality sensors to the City. These sensors will be deployed at existing air quality monitoring stations that were not meeting monitoring objectives in terms of the National Ambient Air Quality Monitoring Network (NAAQMN).

Thereafter,

COMMITTEE RECOMMENDS:

3.2.1 That authority be granted for the Head: Health to accept the donation of low-cost air quality monitoring sensors from the United Nations Environment Programme (UNEP) to the eThekweni Municipality to address challenges regarding air quality management within the City.

3.2.2 That subject to the approval of .1 above, authority be granted for the Head: Health to incur expenditure in the amount of R60 000.00 (Sixty Thousand Rand) towards financial commitments in respect of installation, maintenance and repairs of these donated low-cost air quality monitoring sensors.

Financial Implications:

ITEM/ACTIVITY	COST	NARRATIVE	RESPONSIBLE UNIT
Installation and Commissioning of Low-Cost Sensors	R0.00	UNEP will provide training to the eThekweni air quality technician (official) to undertake installation and commissioning of the sensors across the City. Once installed and commissioned, the air quality technician must calibrate the sensors and monitor the performance of each sensor for at least 30 days, undertake sensor performance analyses and provide a report as part of routine tasks.	UNEP & Health Unit
Auxiliary Expenditure	R10 000.00	Installation of power supply and cabling connections, sensor mountings, sampling equipment and data connection to SAAQIS will also be considered as prime cost items.	Health Unit (PCRM)
Maintenance, Repair and Technical Support	R50 000.00	All sensors must be regularly calibrated to ensure data integrity. The eThekweni air quality technician will establish a calibration programme for the sensors which supports the sensor data analyses for the monitoring period, considering data correction principles due to the changes in meteorological conditions (such as relative humidity and ambient temperature) as well as changes in seasonal composition of atmospheric pollutants, especially particulate matter. The programme will outline how these corrections will be carried out to ensure accurate data is reported to the public. This will be included in routine work.	Health Unit
Shipping and Border Clearance	R0.00	This will cater for shipping and border clearance into the country. UNEP will fund the shipping costs.	UNEP
TOTAL	R60 000.00		

- 3.3 Request for Authority to Support and Partially Fund the 11th South African AIDS Conference (20-23 June 2023), the 8th South African TB Conference (June 2024) and the 12th South African AIDS Conference 2025 to be Held at the Inkosi Albert Luthuli International Convention Centre (30/1/10/4 & 13/2/1/2/1):
(Page 115: Community Services Committee – Agenda 2023-03-22)

The purpose of the report was to seek authority to support and approve the partial funding of the 11th SA AIDS Conference planned for 20 -23 June 2023, the 8th SA TB Conference planned for June 2024 and the 12th SA AIDS Conference in 2025 which alternates on an annual basis, to be held at Inkosi Albert Luthuli International Convention Centre (ICC).

Committee noted that the Foundation of Professional Development (FPD) has been hosting AIDS conferences in Durban since 2000 to date and that all National AIDS and TB conferences has been held in Durban due to the substantial support received from eThekweni Municipality. However, it was highlighted that the current cycle of support for the AIDS Conferences from the Foundation of Professional Development (FPD) had come to an end therefore a request for sponsorship was submitted to the Committee for support of the next three-year cycle.

Due to challenges experienced by the City over the previous two (2) years in respect of COVID 19 pandemic, civil unrests and floods, it is of utmost importance that Health experts and recipients of HIV/AIDS and TB services gather to discuss the possible solutions on ways to improve health outcomes and systems amid the current disease outbreaks. Hosting the Conference in KwaZulu-Natal, which is the province with the highest HIV prevalence rates in the country, complements government strategy to promote awareness of HIV in the Province.

Thereafter,

COMMITTEE RECOMMENDS:

- 3.3.1 That authority be granted for the Deputy City Manager: Community and Emergency Services to facilitate the coordination and implementation of the 11th South African AIDS Conference (20-23 June 2023), the 8th South African TB Conference (June 2024) and the 12th South African AIDS Conference (2025) over a period of three (3) years at the Inkosi Albert Luthuli Convention Centre.
- 3.3.2 That subject to the approval of .1 above, authority be granted for the Deputy City Manager: Community and Emergency Services to incur expenditure in the amount of R2 254 800.00 (Two Million Two Hundred and Fifty Four Thousand Eight Hundred Rand) to facilitate the coordination and implementation of the 11th South African AIDS Conference in 20-23 June 2023, R2 411 800.00 (Two Million Four Hundred and Eleven Thousand Eight Hundred Rand) for the 8th South African TB Conference in June 2024 and R2 552 100.00 (Two Million Five Hundred and Fifty Two Thousand One Hundred Rand), for the 12th South African AIDS Conference in 2024/2025 over a period of three (3) financial years.
- 3.3.3 That all District AIDS Committee members, all Executive Committee members and selected Community Services Committee members to be determined by the Chairperson of the Community Services Committee, be delegated to attend the 11th South African AIDS Conference (20-23 June 2023), the 8th South African

TB Conference (June 2024) and the 12th South African AIDS Conference (2025) over a period of three (3) years.

3.3.4 That subject to the approval of .2 and .3 above, all procurement of goods and services be undertaken strictly in accordance with the Supply Chain Management Policy and the Local Government: Municipal Finance Management Act, 2003, Circular 82 regarding Cost Containment Measures.

3.3.5 That subject to the approval of .1,.2 and .3 above, a close out report be submitted to the Community Services Committee after the implementation of the 11th South African AIDS Conference (20-23 June 2023), the 8th South African TB Conference (June 2024) and the 12th South African AIDS Conference (2025).

Financial Implications:

Financial implications for 2023-2024-2025 financial year:

Responsible Cluster	Expenditure Item	Vote Number	Amount (2022/2023)	Amount (2023/2024)	Amount (2024/2025)
Community & Emergency Services Cluster	Venue Hire (including Community Village)	14001.21805.12120.0000.321010-3.0010	R1 250 000.00	R1 312 500.00	R1 378 125.00
Community & Emergency Services Cluster	Mayoral Reception (Gala Dinner)	14001.11400.12120.0000.32100-3.0010	R 316 000.00	R 376 800.00	R 415 400.00
Community & Emergency Services Cluster	Marketing & Communications	14001.12120.0000.32100-3.0010	R 18 800.00	R 19 000.00	R 19 900.00
Community & Emergency Services Cluster	Conference Community Activation Programmes	14001.various.12120.0.0000.32100-3.0010	R 650 000.00	R 682 500.00	R 716 625.00
Community & Emergency Services Cluster	Entertainment – Opening/Closing Ceremonies	14001.11760.12120.000032100-3.0010	R 20 000.00	R 21 000.00	R 22 050.00
TOTALS			R2 254 800.00	R2 411 800.00	R2 552 100.00

FC Number – 32/282

ADOPTED.

4. **REPORT OF ECONOMIC DEVELOPMENT AND PLANNING COMMITTEE MEETING HELD: 2023-03-23.**

(Page R43)

4.1 **Durban Tourism Ricksha Buses Tariffs for the 2023/2024 Financial Year (7/6/1/6):**
(Page 1: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought to implement tariffs for the Ricksha Buses (2023/2024 financial year) in terms of Section 75(A)(1)(a) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

The Durban Tourism Department utilises the Durban Ricksha Bus Operations as one of key tourism experiences and destination marketing tools to expose the City as a leisure and business travellers destination through bus tours. The core business of the Ricksha Bus Operations within the Tourism Office, is to promote Durban as a must

visit destination through all the platforms enshrined in the Visitor Marketing Strategy, not specifically generating income from the service.

In line with the statutory requirement to review tariffs every financial year, the Ricksha Bus Operations proposes a zero percent increase in tariffs for the financial year 2023/2024 with effect from 2023-07-01, it being noted that additional operational services including Special Tours during Tourism and Marketing Campaigns for destination promotion by Durban Tourism, and the Hiring of buses by other Municipal Departments have been added to the Ricksha Bus Schedule as annexed to the report by the City Manager dated 2023-02-13.

The IFP abstained on this matter at the Support Committee level. Thereafter, the DA abstained and with the other Political Parties being in support at the Executive Committee level,

COMMITTEE RECOMMENDS:

- 4.1.1 That Council approves in-principle in terms of Section 75A of Local Government Municipal Systems Act of 2000 (Act 32 of 2000) that with effect from 2023-07-01 the tariffs set out in Annexure “Ä” of the report by the City Manager dated 2023-02-13 be levied in respect of the Planning sector.
- 4.1.2 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 regarding the display of notices for such for such an increase.
- 4.1.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Financial Resolutions:

In terms of Section 17(3)(a)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003), the setting of any municipal tariffs must be done in the form of a draft resolution that must accompany an annual budget to be tabled for approval before a Municipal Council. Data relating to income and expenditure are shown below:

	2021/2022 (Actual) R	2022/2023 (Budget) R	2023/2024 (Approx.) R	2024/2025 (Estimate) R	2025/2026 (Estimate) R	2025/2026 (Estimate) R
INCOME	(1 295 748.90)	(565 000.00)	(565 000.00)	(565 000.00)	(565 000.00)	(565 000.00)
EXPENDITURE	126 925 719.65	139 912 010.00	139 912 010.00	139 912 010.00	139 912 010.00	139 912 010.00
DEFICIT/ SURPLUS	(125 629 970.75)	(139 347 010.10)	(139 347 010.10)	(139 347 010.10)	(139 347 010.10)	(139 347 010.10)

ADOPTED.

- 4.2 Review of Tariffs 2023/2024: Itinerant Traders, Street Traders, Hive Sites & Containers (7/6/1/6):
(Page 10: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought to implement revised tariffs for Business Support Unit (2023/2024 financial year) in terms of Section 75A(1)(a) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) effective from 2023-07-01.

It will be recalled that with the advent of the triple disaster, namely, the Covid-19 pandemic; the July 2021 Civil Unrest; and the April/May 2022 Floods Disaster, the Small Businesses were the hardest hit. Various interventions were implemented as part of the Economic Recovery Plan, including the 18 Months Rental Payment Holiday for Informal Traders; Retail Markets; and Business Licenses from 2021-07-01 to 2022-12-31.

The tariffs applicable to the Business Support Unit were last revised on 2022-07-01. Notwithstanding the statutory requirement to review the tariffs every financial year, Small Businesses are still at the recovery stage and due to exorbitant costs from suppliers, sourcing of products to be sold by Informal Traders has become challenging. The Business Support Unit therefore proposes a zero percent increase in tariffs for Itinerant Traders, Street Traders, Hive Sites and Containers for 2023/2024 financial year effective from 2023-07-01 as annexed to the report by the City Manager dated 2023-01-20.

The IFP abstained on this matter at the Support Committee level. Thereafter, the DA abstained and with the other Political Parties being in support at the Executive Committee level,

COMMITTEE RECOMMENDS:

- 4.2.1 That Council approves in-principle in terms of Section 75A of Local Government Municipal Systems Act of 2000 (Act 32 of 2000) that with effect from 2023-07-01 the tariffs set out in annexure “A” of the report by the City Manager dated 2023-01-20 be levied in respect of the Planning sector.
- 4.2.2 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 regarding the display of notices for such for such an increase.
- 4.2.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Financial Resolution:

In terms of Section 17(3)(a)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003), the setting of any municipal tariffs must be done in a form of a draft resolution that must accompany an annual budget to be tabled for approval before a Municipal Council. Data relating to income and expenditure are shown below:

INCOME & EXPENDITURE					
	Year	Year	Year	Year	Year
	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	(Budget)	(Budget)	(Budget)	(Budget)	Budget
	R	R	R	R	R
INCOME (Excl. Grants)	(8 900 140)	(8 295 300)	(5 095 300)	(4 150 000)	(4 150 000)
EXPENDITURE	35 631 870	31 078 900	41 044 130	41 044 130	(41 044 130)
DEFICIT	26 931 740	22 783 600	35 948 830	41 039 980	41 039 980

ADOPTED.

- 4.3 Global Business Services (GBS) Sector Development Programme: Support of the Special Purpose Vehicle to Undertake Development Programmes to Grow the Sector in the eThekweni Municipal Area (20/1/6/1):
(Page 24: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought for the Head: Economic Development and Planning to continue with participation in the Global Business Services (GBS) development programme, for funding of the Global Business Services, to enter into a new Memorandum of Agreement with industry association, BPeSA KZN and to disburse funds in terms of Section 67 of Municipal Finance Management Act (MFMA).

The Economic Development Department's Programme seeks to improve employment creation within the eThekweni Municipal Area. This is intended to be achieved by implementing interventions through programmes that have economic growth potential which also has potential for new labour absorption. The support of the GBS sector is in line with the City's approved and adopted Shape Durban Strategy, which requires the City to create new jobs, sustain economic growth, eradicate poverty and reduce inequality.

Accordingly,

COMMITTEE RECOMMENDS:

- 4.3.1 That the Head: Economic Development and Planning be duly authorised to continue with participation in the GBS development programme for the development and growth of the Sector.
- 4.3.2 That subject to approval of item .1 above, the City Manager be authorised to conclude a Memorandum of Agreement (MOA) with BPeSA KZN to give effect to the above.
- 4.3.3 That subject to the approval of item .1 and .2 above, the Head: Economic Development and Planning Unit be duly authorised in terms of section 67 of the Local Government Municipal Finance Management Act and in accordance with the Memorandum of Agreement, to disburse the funds to the NPC, BPeSA KZN Registration Number: 2014/043785/08, for the operations and implementation of GBS development programme amounting to **R2 996, 153.50** (Two Million Nine Hundred and Ninety Six Thousand One Hundred and Fifty Three Rand Fifty Cents) (no VAT) for the 2022/23 financial year; **R2 996, 153.50** (Two Million Nine Hundred and Ninety Six Thousand One Hundred and Fifty Three Rand Fifty Cents) (no VAT) for the 2023/2024 financial year and **R2 996, 153.50** (Two Million Nine Hundred and Ninety Six Thousand One Hundred and Fifty Three Rand Fifty Cents) for the 2024/2025 financial year.
- 4.3.4 That Head: Economic Development and Planning be authorised to report progress on this initiative on an annual basis.

VOTE NUMBER	AMOUNT	YEAR
26102.25030.17.12120.0000.38873.0010	R2 996, 153.50 (no VAT.)	2022/23
26102.25030.17.12120.0000.38873.0010	R2 996, 153.50 (no VAT.)	2023/24
26102.25030.17.12120.0000.38873.0010	R2 996, 153.50 (no VAT.)	2024/25

ADOPTED.

4.4 Permission to Advertise the Review of the eThekweni Municipal Land Use Scheme (EMLUS) Comprising of Sub-Scheme Areas: Central, North, South, Inner West (21/7/R):

(Page 75: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought to advertise the review of the eThekweni Municipal Land Use Scheme (EMLUS) for 2023. The eThekweni Municipal Land Use Scheme is comprised of Sub-schemes, namely the Central, North, South, Inner West, Outer West and all the Land Use Regulations pertaining to these Sub-Schemes.

The Land Use Management Branch annually embarks on a process to review its Land Use Schemes in line with Section 19(1) of the eThekweni Municipality: Planning and Land Use Management Second Amendment By-Law 2021. The review of the Scheme is based on the need to remain pro-active in order to facilitate development and growing the Municipality while at the same time giving full effect to the Municipality's Vision of creating a Caring and Liveable City.

The review of the Scheme ensures the alignment of terminology, processes, and development standards across all Land Use Management Planning Areas. The annual scheme review report advertised for comments during the public participation process will detail all the proposed amendments, including transportation, implementation of the densification Strategy and incorporation into the Scheme and General Scheme Changes.

Having noted the foregoing,

COMMITTEE RECOMMENDS:

4.4.1 That the Land Use Management Branch proceed to advertise the review of the eThekweni Municipal Land Use Scheme and Sub-Schemes: Central, North, South, Inner West and Outer West for public participation in terms of Section 14 of the eThekweni Municipality Planning and Land use Management Second Amendment By-law 2021

4.4.2 That on conclusion of the public participation process, the review of the eThekweni Municipal Land Use Scheme be further refined in response to comments received during the public participation process.

4.4.3 That the reviewed eThekweni Municipal Land Use Scheme and proposed amendments will be submitted.

ADOPTED.

4.5 Authority to Enter into Memorandum of Understanding between the Durban Film Office and the Following Stakeholders: Film Publication Board, Companies Intellectual Property Commission and the University of KwaZulu-Natal Centre for Creative Arts (20/2/2):

(Page 79: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought to approve the changes on the approved Council decision dated 2022-09-29 for the Durban Film Office to enter into a Memorandum of Understanding (MOU) with the following Film Industry Stakeholders:

- a) Film Publication Board (FPB)
- b) Companies Intellectual Property Commission (CIPC)
- c) University of KwaZulu-Natal Centre for Creative Arts (UKZN CCA)

As per Council resolution dated 2022-09-29, the Council approved the collaboration between the above-mentioned stakeholders, however the financial year and the duration of these MOUs was not stipulated. Therefore, the Durban Film Office requests to include the following information:

It was noted that the duration of the MOUs will be for a 1-year period starting from April 2023 to March 2024. The commencement date of these MOUs on collaborated programmes will be April 2023, as per Government Department's financial year and the Durban Film Office will align its programmes implementation with these dates to avoid conflicting financial year.

Having noted the foregoing,

COMMITTEE RECOMMENDS:

- 4.5.1 That Council notes that it approved collaboration with the Film and Publication Board, Company Intellectual Property Commission and University of KwaZulu-Natal Centre for Creative Arts and the conclusion of a Memorandum of Understanding (MOU) on the 2022-09-29.
- 4.5.2 That the Council further approves that the Memorandum of Understanding be concluded for a period of 1 year, starting from 2023-04-01 to 2024-03-31.

ADOPTED.

- 4.6 Approval of KwaMashu Urban Hub: Precinct Plan (20/1/3/1):
(Page 94: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought for the approval of the Precinct Plan for the KwaMashu Urban Hub as supported by the Neighbourhood Development Programme in the eThekweni Municipality.

The Urban Hub Project is a significant initiative in that it begins to integrate the various planning initiatives relating to the key transport, business and social services nodes and corridors within Phoenix, Inanda, Ntuzuma and KwaMashu (PINK) to establish a more effective and sustainable "platform" for residents to gain access to social and economic services and opportunities and to provide a commercially viable "springboard" for local economic development and social upliftment.

It was noted that the following are the strategic objectives of the Project:

- Enhancing PINK resident's accessibility to metropolitan opportunity zones of employment, commerce, social support and recreation;
- Enhancing PINK resident's access to locally situated basic and higher order services (i.e. health, education, justice, commerce, recreation and sport);
- Significantly improving environmental quality, community identity and dignity through well designed, and well managed, living environments that offer choice, safety and security and functional public services; and

- Increase local investment, as well as the proportion of high-quality employment opportunities that the economically active population of PINK requires within a reasonable travelling time of their place of residence.

Accordingly,

COMMITTEE RECOMMENDS:

- 4.6.1 That the Precinct Plan for the KwaMashu Urban Hub as supported by the Neighbourhood Development Programme (NDP) in the eThekweni Municipality, be approved.
- 4.6.2 That subject to point .1 above, the following lead projects be submitted to the National Treasury for Neighbourhood Development Programme Grant (NDPG) funding:
- Bridge City Government Services Mall
 - Bridge City Light Industrial and Business Hive
 - Bridge City Non-Motorized Transport
 - Bridge City Informa Trader Facilities, and
 - Bridge City Safe Hub

ADOPTED.

- 4.7 Request for Authority to Enter into a Memorandum of Agreement with the University of KwaZulu-Natal for the Establishment of an Innovation Hub within the eThekweni Municipal Area (20/1/7/1):
(Page 134: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought to enter into a Memorandum of Agreement (MOA) with the University of KwaZulu-Natal for the establishment of an Innovation Hub within the eThekweni Municipality area.

The objectives of establishing an Innovation in the City are to promote entrepreneurship and innovation in the City; attract investment to the City; create jobs for local residents; provide resources and support for entrepreneurship and start-ups; provide training and education programs to help local residents develop the skills they need to start and grow a business; promote access to technology and equipment that may not be otherwise available to residents of townships and foster community engagement and participation.

The main benefits of the innovation hub for the City and township community will be job creation, growing the rates base, entrepreneurship development, skills development, access to technology, community impact, economic development, and smart city.

The Innovation Hub will play a vital role in assisting the City to improve service delivery by providing access to new technologies, promoting innovation and efficiency, fostering public-private partnerships, engaging the community and using data-driven decision-making.

The Innovation Hub will also work with other organisations and partners to promote innovation and economic development in the City, including partnerships with universities, research institutions, and government agencies.

Annexure 1 of the report by the City Manager dated 2023-03-03 provides a detailed project breakdown of the activities envisioned to establish the Innovation Hub partnership in its two years, these activities include a Feasibility Study, Business Plan and implementation for the Innovation Hub, and it was accordingly,

COMMITTEE RECOMMENDS:

- 4.7.1 That the collaboration between the eThekweni Municipality and the University of KwaZulu-Natal in establishing the Innovation Hub, be supported.
- 4.7.2 That subject to the approval of .1 above, the City Manager be authorised to enter into a Memorandum of Agreement (MOA) with the University of KwaZulu-Natal regarding the establishment of the Innovation Hub.
- 4.7.3 That subject to approval of .1 and .2 above, the Head: Economic Development and Planning Unit be authorised to disburse funding to the University of KwaZulu Natal of R415 000.00 (Four Hundred and Fifteen Thousand Rand) in the financial year 2022/2023 and R415 000.00 (Four Hundred and Fifteen Thousand Rand) in the financial year 2023/2024.
- 4.7.4 That the Head: Economic Development and Planning Unit be authorised to report on the progress of the Innovation Hub partnership on an annual basis.

Financial Implication:

NOTE NO.	AMOUNT	YEAR
26103.10830.12120.0000.MRC01.0010	R415 000	2022/2023
26103.10830.12120.0000.MRC01.0010	R415 000	2023/2024

FC Number: 2023/18/57

ADOPTED.

- 4.8 Request for Partnership and Sponsorship for South African Agricultural Awards Ceremony in eThekweni (20/1/7/5):
(Page 170: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought to support and approve a venue sponsorship for the South Africa Agricultural Awards (SAAA) to be held on 2023-04-14 at Durban international Convention Centre (ICC), and authority is sought to grant approval for the eThekweni Municipality to enter into a partnership with South African Agriculture Awards in promoting eThekweni Municipality AgriSMME Enterprise Development initiatives.

The South African Agriculture Awards is a non-profit organisation whose mission seeks to educate the public on the value of agriculture and the roles that many stakeholders play in the development of the agricultural sector. The strategic partnership of the City with SAAA will enable eThekweni Municipality to recognize and better position eThekweni Agriculture and Agribusiness to opportunities of partnership, promote Agri-Tourism of eThekweni region to diverse audience, and celebrate and applaud the outstanding achievements of those individuals and farmers making a significant contribution to the South African Agriculture and Rural Development Industry.

Having noted the aforementioned,

COMMITTEE RECOMMENDS:

- 4.8.1 That authority be granted for City Manager to enter Memorandum of Agreement with the South African Agriculture Awards for a period of 12 months to facilitate AgriSMME Enterprise Development.
- 4.8.2 That subject to approval of .1 above, the funding of R397 000.00 (Three Hundred and Ninety Seven Thousand Rand) be approved to book the Inkosi Albert Luthuli International Convention Centre (ICC) as the venue for the South African Agricultural Awards and such funding be transferred to the ICC as once-off sponsorship.
- 4.8.3 That the South African Agriculture Awards team provide a detailed report to the Economic Development and planning Committee after the Awards.

Financial Implication:

The proposed amount sponsorship for South African Agricultural Award is to hire Durban ICC as the venue for Awards ceremony is as follows:

Description	Vote	2022/23 Financial Year
Durban ICC	26102.22710.30.12120.0000.35000-4.0010	R397 000.00
SUB-TOTAL		R397 000.00

FC No.: 2023/18/56

ADOPTED.

- 4.9 Capital Budget Reprioritization: Community Bakery Projects (20/1/6/3 & 7/1/2/2):
(Page 186: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought to approve the reprioritisation of capital budget for the Community Bakery Programme in order to ensure effective programme implementation during the 2022/2023 financial year.

The Umlazi Community Bakery in Ward 81 is one of the four (4) bakeries approved for implementation for 2022/2023 financial year, however, due to challenges regarding identified bakery location and upon consultation with the Ward Councillor. It was agreed that the bakery be installed at Ward 100 – Zwelibomvu Area. It was noted that a suitable site has been identified in Zwelibomvu Sizakala Centre for installation of the Bakery Container. It was further noted that a service provider has been appointed through Supply Chain Management (SCM) processes.

The Community Bakery Programme allows community members with priority given to women, youth, disabled & veterans to collaborate and form social enterprises such as Cooperatives in identified community areas and equips them to run successful bakery projects.

Therefore,

COMMITTEE RECOMMENDS:

- 4.9.1 That the reprioritisation of capital budget for the Community Container Bakery Programme for the 2022/2023 financial year as follows, be approved:

- 4.9.1.1 The reprioritisation of Umlazi Community Bakery Ward 81 capital budget for implementation of Zwelibomvu Community Bakery Ward 100.
- 4.9.1.2 That subject to approval of .1.1 above, the reallocation of budgets would be regularized during the final adjustment budget process.

Financial Implication:

The Capital Budget allocated for the Umlazi Community Bakery (Ward 81) is R1 325 000.00, will be utilised for installation of Zwelibomvu Community Bakery (Ward 100) for the 2022/2023 financial year.

From Vote No.	S3030G.55100.1540.30015.0000.S3030G.W081
TO Vote No.	S3030K.55100.1540.30015.0000.S3030K.W100

ADOPTED.

- 4.10 Collaboration Between Infrastructure Fund and eThekweni Municipality to Assist in Project Preparation (7/5/R):
(Page 190: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought for approval for the Accounting Officer to enter into a 3-year agreement with Infrastructure Fund (IF) for specialist support in structuring, designing, packaging and implementing blended finance solutions for infrastructure that will unlock prioritized catalytic projects.

It was noted that the aim of the Infrastructure Fund is to transform public infrastructure through blended financing solutions by sourcing and blending capital from the private sector, institutional investors, development finance institutions and multilateral development banks. The Infrastructure Fund has been established to structure, design, package and implement blended finance solutions for identified infrastructure projects and programmes.

In addition, the primary objective of the Infrastructure Fund is to provide support to project owners at all stages of the infrastructure value chain, these being identification, conceptualisation, preparation, budgeting, financing, procurement and implementation.

The Infrastructure Fund's mandate has been captured in a tripartite Memorandum of Agreement (MOA) signed in August 2020 by National Treasury, the Department of Public Works, Infrastructure South Africa, and Development Bank of Southern Africa. It being noted that all branded finance projects are required to go through the process for National Treasury's consideration and approval.

EThekweni and the Infrastructure Fund intend to collaborate on eThekweni's infrastructure programme to address the development and financing of various infrastructure projects in the Municipality with specific focus on blended finance projects.

Accordingly,

COMMITTEE RECOMMENDS:

- 4.10.1 That the Accounting Officer be mandated to enter into a 3-year agreement with the Infrastructure Fund (IF) for specialist support on a need by need basis, in structuring,

designing, packaging, and implementing blended finance solutions for the eThekweni's infrastructure programme which is intended to address the development and financing of various infrastructure projects in the municipality with specific focus on blended 4 finance projects, namely:

- 4.10.1.1 Compilation of business cases for BFI (Budget Facility for Infrastructure) applications
- 4.10.1.2 Stakeholder engagements, including intergovernmental co-ordination, in line with eThekweni's communication protocols.
- 4.10.1.3 Profiling of eThekweni projects on various platforms, including at Infrastructure Fund roadshows with external stakeholders, to stimulate market interest in the project, which will potentially attract a wider pool of financiers.
- 4.10.1.4 Co-create an efficient approach/plan to expediate financial close and accelerate infrastructure delivery.
- 4.10.1.5 Support the eThekweni in arranging, coordinating and engaging with financial markets to develop financial instruments that will enable investments in the project by private investors and DFIs.
- 4.10.1.6 Support the eThekweni in developing and implementing and structuring blended finance solutions which will unlock cheaper sources of financing and ultimately lower tariffs to end-users.
- 4.10.1.7 Providing the required technical and financial expertise as required, and
- 4.10.1.8 Supporting eThekweni in addressing major project bankability issues in preparation for approaching the market for funding.

ADOPTED.

- 4.11 Approval of the Durban Bay Waterfront Concept Plan and Approval to Enter Into a Memorandum of Agreement with Transnet, KZN Department of Economic Development, Tourism and Environmental Affairs and Ithala Development Finance Corporation Limited (21/14/2):
(Page 209: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought for the approval of the Durban Bay Waterfront Concept Plan (attached to the report by the City Manager dated 2023-02-22) undertaken by the City's Catalytic Project Unit and Architecture Department in consultation with Transnet, KwaZulu Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and Ithala Development Finance Corporation Limited (IDFC).

Additionally, authority is sought to mandate the City Manager to enter into a Memorandum of Agreement (MOA) with Transnet, KwaZulu Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and Ithala Development Finance Corporation Limited (IDFC) to complete all the necessary development processes for the proposed development of the Durban Bay Waterfront Precinct.

The Durban Bay Waterfront forms part of the City's initiative to redevelop and regenerate the Inner City as per the Inner City Local Area Plan and Regeneration Strategy. The development of the Waterfront could result in the:

- Promotion of a world-class tourism, water sport and recreation venue;
- Establishment of a productive, diverse and appropriate Waterfront Development with maximum public access and involvement;
- Introduction of viable commercial development opportunities; and
- Improvement of positive linkages and interactions between the Yacht Basin and the Inner City

In March 2022, the Catalytic Projects Unit and the Architecture Department appointed a service provider to review the initial vision /concept which was developed in 2020 and develop a revised concept framework for the Durban Bay Waterfront. The plan was developed with strategic input from key line departments and external stakeholders such as Transnet, EDTEA and Ithala as primary land/property owners in the area.

In order to realise the above-mentioned benefits for the Waterfront and Inner City precincts, it was key that the Revised Framework Plan be developed to achieve the below objectives:

- To build on a Waterfront's unique qualities
- To create access to the Waterfront and wide variety of Waterfront public spaces
- To create a working harbour qualities
- To design Waterfront spaces for public events and celebrations
- To focus on water-dependent and water related uses
- To clearly define public access and
- To strengthen the connection between the Waterfront and the Inner City and minimise the road barrier for easy access and linkages to the Waterfront.

It was noted that the development will stimulate job creation, contribute to poverty alleviation, economic growth, investment, capital formation, grow business sales and add new revenue streams. The investment in the proposed Waterfront development will also guide new development in Durban while improving the international brand identity of the City. The resulting growth in professional and commercial investment associated with the project's business model will also boost local property rates and tax income over the long term.

Accordingly,

COMMITTEE RECOMMENDS:

- 4.11.1 That the Durban Bay Waterfront Concept Plan developed by the City's Catalytic Project Unit and Architecture Department in consultation with Transnet, KZN Department of Economic Development, Tourism & Environmental Affairs (EDTEA) and Ithala Development Finance Corporation Limited (IDFC) in order to continue with further studies, be approved.
- 4.11.2 That authority be granted for the City Manager to enter into a Memorandum of Agreement with Transnet, KZN Department of Economic Development, Tourism & Environmental Affairs (EDTEA) and Ithala Development Finance Corporation Limited (IDFC) to complete all the necessary development processes for the proposed development of the Durban Bay Waterfront precinct; and
- 4.11.3 That the City Manager and the Chief Financial Officer should allocate the budget of R20 000 000.00 (Twenty Million Rands) to undertake the necessary studies from

PPPSG grant over the 2022/2025 Medium Term Revenue and Expenditure Framework period.

Financial and Operational Cost:

It must be noted that the expenditure for the Concept Plan that was prepared was R805 000 (Eight Hundred and Five Thousand Rand) Incl. VAT. Based on the conceptual framework prepared, it is envisaged that the cost to undertake the pre-feasibility study is approximately R20 Million.

ADOPTED.

- 4.12 Request for Authority to Conclude Partnership Agreements with Various NGOs Under the Public Employment Programme (PEP) (4/3/5/3):
(Page L63: Economic Development and Planning Committee - Agenda 2023-03-23)

Authority is sought to conclude Partnership Agreements with various Non-Governmental Organisations (NGOs) in terms of Section 67 of the Municipal Finance Management Act of 2023 with the following focus areas:

- Environmental Management
- Integrated Waste Management
- Community Based Food Security

The Public Employment Programme is a National Treasury funded programme administered through the Neighbourhood Development Programme Grant Office aimed at creating employment. The eThekweni Municipality is one of the beneficiaries of this programme, with approval granted in the 2021/2022 financial year for a period of 3 financial years. The Public Employment Programme Business Plan has four approved focus areas which includes Public Space Management, Environmental Management (including Food Security), Integrated Waste Management and Informal Settlements Upgrades.

The Democratic Alliance (08), IFP (02), and the ACDP (01) abstained on the matter and the ANC (15), EFF (04) and Action SA (01) supported the recommendations at the Support Committee level.

The DA abstained at the Executive Committee level and with the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 4.12.1 That, for the purpose of implementing the Public Employment Programme, authority be granted to the City Manager to conclude Partnership Agreements in terms of Section 67 of the MFMA of 2003 with the under-listed NPOs for an initial period of six (06) months and a maximum period of 36 months from the date of signing the Partnership Agreements subject to approved Implementation Plans, and that, should circumstances arise, the City Manager be authorized to upscale the projects by up to 30% of the estimated maximum contract value:
- 4.12.1.1 Green Corridor Non-Profit Organisation for an amount NOT exceeding R26 632 760.00 (Twenty Six Million Six Hundred and Thirty Two Thousand Seven Hundred and Sixty Rand).
- 4.12.1.2 Use It Non-Profit Organisation for an amount NOT exceeding R7 506 754.00 (Seven Million Five Hundred and Six Thousand Seven Hundred and Fifty Four Rand).

- 4.12.1.3 Khulanathi Community Development Non-Profit Organisation for an amount NOT exceeding R46 844 925.53 (Forty Six Million Eight Hundred and Forty Four Thousand Nine Hundred and Twenty Five Rand Fifty Three Cents).
- 4.12.1.4 Bioregional Non-Profit Organisation for an amount NOT exceeding R525 440.00 (Five Hundred and Twenty Five Thousand Four Hundred and Forty Rand).
- 4.12.1.5 Ngcweti Organisation PBO for an amount NOT exceeding R4 412 812.00 (Four Million Four Hundred and Twelve Thousand Eight Hundred and Twelve Rand).
- 4.12.1.6 Give Life Projects for an amount not exceeding R24 130 815.20 (Twenty Four Million One Hundred and Thirty Thousand Eight Hundred and Fifteen Rand Twenty Cents).
- 4.12.1.7 Sakhizwe Ecosystem for an amount NOT exceeding R28 257 954.00 (Twenty Eight Million Two Hundred and Fifty Seven Thousand Nine Hundred and Fifty Four Rand).
- 4.12.1.8 AESI & Sekela NPC for an amount NOT exceeding R42 696 194.00 (Forty Two Million Six Hundred and Ninety Six Thousand One Hundred and Ninety Four Rand).
- 4.12.1.9 ARTCO NPC for an amount NOT exceeding R9 181 214.00 (Nine Million One Hundred and Eighty One Thousand Two Hundred and Fourteen Rand).
- 4.12.1.10 Save a Life Save Nature for an amount NOT exceeding R47 381 186.16 (Forty Seven Million Three Hundred and Eighty One Thousand One Hundred and Eighty Six Rand Sixteen Cents).
- 4.12.1.11 Thembekile Bester Foundation for an amount NOT exceeding R10 559 828.80 (Ten Million Five Hundred and Fifty Nine Thousand Eight Hundred and Twenty Eight Rand Eighty Cents).
- 4.12.1.12 Sesimphi NPC for an amount NOT exceeding R747 007.20 (Seven Hundred and Forty Seven Thousand and Seven Rand Twenty Cents).
- 4.12.2 That the Acting Deputy City Manager: Economic Development and Planning be authorised to disburse funding to the NGOs listed from .12.1.1 - .12.1.12 above, pursuant to the signed partnership agreements.
- 4.12.3 That subject to .12.1.1 - .12.1.12 above, Non-Governmental Organisations submit an implementation plan for approval for the first six months.
- 4.12.4 That subject to .12.1.1 - .12.1.12 above, that Non-Profit Organisations are paid an initial upfront cost based on the approved Implementation Plan.
- 4.12.5 That subject to .2 above, monthly costs are paid on a reimbursable cost basis within 5 days of approving monthly pay cycle reports submitted.
- 4.12.6 That subject to .3 above, the Acting Deputy City Manager (Economic Development) establish a Partnership Steering Committee to provide oversight on the work done by the Non-Governmental Organisations.
- 4.12.7 That the Acting Deputy City Manager (Economic Development) provide quarterly progress reports to the Economic Development Committee.

As some members were not in support of the recommendations, the matter was put to the vote. With 122 Councillors present, 120 Councillors (ANC - 89, DA – 00; EFF – 19; IFP -00; Action SA -01; ABC – 00; ACC - 01, AIC -01, DLC – 00; ADEC – 00; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 00, MOSA – 01; NFP -01; PFP – 00; PRM – 01; TA- 00; UIM – 01 and VF Plus – 01) voted in favour of the matter. 02 ACDP Councillors abstained on the matter.

Thereafter, the above recommendations were by a majority vote; **ADOPTED.**

5. REPORT OF SECURITY AND EMERGENCY SERVICES COMMITTEE MEETING HELD: 2023-03-23.

(Page R56)

5.1 Durban Metro Police Tariffs 2023/24 Financial Year (7/6/1/3):
(Page 1: Security and Emergency Services Committee - Agenda)

With the DA abstaining and the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 5.1.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act of 2000 (Act 32 of 2000) the Durban Metro Police Service Unit proposed general of 5% increase for the 2023/24 financial year with effect from 2023-07-01 and that the tariffs set out in Annexure “A” of the report of the Acting Head: Durban Metro Police Service dated 2023-02-01 be levied in respect of the Community and Emergency Services Cluster.
- 5.1.2 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.
- 5.1.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Financial Implications:

In terms of Section 17(3)(a)(ii) of the Local Government Municipal Finance Management Act 56 of 2003 the setting of any municipal tariffs must be done in a form of a draft resolution that must accompany an annual budget to be tabled for approval before a municipal Council. Data relating to income and expenditure as shown below:

Durban Metro Police Services Unit	Year 2021/22 Actual	Year 2022/23 Budget	Year 2022/23 Forecast	Year 2023/24 Budget
	Rm	Rm	Rm	Rm
Income	(198,714,113)	(85,838,540)	(89,497,519)	(93,972,395)
Expenditure	1,486,685,058	1,588,221,140	1,577,055,638	1,667,632,197
Deficit	1,287,970,945	1,502,382,600	1,487,558,119	1,573,659,802

As some members were not in support of the recommendations, the matter was put to the vote. With 122 Councillors present, 120 Councillors (ANC - 89, DA – 00; EFF – 19; IFP -00; Action SA -01; ABC – 00; ACC - 01, AIC -01, DLC – 00; ADEC – 00; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 00, MOSA – 01; NFP -01; PFP – 00; PRM – 01; TA- 00; UIM – 01 and VF Plus – 01) voted in favour of the matter. 02 ACDP Councillors abstained on the matter.

Thereafter, the above recommendations were by a majority vote; **ADOPTED.**

5.2 Fire and Emergency Services Tariffs 2023/24 Financial Year (7/6/1/3):
(Page 68: Security and Emergency Services Committee - Agenda)

With the DA abstaining and the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 5.2.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act of 2000 (Act 32 of 2000) the Fire and Emergency Services Unit proposed general of 5% increase for the 2023/24 financial year with effect from 2023-07-01 and that the tariffs set out in Annexure “A” of the report of the Head: Fire and Emergency Services dated 2023-02-01 be levied in respect of the Community and Emergency Services Cluster.
- 5.2.2 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.
- 5.2.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Financial Implications:

In terms of Section 17(3)(a)(ii) of the Local Government Municipal Finance Management Act 56 of 2003 the setting of any municipal tariffs must be done in a form of a draft resolution that must accompany an annual budget to be tabled for approval before a municipal Council. Data relating to income and expenditure as shown below:

Fire & Emergency Services Unit	Year	Year	Year	Year	Year
	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Present Budget	Proposed Budget	Proposed Budget	Proposed Budget
	R	R	R	R	R
Income	(5,677,348)	1,767,600	(5,216 400)	(5,216 400)	(5,216 400)
Total Income	(5,677,348)	1,767,600	(5,216 400)	(5,216 400)	(5,216 400)
Expenditure	457,164,882	514,973,190	506,581,800	529,930,690	553,450,430
Deficit	451,487,534	513,205,590	501,365,400	524,714,290	548,234,030

ADOPTED.

5.3 Disaster Management and Emergency Control Unit Tariffs 2023/24 Financial Year (7/6/1/3):

(Page 82: Security and Emergency Services Committee - Agenda)

With the DA abstaining and the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 5.3.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act of 2000 (Act 32 of 2000) the Disaster Management and Emergency Control Unit proposed general of 7% increase for the 2023-24 financial year with effect from 2023-07-01 and that the tariffs set out in Annexure “A” of the report of the Head: Disaster Management and Emergency Control dated 2023-02-01 be levied in respect of the Community and Emergency Services Cluster, as follows:

Annexure A:

DISASTER & EMERGENCY CONTROL UNIT						
Charge Code	Description	Present Tariff Excl. VAT 2022/23	Tariff Excl. VAT 2023/24	Tariff Incl. VAT 2023/24	Tariff Incl. VAT 2024/25	Tariff Incl. VAT 2025/26
		R	R	R	R	R
	CCTV Footage					
FIRE0090CC	The charge is payable by the requester of CCTV footage: Subject to application process and approval by the Head: Disaster & Emergency Control Unit or duly authorised representative	259,13	305,22	315,00	378,00	454,00
	CCTV masts					
NEW	Lease of CCTV masts: Subject to Legal & Town Planning compliance and approval process	8,695,65	9,108,70	10,505,00	12,606,00	15,127,00

- 5.3.2 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.
- 5.3.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Financial Implications:

In terms of Section 17(3)(a)(ii) of the Local Government Municipal Finance Management Act 56 of 2003 the setting of any municipal tariffs must be done in a form of a draft resolution that must accompany an annual budget to be tabled for approval before a municipal Council. Data relating to income and expenditure as shown below:

Disaster Management & Emergency Control Unit	Year	Year	Year	Year	Year
	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Present Budget	Proposed Budget	Proposed Budget	Proposed Budget
	R	R	R	R	R

Income	(13,273,393)	(5,005,190)	(10,292,480)	(11,302,500)	(12,202,400)
Total Income	(13,273,393)	(5,005,190)	(10,292,480)	(11,302,500)	(12,202,400)
Expenditure	150,933,752	159,316,690	165,917,200	177,208,402	180,207,120
Deficit	137,660,359	154,311,500	155,624,720	165,905,902	168,004,720

ADOPTED.

6. REPORT OF THE GOVERNANCE AND HUMAN RESOURCE COMMITTEE-MEETING HELD: 2023-03-27

(Page R59)

6.1 Grant-In-Aid Capacity Building Workshops (6/3/1) & (7/14/R):
(Page 18 : Governance and Human Resource Committee - Agenda 2023-03-27)

In providing background on the matter, it was advised that the Grant-In-Aid Capacity Building Workshops would empower organisations so that they can access municipality. This was to respond to the socio-economic inequalities by supporting Non-Profit Organisations through Grants-in-Aid. The workshops would impart knowledge and skills to organisations so that they can access Grant-in-Aid and other sources of funding without difficulties.

It was advised that further workshops would also be facilitated with the Ward Councillors as the custodians and would be provided with the knowledge of how to assist various organisations in accessing the grant. With the Committee being in support of the proposal, it was

COMMITTEE RECOMMENDS:

6.1.1 That authority be granted for the Head: Community Participation and Action Support to incur expenditure in the amount of R144 000.00 (One Hundred and Forty Four Thousand Rand) for the implementation of the Grant-In-Aid Capacity Building Workshops to be held during 2022/2023 financial year at a date to be confirmed by the Chairperson of the Governance and Human Resources Committee.

6.1.2 That authority be granted for the Head: Community participation and action Support to notify all members of the Governance and Human Resources Committee of the date of the workshop and the venue to be used to host the capacity building workshop.

Financial implications:

NO	DETAILS	VOTE NUMBERS	AMOUNT
1.	Catering for 100 ppl per workshop@120pp x 6regions	32301.11400.12120.0000.38 870.0010	R72 000.00
3.	Sound System X 6 regions @R12 000	32301.11760.12120.0000.38 870.0010	R72 000.00
Total			R144 000.00

FC No.: 2023/06/29

ADOPTED.

6.2 Sundry Grant-In-Aid Applications and Distribution 2022/2023 (7/14/1):

(Page 66 : Governance and Human Resource Committee - Agenda 2023-03-27)

Authority is sought for approval the Sundry Grant-in -Aid Applications received for the 2022/2023 Financial year, and seeks committee's approval in respect of list of recommended beneficiaries for the 2022/2023 financial year as contained in the Annexure "C" of the report by the Head : Community Participation and Action Support dated 2022-12-06 as well as distribution of Sundry Grant in Aid to Approved beneficiaries.

It was advised that the Grant-In-Aid programme provides support to civil society organizations thereby enabling them to undertake actions to improve the standard of living of communities, resulting in an improved quality of life. It seeks to implement the vision of the City and overcome the development challenges identified in the Integrated Development plan (IDP) by directing key resources necessary to meet basic needs and the eradication of poverty.

The applications for Sundry Grants for the 2022/2023 financial year was received from a total of 754 Organisations within the Municipality as contained in the Annexure "A" of the report by the Head : Community Participating and Action Support. The grant seeks to provide support to organisations within all 111 Wards, some wards have had no applicants. The adjudication took place as per the Grant-In-Aid Policy and set criteria which included relevant units as per the categories i.e. Early Childhood Development, Social Welfare, Sports, Arts and Culture, Economic Development, Skills Development and Faith Based Organisations.

A total of 123 organisations were shortlisted to undergo the verification phase before Final Recommendation as contained in the Annexure "B" of the original report to the Support Committee.

A briefing session for shortlisted Organisations took place on 26 October 2022 and out of the 123 organisations shortlisted, 10 of them did not turn up, this automatically disqualified them from the final list of verification, however we afforded them an opportunity to be verified. Upon Verification a further 6 organisations were disqualified. Two of the organisations, indicated that their members were no longer available and could not be verified, while the other 4 organisations had no evidence of any activity and members could not be reached whilst out on-site visit, hence could not be recommended.

An initial verification of registration was conducted on the Department of Social Development (DSD) website and CIPC respectively, which confirmed that all shortlisted organisations are registered. An intense programme of verification took place with the assistance of Regional Coordinators, Community Mobilisers and GIA office staff. This included a visit to the recommended organisations and a recording of physical evidence of work done within the community. As part of the verification process, a confirmation and verification form had to be completed by Councillors and/or religious or civic leaders within the Ward. All organisations were visited and supporting documents were submitted for a final list to be recommended.

The final list of beneficiary organisations submitted to Committee for recommendation and approval is 107. It was indicated that 6 organisations were disqualified through the verification process, where they could not be verified as per the address and Wards provided in their application. The Unit dropped the allocation of grants due to budget constraints, with some Organisations receiving up to R60 000. Each beneficiary will

receive the amount recommended on the attached list as per their application, funding proposal and budget request. Organisations who have applied for less than R60 000 can only be allocated as per the amount requested due to auditing purposes. There are some Wards where there are more than 3 or 4 beneficiaries and hence the budget had to be split accordingly. The distribution of these grants to beneficiaries will take place in one Central Region with the beneficiaries all attending there. This will mean there will be 1 distribution event in total across the Municipality.

With the Committee being in agreement,

COMMITTEE RECOMMENDS:

- 6.2.1 That authority be granted to the Head : Community Participation and Action Support to incur the expenditure in the amount of R5 615 700.00 (Five Million Six Hundred and Fifteen Thousand Seven Hundred Rand for the implementation Sundry Grant-In-Aid award for 2022/2023 financial year to 107 beneficiaries as indicated in the report by the Head: Community Participation and Action Support dated 06 December 2022.
- 6.2.2 That subject to the confirmation of dates in consultation with the Chairperson of the Governance and Human Resources Committee, the distribution of Sundry Grant in Aid to the approved beneficiaries will be take place in one Central Region with all the beneficiaries attending at a cost of R72 500.00 (Seventy-Two Thousand and Five Hundred Rand).

Financial implications:

NO	DETAILS	AMOUNT
1.	Sundry Grants awarded to organisations	
2..	1 Distribution event within eThekweni	R72 500
	Catering for 250 people @ R130pp = R32500	
	Décor, set up, tables @ R9 000 = R9 000	
	Hall hire Charges @ R2000	
	Sound @ R12 000 = R12 000	
	Entertainment & Artist @ R15 000 = R15 000	
	Pens 200 @ R10 each = R2 000	

VOTE NUMBERS

NO	DETAILS	BUS UNIT	ITEM	FUND	COSTING	PROJECT	REGION	AMOUNT R
1.	Sundry Grant-in-Aid	32301	25030-17	12120	0000	38870	0010	5 615 700
2.	Catering	32301	11400	12120	0000	38870	0010	32 500
3.	Interior Decoration	32301	11540	12120	0000	38870	0010	9 000
4.	Hire Charges	32301	18950-10	12120	0000	38870	0010	2 000
5.	Hire of sound	32301	11760	12120	0000	38870	0010	12 000
6.	Artists and Performers	32301	11330	12120	0000	38870	0010	15 000

7.	Gifts and Promotional Items	32301	16325	12120	0000	38870	0010	2 000
	Total							5 688 200

FC No.: 2023/06/29

ADOPTED.

7. **DIRECT EXCO REPORTS**

7.1 **AUDIT COMMITTEE REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022 (2/10/1/1/3)**

(Page 1)

The Chairperson of the Audit Committee presented the audit outcomes on the Municipal internal control environment for the period ended 31 December 2022. The details of the findings are contained in his Report dated March 2023. Some of the findings highlighted include lack of contract management whereby during the period of 01 December 2020 to 31 March 2022 some of the contractors conducted work without valid contracts; the Municipality remaining non-MSOCA compliant; ineffective controls relative to Housing rentals; low productivity within the Electricity Unit employees and there being no proper management of overtime payments; ineffective delivery of basic services; job descriptions which lacked proper specifications; employees found with lesser qualifications compared to their job descriptions; the need to update the Recruitment and Selection Policy with the 2021 Municipal Staff Regulation in order to fill funded post within the stipulated time of six (06) months.

Further, it was highlighted that the maintenance of Water Treatment Plants or lack thereof; required improvements in CCTV maintenance programmes; lack of Deployment Policy to manage the distribution of water tankers within the Water and Sanitation Unit, thus the over-utilization of hired tankers while internal water tankers are available; and non-submission of coordinated response to address the issue of non-revenue water. With regard to the Municipal Entities, the Audit Committee requested Council to finalise the matters relative to the appointment of the Durban Marine Theme Park and the Inkosi Albert Luthuli International Convention Centre Board of Directors as this is now placing the Entities at the risk of losing its clean audit status.

In response, Management expressed its commitment to resolving these matters, highlighting that some have been anticipated to be completed by June 2023. A detailed Management response to the Audit Committee findings was presented to the Executive Committee.

Thereafter, the Committee welcomed the comprehensive report from the Chairperson and encouraged Management to attend to the audit findings; it being cited that the issues raised by Audit Committee had similarities to those raised by the KZN Department of Cooperative Governance and Traditional Affairs during the engagement held on 2023-03-18, whereby it was indicated that the Municipality is still functional and capable of achieving more if prevailing challenges are properly addressed. Concerns were expressed on those findings being repeated and others being of a historical nature, but with minimal improvements in this regard.

The Committee unanimously supported the development of a constructive tool to effectively monitor the audit findings and the responses thereof by Management. Also, that each Support Committee should identify findings relating to its core functions to monitor the implementation of the mitigating measures.

Other proposed interventions discussed relate to the introduction of the Mayoral Excellence Awards to boost the morale of employees; partnerships through incentive grants in order to create competition and resuscitate the eThekweni tourism industry to attract visitors and investments. It being mentioned that the Municipality was anticipating fifty-five (55) water tankers that would withstand road terrain in certain rural parts of the City and to limit the utilization of hired services.

In noting the commitments made to track implementation of mitigating measures in respect of the findings raised by the Audit Committee,

COMMITTEE RECOMMENDS:

That the Audit Committee Report for the second quarter ended 31 December 2022, submitted in terms of Section 166 (1) of the Municipal Finance Management Act No. 56 of 2003, to advise Council on the activities of the Audit Committee and the results of its quarterly reviews of the systems of internal financial control, internal audit; risk management processes; financial reporting; performance management; governance; compliance with laws and regulations as well as any other issues referred by the Municipality or its Entities; be noted, as per the detailed findings contained in the Report presented by the Audit Committee Chairperson dated March 2023, and also noting responses thereto as submitted by Management as per the Report by the City Manager dated 2023-03-22.

NOTED.

7.2 FIRST DRAFT 2023/2024 INTEGRATED DEVELOPMENT PLAN (IDP) (2/1/6/1)

(Page 26 and Circulated Separately)

COMMITTEE RECOMMENDS:

That Council notes the first draft Integrated Development Plan 2023/2024, details of which are contained in the report by the City Manager dated 2023-03-22, 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 for final adoption in May 2023.

NOTED.

7.3 INTEGRATED DEVELOPMENT PLAN (IDP) 2022/23 MID TERM AMENDMENTS TO THE ORIGINAL ORGANISATIONAL SERVICES DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) (2/10/1/1/1 & 22/2/1/6/1)

(Page 30)

COMMITTEE RECOMMENDS:

That in terms of Section 5(c) of the Local Government Municipal Finance Management Act 2003, the additional amendments to the Integrated Development Plan 2021/2023 and the Mid-Term amendments to the original Organizational Scorecard and Service Delivery and Budget Implementation Plan, as indicated in the schedule attached to the report of the City Manager dated 2023-03-09 relative hereto, be adopted.

ADOPTED.

7.4

PARTICIPATION OF ETHEKWINI MUNICIPALITY IN THE WELISIZWE RURAL BRIDGES PROGRAMME DRIVEN BY THE DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE (25/4/11/1)

(Page L64)

The Committee received with great appreciation a report on the initiative driven by the Department of Public Works and Infrastructure to assist rural areas by constructing bailey bridges utilizing the expertise of the South African National Defence Force. This initiative is in line with the District Development Model aimed at collaborating resources amongst the spheres of government thereby improving service delivery to the local communities.

The eThekweni Municipality participates in this programme and construction of a number of twenty-four (24) bridges has since been commenced in September 2022. The Municipality intends entering into a Memorandum of Agreement with the relevant Parties to continue participating in this initiative thereby improving access in its rural areas. It should be noted that funding for this programme will be issued through the KwaZulu-Natal Provincial Department of Transport. As such, the Municipality will engage accordingly as per the terms and conditions of the Agreement to be entered into thereby being considered for the allocation of funding for the construction of bailey bridges.

With the Committee being satisfied with the presentation made outlining progress in the implementation of this collaborative initiative,

COMMITTEE RECOMMENDS:

7.4.1

That Council approves continued participation by the eThekweni Municipality in the Welisizwe Programme driven by the Department of Public Works and Infrastructure (DPWI) for the construction of bailey bridges in rural areas of the country and to enter into a Memorandum of Agreement with the DPW in this regard to understand binding obligations between the Parties concerned.

7.4.2

That subject to the approval of .1 above, the Welisizwe Programme be managed by the Office of the Chief Operating Officer (COO) through close collaboration with the eThekweni Municipality's Engineering Unit.

7.4.3

That subject to the approval of .1 above, authority be granted for the City Manager to, on behalf of the eThekweni Municipality, enter into a Memorandum of Agreement with the Department of Public Works and Infrastructure.

Financial Implications:

The Department of Public Works & Infrastructure submitted an application to the National Treasury - Budget Facility for Infrastructure (BFI) to fund the implementation of bridges. The National Treasury approved funding of the programme through Budget Facility for Infrastructure (BFI). The flow of funds is distributed through the Provincial Roads Maintenance Grant (PRMG). Allocation of funds are done through the Provincial Road Authority (KZN Department of Transport) and eThekweni Municipal will need to engage the KZN DOT to access these funds.

ADOPTED.

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

THIRD REPORT OF THE EXECUTIVE COMMITTEE

(Special meeting held 2023-03-30)

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

ABSENT : Executive Committee Member Y Govender.

1. **REVIEW OF ELECTRICITY TARIFFS 2023/2024 (7/6/1/2)**

(Page 1)

The Electricity Unit intends increasing the electricity tariffs by 21.9% during the 2023-24 financial year, effective 01 July 2023. This increase has been informed by the increase in bulk energy tariffs of 18.5% to be implemented by the National Energy Regulator of South Africa (NERSA), and NERSA is yet to release the Municipal benchmark guidelines with respect to the electricity tariffs.

Cognisance should be taken that the tariffs increase is necessary to accommodate cost escalations in the operation expenditure of the Unit as well as increase in capital expenditure for new and improved infrastructure.

The attention is drawn to the fact that notwithstanding the tariffs increase, the indigent customer consuming 150kWh per month will get the first 65 kWh free and will pay an amount of R149.23 (One Hundred and Forty-Nine Rand Twenty-Three Cents) for the balance up to 150kWh. On the other hand, the cost to a conventional customer of similar usage pattern will be R410.07 (Four Hundred and Ten Rand Seven Cents). This represents savings in the amount of R260.64 (Two Hundred and Sixty Rand Sixty-Four Cents) to indigent customers purchasing electricity tokens of 150kWh or less per month. There is in excess of one thousand

(1000 000) customers currently benefitting from this protection mechanism on a monthly basis.

The Executive Committee acknowledged that the tariffs increase is impacted by the position taken by NERSA, and also understanding the significance to balance the Municipal revenue base for service delivery purposes whilst also cushioning customers on the other hand. Hence, the appreciation of the arrangements as per the requirements of the Indigent Policy.

Thereafter the DA and the IFP abstained at this stage to take the matter to their respective Party Caucuses. With the other Parties being in support,

COMMITTEE RECOMMENDS:

- 1.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, the increase of 21.91% for electricity tariffs in the 2023/24 financial year, with the increase to be effective from 2023-07-01 and the tariffs details outlined in Annexure “A” and Annexure “B” of the report EPM/SL/0322/001 of the Head: Electricity dated 2023-03-22, subject to NERSA approval and final Council approval in May 2023.
- 1.2 That upon Council granting a 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.
- 1.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Commenting on the matter, Action SA submitted that the tariff increase was unrealistic, and that residents and businesses would not be able to afford the proposed increase. They indicated that communities had suffered a huge financial strain in the recent past years due to various known reasons.

Thereafter, the ANC acknowledged the challenges being faced by the residents, as a result of the recent disasters, high employment rate etc. However, they reiterated that this increase has been informed by the increase in bulk energy tariffs of 18.5% to be implemented by the National Energy Regulator of South Africa, with the Municipality proposing 21 ,9% increase, therefore this meant that only 2,9% was being imposed by the Municipality to cover operational costs.

With some members not being in support of the recommendations, the matter was put to the vote. With 121 Councillors present, 114 Councillors (ANC - 89, DA – 00; EFF – 18; IFP -00; ABC – 00; ACC - 01, AIC -01, DLC – 00; ADEC – 00; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 00, NFP -01; PFP – 00; PRM – 01 and TA- 00;) voted in favour of the matter. 07 Councillors (Action SA -01; ACDP -02; APF – 01; MOSA – 01; UIM – 01 and VF Plus – 01) voted against the matter. There were no abstentions recorded.

Thereafter, the above recommendations were by a majority vote; **ADOPTED.**

2. REVIEW OF SEWAGE DISPOSAL USERCHARGE AND SUNDRY TARIFFS 2023/2024 (7/6/1/2)

(Page 5)

The Water and Sanitation Unit provides an essential service, which impact the lives of people should those services be not available. The services provided include reticulation network line that provides transportation of sewerage, treatment and disposal of sewerage and pollution control. The services also include:

- additional provision for repairs and maintenance.
- continuation of the second five-year cycle clearances of the VIP pit latrines.
- continuation of the first two-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).
- provision for increasing maintenance of mechanical and electrical equipment.

The review of the sewage disposal user charge tariffs has been undertaken considering the cost increases anticipated as well as maintaining sustainable service delivery, including continued provision of free basic services to the indigent. Accordingly, a proposed 11% increase for domestic tariffs is submitted whilst the non-domestic tariffs increase is proposed at 12.9%.

With the DA and the IFP abstaining at this stage to take the matter to their respective Party Caucuses, the other Parties supported the increase in-principle.

On this basis,

COMMITTEE RECOMMENDS:

- 2.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, an increase of 11.9% domestic tariff and 12.5% non-domestic tariff for Sewage Disposal Usercharge and Sundry Tariffs in the 2023/2024 financial year, and to be effective 2023-07-01, with the tariffs details outlined in Annexure “A” in the report of the Head: Water and Sanitation dated 2023-03-17, subject to the final adoption by Council in May 2023.
- 2.2 That upon Council granting a 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.
- 2.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Speaking on the matter, the Action SA maintained their views submitted in the previous item. They further indicated that the proposed increase was huge in view of the low employment rate and with the tourism sector not having fully recovered.

Also in support, the APF added that the proposed tariff increases were not currently favourable for the eThekweni residents.

Thereafter, as some members were not in support of the recommendations, the matter was put to the vote. With 120 Councillors present, 112 Councillors (ANC - 89, DA – 00; EFF – 18; IFP -00; ABC – 00; ACC - 00, AIC -01, DLC – 00;

ADEC – 00; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 00, NFP -01; PFP – 00 and TA- 00) voted in favour of the matter. 08 Councillors (Action SA -01; ACDP -02; APF – 01; MOSA – 01; PRM – 01; UIM – 01 and VF Plus – 01) voted against the matter. There were no abstentions recorded.

Thereafter, the above recommendations were by a majority vote; **ADOPTED.**

3. REVIEW OF PORTABLE WATER AND SUNDRY WATER TARIFFS 2023/2024
REPORT NUMBER WS2023-025 (7/6/1/2)

(Page 21)

Umgeni Water which is the eThekweni Municipality's bulk supplier has proposed a bulk water increase of 5.5%. The eThekweni Municipality subsequently proposes tariffs increase of 14.9% for domestic consumers and 15.9% for non-domestic users with effect from 2023-07-01. The tariffs increase has been considered taking into account the following obligations:

- 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 and Sanitation Unit has adopted a turnaround strategy to reduce water loss and ensure sustainable supply of water within the eThekweni Municipal area.

With the DA and the IFP abstaining at this stage to take the matter to their respective Party Caucuses, the other Parties supported the increase in-principle.

COMMITTEE RECOMMENDS:

- 3.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, the increase of 14.9% domestic consumers and 15.9% non-domestic consumers for Portable Water and Sundry Water Tariffs for 2023/2024 financial year, as set out in Annexure "A of the report WS2023-025 in the report of the Head: Water and Sanitation dated 2023-03-17, and effective 2023-07-01, subject to the final adoption by Council in May 2023.
- 3.2 That upon Council granting a 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.
- 3.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Speaking on the proposed increase, the ActionSA and the APF further voted against the tariff, citing similar reasons as reflected on the above items. They indicated that the increase is not in line or translated to the services being provided by the Municipality.

Thereafter, the ANC mentioned that the increase had been informed by the ever-changing population of the eThekweni Municipal area as more people are migrating to the City's shores to look for employment opportunities. It being mentioned that the recent disasters had also impacted on the City's revenue, therefore the Municipality is also required to sustain itself going forward. They emphasised that the draft proposed tariffs were still subjected to a public participation process.

As some members were not in support of the recommendations, the matter was put to the vote. With 120 Councillors present, 113 Councillors (ANC - 89, DA - 00; EFF - 18; IFP -00; ABC - 00; ACC - 00, AIC -01, DLC - 00; ADEC - 00; ATM -01; ALJAMAH - 00; JEP -01; KZNI - 01, MF - 00, MOSA - 01; NFP -01; PFP - 00 and TA- 00) voted in favour of the matter. 07 Councillors (Action SA -01; ACDP -02; APF - 01; PRM - 01; UIM - 01 and VF Plus - 01) voted against the matter. There were no abstentions recorded.

Thereafter, the above recommendations were by a majority vote; **ADOPTED.**

4. APPOINTMENT OF EIGHT DIRECTORS TO SERVE ON THE DURBAN MARINE THEME PARK BOARD (2/2/3)

(Page 47)

With the Committee being in concurrence,

COMMITTEE RECOMMENDS:

- 4.1 That Council notes the expiry of the term of office of eight (08) Non-Executive Directors of the Durban Marine Theme Park Board at the end of February 2023.
- 4.2 That Council approves the appointment of eight (08) Non-Executive Directors to serve on the Board of the Durban Marine Theme Park, namely, Dr Pritish Dala; Mr Lucky Sifiso Gabela; Ms Diana Gloria Hoorzuk; Ms Nompumelelo Theodorah Mabaso; Ms Honey Eva Kebakile Mamabolo; Mr Prince Bongumusa Mthembu; Mr Samuel Sibongakonke Ngcobo; and Prof Antonia Thandi Nzama, with the appointment effective from 01 April 2023 to 31 March 2026.

ADOPTED.

5. APPOINTMENT OF FOUR DIRECTORS TO SERVE ON THE INKOSI ALBERT LUTHULI INTERNATIONAL CONVENTION CENTRE BOARD (2/2/3)

(Page 51)

With the Committee being in concurrence,

COMMITTEE RECOMMENDS:

- 5.1 That Council notes the expiry of the term of office for the four (04) Non-Executive Directors of the Inkosi Albert Luthuli International Convention Centre Board, at the end of February 2023.

- 5.2 That Council approves the appointment of four (04) Non-Executive Directors to serve on the Board of the Inkosi Albert Luthuli International Convention Centre, namely, Dr Mduduzi Justice Kennedy Bophela; Ms Phumelele Makhosazana Mchunu; Mr Bonginkosi Vincent Mshengu; and Mr Thulisa Ndlela, with the appointment effective from 01 April 2023 to 31 March 2026.

ADOPTED.

6. APPROVAL OF REVISED ETHEKWINI MUNICIPALITY CREDIT CONTROL AND DEBT COLLECTION POLICY 2023/2024 (7/6/3/P)

(Page 54)

With the eThekweni Municipality Credit Control and Debt Collection Policy having been subjected to the public consultation process as per the statutory requirement, the final draft is submitted for final approval by the Municipal Council.

Accordingly,

COMMITTEE RECOMMENDS:

- 6.1 That Council approves the revised eThekweni Municipality Credit Control and Debt Collection Policy 2023/2024 financial year, which Policy is attached as Annexure “A” in the report of the City Manager dated 2023 03-28, and to be implemented with effect from 2023-07-01:
- (a) Definition: “Authorised Official”, for the purposes of this Policy, means the Head: Revenue or his delegate...;
 - (b) Definition: “Structure Act” means the Local Government: Municipality Structures Act, 3 (Act No. 3 of 2021), as amended;
 - (c) Definition: “Third-party debt collector” means a natural or juristic person appointed by the Municipality to collect debt on behalf of the Municipality;
 - (d) Clause 2.5: Sundry Accounts: For other service provided by the Municipality, but not directly linked to a property, person must provide the Municipality with a municipal services account number or rate account number...
 - (e) Clause 2.17.3: Clause deleted;
 - (f) Clause 2.24: Clause deleted;
 - (g) Clause 3.1.1: Upon date of ownership transfer, a Deposit will be raised, based on the criteria determined by the CFO, from time to time which include but not limited to the Customer’s profile, the financial risk assessment of the customer, previous consumption, connection type and size of the metered Municipal service.
 - (h) Clause 4.15: Provided that the Share block company fulfils its obligations set out in Clause 4.14 b), the Municipality will...

- (i) New Clause 4.22: The Municipality may upon due written notice, instruct the property owner to remove, fix, repair or dispose of any object in their property that may cause any destruction or danger or cause any harm to the public or interfere with the municipal services.

Example: Where an overgrown tree or its branches interfere with the servitude of electrical, water, roads infrastructure, etc., causing destruction to the supply of services or posing risk of harm to public.

- (j) New Clause 4.23: Should the property owner fail to comply with the notice issued, the Municipality may undertake to remove, fix, repair or dispose of such object at the cost of the property owner in accordance with the Tariff approved by the Council.
- (k) Clause 5.5: Subject to the provisions of this Policy.....
- (l) New Clause 7.3: An offer of negotiated payment of debt in full and final settlement, when such payment is less than the outstanding debt will only be accepted upon a written confirmation by the CFO.

This may only occur in exceptional circumstances. Example, where a customer's account is backdated due to a faulty meter and resulting in high debt payable to the Municipality.

New Clause 7.4: Notwithstanding the provision in clause 7.3 above, the payment so offered must nevertheless be credited against the debtor's account, without prejudice to the Municipality's rights.

- (m) New Clause: Interest and Administrative charges: Clause 9.7 (e) where an owner takes over the debts of the tenant.
- (n) Clause 12.8 Item 14 of Schedule 7 (Code of Conduct for Councillors) to the Structures Act provides that a Councillor may not be in arrears to a municipality for rates and service charges for a period longer than three months. The Municipal Manager must report a breach of the Code to the Speaker for the matter to be dealt with as contemplated in Schedule 7.

Clause 12.9 Nothing in Schedule 7 to the Structures Act shall detract from any other mechanism or procedure available in law or in terms of this Policy, to mitigate risk to the Municipality and recover debt from a Councillor.

- (o) Clause 19.: Meter Readings and Estimations
- (p) Clause 20.2(b): A Customer must be indebted to the Municipality in respect of Municipal services exceeding the sum of R1000.
- (q) Clause 20.5: Where an application for the pre- payment debt recovery facility is approved, the Customer shall be liable to pay a prepayment meter connection fee or other charge as may be prescribed in the Tariff Book.
- (r) New Clause 20.11: Municipal staff and Councillors do not qualify for a pre-payment debt recovery facility.

New Clause 20.12: The CFO will not grant pre-payment debt recovery facility to any customer, other than residential customers.

- (s) Clause 21.2 (g): The Conveyancer must indicate to the Municipality in writing, which of the two settlement modes referred to in Clause 21.2(f) will be used in order to settle the Section 118(3) debt.
- (t) New Clause 21.2(y): Where an assessment is requested in respect of a property that vests in an insolvent deceased estate, the Conveyancer must provide the following particulars:
 - (i) If the estate has been sequestrated in accordance with the provisions of the Insolvency Act, a copy of the court order must be supplied.
 - (ii) If the sale of the property is being dealt with in terms of Section 34(2) of the AEA, the Conveyancer must indicate this on the application and furnish the Municipality with-
 - (a) A copy of the notice to creditors in terms of Section 34 (1) of the AEA;
 - (b) A copy of the approval of the sale by the Master of the High Court;
 - (c) A copy of the conditions of sale.
- (u) Clause 23.10: A Credit Authority may not be granted where–
 - (c) deleted
- (v) Clause 25.1.1: On application and subject to all the Customer's account being fully paid,
 - (a).....
 - (b).....
 - (c).....
 - (d) deleted
- (w) New Clause 26.7: In the case of an insolvent deceased estate, the executor or conveyancer handling a transfer of a property that vests in the insolvent deceased estate, must furnish the Municipality with the particulars set forth in Clause 21.2 (y) of this Policy and such other information as may be requested in writing, by the CFO for the purposes of determining the Municipality's rights in relation to unsecured debt owing to the Municipality.
- (x) Clause 28.2: A person who qualifies for assistance in terms of Clause 28.1 must be prepared to convert to pre-payment metering at no additional cost to them.
- (y) Clause 31.1.1: Lihle.Ndzelu@durban.gov.za
Khanyi.Gama@durban.gov.za
Logan.Pillay@durban.gov.za
Malusi.Mhlongo@durban.gov.za
- (z) New Clause 32.1: The Municipality may appoint and refer any debt to a third-party debt collector and tracing agent for collection, on its behalf.

New Clause 32.2: Third-party debt collectors or tracing agents may not negotiate terms, extend payment periods on behalf of the Municipality contrary to the provisions of this Policy.

New Clause 32.3: All payments in respect of any outstanding debt must only be made to the Municipal bank account as indicated in the debtor's utility bill and municipal service account number be referenced in every payment.

New Clause 32.4: All legal and debt collection costs incurred by the Municipality or appointed third-party debt collectors or tracing agents in the recovery of debt, may be levied against the customer's account.

New Clause 32.5: No payment, in respect of any outstanding debt, will be paid direct to the third-party debt collector or tracing agents.

New Clause 32.6: The Municipality must ensure that the proper procurement procedures have been followed in the appointment of a third-party debt collector or tracing agent.

New Clause 32.7: The Municipality must ensure that there is compliance with the provisions of the Protection of Personal Information Act, 2013 (Act 4 of 2013) and applicable data privacy policies in its appointment and collaboration with a third-party debt collector or tracing agent in respect of the outstanding municipal accounts.

- (aa) New Clause 33.1: Notwithstanding the statutory obligations which are in accordance with the Systems Act, the Council may consider a temporary suspension of any/or all credit control measures during a declared national, provincial and local state disaster.

New Clause 33.2: In this instance, the suspension of any credit control measures may only be considered once the disaster is declared in terms of Disaster Management Act, 2002 (Act 57 of 2002) and notice has been published in the Government Gazette.

New Clause 33.3: The temporary suspension intends to assist customers with the relief during the said period. An example of the relief to customers may be, but not limited to a suspension of services disconnections, where account falls into arrears.

New Clause 33.4: Once the declared disaster ceases to exist, the Council reserves its rights to resume its credit control measures in line with its statutory obligations in terms of the Systems Act.

As some members were not in support of the recommendations, the matter was put to the vote. With 122 Councillors present, 120 Councillors (ANC - 89, DA - 00; EFF - 19; IFP -00; Action SA -01; ABC - 00; ACC - 01, AIC -01, DLC - 00; ADEC - 00; APF - 01; ATM -01; ALJAMAH - 00; JEP -01; KZNI - 01, MF - 00, MOSA - 01; NFP -01; PFP - 00; PRM - 01; TA- 00; UIM - 01 and VF Plus - 01) voted in favour of the matter. 02 ACDP Councillors abstained on the matter.

Thereafter, the above recommendations were by a majority vote; **ADOPTED.**

(Page 145)

With the eThekweni Municipality Property Rates Policy having been subjected to the public consultation process as per the statutory requirement, the final draft is submitted for final approval by the Municipal Council.

Accordingly,

COMMITTEE RECOMMENDS:

That the revised eThekweni Municipality Property Rates Policy 2023/2024, attached to the Report by the City Manager dated 2023-03-28, be approved for implementation with effect from 2023-07-01, and which Policy incorporate the amendments reflected below:

- (a) Preamble: “Section 229 (1) of the Constitution of the Republic of South Africa provides that a municipality may impose rates on property. In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, No. 32 of 2000, a municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.

The Local Government: Municipal Property Rates Act, No. 6 of 2004 (‘the Act’), regulates the power of a municipality to impose rates on property.

In terms of the Act, a municipality:

- i. may levy a rate on rateable property in its area; and
- ii. must exercise its power to levy a rate on property, subject to:
 - (a) Section 229 of the Constitution and any applicable provisions of the Constitution;
 - (b) the provisions of the Act;
 - (c) its rates policy adopted in terms of Section 3 of the Act; and
 - (d) the municipality’s by-laws as contemplated in Section 6 of the Act to give effect to the rates policy.

This document sets out the rates policy of the eThekweni Municipality.

In terms of Section 5 of the Act read with the Local Government: Municipal Finance Management Act, No. 56 of 2000 (‘the MFMA’) a rates policy must be reviewed on an annual basis to support the municipality’s annual budget and must accompany the municipal budget when it is tabled for the financial year concerned, in terms of Section 16 (2) of the MFMA.

Section 62 (1) (f) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 (‘the MFMA’) read with Regulation 7 of the MFMA, namely the Municipal Budget and Reporting Regulations stipulates that the municipal manager must ensure that the municipality has and implements, a rates policy.

- (b) Purpose: The purpose of this Policy is to:
 - i) Comply with the provisions of the Act, specifically Section 3 (Adoption of a rates policy) thereof;
 - ii) Without derogating from the Act, identify fundamental principles relative to the imposition of rates on rateable properties and the collection thereof;

- iii) Ensure the equitable treatment of persons liable for rates;
 - iv) Determine the basis for valuation of properties;
 - v) Determine criteria for different property use categories to apply differential rates;
 - vi) Determine or provide criteria for the determination of categories of owners of properties;
 - vii) Determine criteria to be applied for granting relief in the form of exemptions, rebates and reductions to categories of properties and categories of owners;
 - viii) Determine measures to promote local economic and social development; and poverty alleviation; and
 - ix) Identify which rateable properties will not be liable for rates as provided for in Section 7 of the Act.
- (c) Definitions and Acronyms: “Business and Commercial property” means, unless a definition in the Act or a provision in this Policy, indicates otherwise-
- (a) Property used for the activity of buying, selling or trading in commodities or services and includes any office and ancillary uses related thereto, but excludes a warehouse and distribution use;
 - (b)
 - (c)
 - (d)
 - (e)
 - (f) Property used for any purpose not mentioned in, or excluded from any other category of property but does not include a property used as a warehouse and distribution centre;
- (d) Definitions and Acronyms: “Commercial Accommodation” means lodging, or board and lodging, in any house, flat, apartment, room, hotel, motel, inn.... timeshare establishment ... which is regularly or systematically supplied but excludes a Primary residential property;
- e) Definitions and Acronyms: “Exemption” in relation to the payment of a rate, means an exemption granted by the Municipality in terms of Section 15 of the Act;
- (f) Definitions and Acronyms: “Industrial Property” means
- a) In relation to any property, an industrial use, for the manufacture, production, assembly or processing of finished or partially finished products from raw material or from fabricated, rebuilt or scrap parts, and includes any office and ancillary uses related thereto, yards or buildings for the storage of goods and material associated therewith and or the loading and off-loading of goods, but shall exclude property used for business of a predominantly retail nature;
 - b)....
 - c) A property used for the purposes of a warehouse and distribution centre;
- (g) Definitions and Acronyms: "Primary Residential Property" means the residential property where a person has his or her permanent principal home to which he or she returns or intends to return and where he or she resides for at least nine (9) months in the Municipal Financial Year;

- (h) Definitions and Acronyms: “Rebate”, in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act, on the amount of the rate payable on the property;
- (i) Definitions and Acronyms: “Reduction”, in relation to a rate payable on a property, means the lowering in terms of Section 15 of the Act of the amount for which the property was valued and the rating of the property at that lower amount;
- (j) Definitions and Acronyms: “Vacant land” means,
 - (a) subject to the provisions of Section 9 of the Act, any use liable for categorisation other than vacant, as determined by the Municipal Valuer; and
 - (b) a rateable property where no immovable improvements have been erected.

By way of example, a property that is used as a cemetery, a car sales lot, a scrap yard, truck stop, a container storage site, etc. will not be treated as vacant land;

Property that is currently categorised as vacant land and where construction has commenced but which is incomplete, will be deemed to be vacant land. It will remain categorised as such until the Municipality’s Building Inspectorate provides the Municipal Valuer with an occupation or completion certificate as contemplated in the National Building Regulations.

- (k) Definitions and Acronyms: “Warehouse and Distribution Centre” means a property on which building or land or any portion thereof is designed and used as a warehouse and distribution centre and any office, service yard or other uses ancillary therewith, but excludes property used for business of a predominantly retail nature.
- l) Clause 1.3: Section 3 of the Act provides that a rates policy take effect on the effective date of the first valuation roll prepared by a municipality in terms of the Act. Such effective date was 1 July 2008. Subsequent thereto, 3 general valuation rolls have been prepared in terms of Chapter 4 of the Act. The effective date of the current general valuation roll is 1 July 2022.

Clause 1.5: The effective date of this Policy will be on 1 July 2023.

- (m) Clause 2.1: Subject to Chapter 9 (Credit Control and Debt Collection) of the Systems Act and Section 28 (Recovery of rates in arrears from tenants and occupiers) and Section 29 (Recovery of rates from agents) of the Act, rates levied on property must be paid by the owner of the property.
- (n) Clause 2.5: Rates levied in terms of the Act, constitute a tax within the meaning ascribed by Section 11 (a) (iii) of the Prescription Act, No. 68 of 1969 and as such, the Municipality can recover rates in arrears for a period up to 30 years.
- (o) Clause 2.6: A ratepayer is liable for the payment of rates whether or not an account is received and if an account is not received, the ratepayer must make the necessary enquiries from the Municipality to ensure that payment is made on due date.

(p) Clause 3.1 ii

Category	Ratio in relation to residential property
Residential property	1:1
Agricultural property	1:0.25
Public service infrastructure properties	1:0.25
Specified Public Benefit Activities properties	1:0.25

(q) Clause 4.5: The Municipality may publish a number of Supplementary Valuation Rolls during the year, in accordance with Section 78 of the Act. The rates, as adjusted by the Supplementary Valuation, will be levied accordingly.

(r) Clause 4.6: A rate payer whose property is the subject of a supplementary valuation in terms of Section 78 of the Act, will become liable for the payment of rates based on the valuation of that property in the supplementary valuation, with effect from the relevant trigger date determined in Section 78(4).

The monthly municipal invoice will reflect the final date on which payment of such rates, is due and payable.

(s) Clause 5.1.1: The categories of rateable property will be determined according to the use of such rateable property and shall be rated accordingly in terms of the Policy read with subsection (2) and (3) of Section 8 of the Act.

(t) Clause 5.6: Where a property is used for multiple purposes, the Municipal Valuer will assign the appropriate categories listed in Clause 5.5 to the different purposes for which the property is used.

(u) Clause 5.8: Without derogating from the provisions of the Act, where Vacant land has been improved by the erection of a structure in accordance with a valid building plan approved in terms of legislation, the Municipal Valuer may be guided..... or by the use of the property as permitted by the Land Use Scheme.

(v) Clause 5.9: The MPRRR prescribes that property owned by a Public Benefit Organisation and used for a specified public benefit activity listed in item 1 (Welfare and humanitarian); item 2 (Health Care); and item 4 (Education and development) of Part 1 of the Ninth Schedule to the Income Tax Act, will be rated 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.

In order for the Municipal Valuer to categorise properties as a Public Benefit Organisation property and apply the MPRRR, an application for a change in the property rating category must be made, in the prescribed form, to the Municipal Valuer.

The following requirements must be met-

- i) The registered owner must be a public benefit organisation (PBO);
- ii) The registered owner must provide an exemption letter from SARS confirming that the registered owner is a PBO;
- iii) Where a property of a PBO is used by a person other than the registered owner, the user/lessee of the property must also be a PBO; and its exemption letter from SARS must be provided;

- iv) The property must be used for specified public benefit activities in accordance with items 1, 2 or 4 of the Ninth Schedule of the Income Tax Act and as contemplated in the MPRRR;
 - v) Both the registered owner and, where applicable, the user/lessee that is a PBO, must provide copies of their organisation's memorandum of incorporation/founding documents and such other documents as the CFO or the municipal valuer may consider relevant to the consideration of the application /categorization of the property.
 - vi) The registered owner must provide a copy of the title deeds of the property and in the case of a PBO user/lessee of the property, a copy of the lease agreement.
- (w) Clause 5.10: All properties owned by public benefit organisations that do not fall within the definition prescribed in the MPRRR, and by virtue of the use of the property, do not fall within any other of the property categories listed in Clause 5.5, will be rated as a Business and Commercial property.
- (x) Clause 6.1: For the purposes of the Act and any exemptions reductions and rebates contemplated in Section 15 thereof, the Municipality has determined the following categories of owners of property-
- h) [Deleted]
- m) owners of property situated within an area affected by:
- i. a disaster within the meaning of the Disaster Management Act, or
 - ii. any other serious adverse or economic condition determined by resolution of the Council at its annual budget meeting or an adjustment budget meeting in terms of Section 28 of the MFMA;
- o) nature reserves or conservation areas;
- p) owners of property who qualify for the economic development incentive rebate referred to Clause 14; and
- (y) Clause 7: Applications for Relief Unless determined otherwise in this Policy-
- i. The owner must make application for Relief in a prescribed form no later than 30 April preceding the new Municipal financial year for which Relief is sought. Relief shall only be granted upon approval by the Municipality of the application;
 - ii. Relief shall become effective on 1 July of the financial year for which it is sought.
- h) Relief granted in error or due to false or incorrect information supplied by an applicant will be reversed immediately from date of inception of the Relief.
- (z) Clause 7.3: Disability Grantees or Medically Boarded Persons
Clause was moved, renumbered to Clause 7.4.7.6 and given a subtitle 'General conditions'
- (aa) Deletion of Clause 7.3.4; Due to proposed new sub-clause 7h, this clause becomes obsolete
- (bb) Clause 7.5: Public Benefit Organisations
Exemption from rates:

Clause 7.5.1: The Municipality may grant a Public Benefit Organisation exemption from the payment of rates where the activities listed below are carried out on a property, for the benefit of the public or a section thereof, subject to Clause 7.5.2:-

- i. Welfare & Humanitarian-
Orphanage, Non-profit retirement village, Life-rights scheme, Old age home, Residential facility for physically and or mentally disabled persons.
- ii. Health Care-
Hospital, clinic, mental hospital, hospice.
- iii. Animal Welfare-
Care and protection of animals (aquatic and/or terrestrial), reptiles and/or birds including the rehabilitation, or prevention of the ill-treatment thereof.
- iv. Education and Development-
Training, education and/or rehabilitation of persons with severe physical or mental disability.
- v. Cultural-
Cemetery and/or crematorium; Promotion, protection, preservation or maintenance of a property with Heritage Landmark status under the Heritage Act and open to the public.

(cc) Clause 7.5.2.....

- vii. In order to qualify for an exemption from rates,
 - a) The property must be categorised as a PBO property if it is a property that is contemplated in the MPRRR. If it has not been so categorised, application must be made to the Municipal Valuer, in the prescribed form, for a change in the property rating category and for exemption from rates.
 - b) In the case of property that is already reflected in the valuation roll as a public benefit organisation property but not exempt from rates, alternatively, is a property that is not subject to the MPRRR, an application for exemption from rates must be made to, and be approved by, the CFO. The applicant must ensure that all criteria in Clause 7.5.2 are complied with.

(dd) Deletion of Clause 7.5.3: Public Benefit Organisations that do not qualify for an exemption.

(ee) Clause 7.7.3.4.2: notify the Municipality within the time period contemplated in Clause 7.7.3.3, commits an offence, and in addition may be liable for such other remedies as the Municipality may be entitled to exercise in terms of this Policy or the law.

(ff) Clause 7.11: Disasters

7.11.2 The applicable requirements for a rebate are:

i.....

ii.....

iii. An application for a rebate must be made within one hundred and eighty days (180) days from the date of the disaster.

(gg) Clause 7.11.3: In making a determination in terms of Clause 7.11.1, the Council-

- i. may determine a time frame by which an owner must restore what was damaged, destroyed or rendered uninhabitable. Subject to Clause 7.11.4, such period shall not exceed twelve (12) months.
- (hh) Clause 7.11.4: The Municipality may grant a further extension of the rebate duration period referred to in Clause 7.11.3, on application. The applicant must apply no later than forty five (45) days prior to the expiry of such duration period. Any further period will be subject to the further rebate period determined by the Council at its annual budget meeting, but such period shall not exceed twelve (12) months.
- (ii) Clause 7.11.8: Nothing in this Clause 7.11, shall derogate from the provisions of Section 78 of the Act and-
 - i.
 - ii the right of the owner of a property to make application for the revaluation of the property on account of a disaster contemplated in Clause 7.11.1.
- (jj) Clause 7.11.9: When a property is totally destroyed, a supplementary valuation will be made in respect of the property in terms of Section 78 of the Act. This may give rise to the following-
 - i. a change in the market value of the property;
 - ii. a rating category change in respect of the property. The Municipal Valuer has the discretion to determine which category of property the property will fall into.
- (kk) Clause 7.11.10: An owner who cannot afford to restore a property to its pre-disaster state within the time period prescribed, may still qualify for a rebate provided the following requirements are met-
 - i.
 - ii [Deleted]
- (ll) Clause 7.11.11: Notwithstanding anything to the contrary in this Policy, no rebate on rates shall be payable on a property affected by a disaster, if a supplementary valuation of the property pursuant to such disaster, results in the market value of the property decreasing, because the rates rebate under this Clause 7.11 is subordinate, and subject to, the provisions of Section 78 of the Act.
- (mm) Clause 12: Consulates: Clause moved from Clause 7.13 to Clause 12, because it is misplaced]
- (nn) Deletion of Clause 7.14.2.8 - With the implementation of the general valuation roll when all properties were re-assessed, the need for a rebate or reduction has become superfluous.
- (oo) Clause 8.1: In order for a property to:
 - i. fall within the definition of ‘Agricultural Property’ in the Act;
 - ii. be categorised by the Municipal Valuer as an Agricultural Property;
 - iii be rated in accordance with the MPRRR which prescribes that Agricultural Properties are to be rated at no more than 25 % of the residential property rate-in-the-land, an agricultural certificate must be issued by the Municipal Valuer as contemplated in Clause 8.2.

- (pp) Clause 8.2: The owner must make application for an agricultural certificate, annually, on a prescribed form.
- (qq) Clause 8.3: An agricultural certificate may be granted to an owner of any piece of land or part thereof, on the following basis:
 - i.
 - ii.
 - iii.
 - iv. The permitted use of the property which is to be recategorised to ‘Agricultural Property or which is to remain categorized as Agricultural Property’, must be agricultural.
- (rr) Deletion of Clause 8.4 to Clause 8.7: With the implementation of the MPRRR, Clauses 8.4 – 8.7 have become redundant.
- (ss) Clause 9.3: Properties excluded or exemption payment of additional rates.
- (tt) Clause 11.1: Where a property is being or, has been developed or is being used without authority.....the Municipal Valuer must consider changing its category to the “Unauthorised or Illegal development or use, and Abandoned Property or Building” category.
- (uu) Clause 18.1: The Municipal Valuer shall from time to time value new properties and revalue existing properties, and such new valuations shall be reflected in a supplementary valuation roll.....
- (vv) Deletion of Clause 19.3: Redundant on account of implementation of the General Valuation Roll 2022.
- (ww) Clause 20: This is the 15th review of the original rates policy adopted by the Council in 2008 in compliance with the Act.

As some members were not in support of the recommendations, the matter was put to the vote. With 122 Councillors present, 120 Councillors (ANC - 89, DA – 00; EFF – 19; IFP -00; Action SA -01; ABC – 00; ACC - 01, AIC -01, DLC – 00; ADEC – 00; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 00, MOSA – 01; NFP -01; PFP – 00; PRM – 01; TA- 00; UIM – 01 and VF Plus – 01) voted in favour of the matter. 02 ACDP Councillors abstained on the matter.

Thereafter, the above recommendations were by a majority vote; **ADOPTED.**

8. REVIEW OF TARIFFS: ROADS AND STORMWATER MAINTENANCE 2023/2024 (7/6/1/2)

(Page 253)

A review of tariffs administered by the Roads and Stormwater Maintenance Department has been undertaken taking into consideration cost increase that can be anticipated in the 2023/24 financial year. It must be noted that increases are varying between tariffs due to price benchmarking and customer demand. The proposed increases are contained in Annexure “A” attached herein.

With the DA and the IFP abstaining at this stage to take the matter to their respective Party Caucuses, the other Parties supported the increase in-principle.

COMMITTEE RECOMMENDS:

- 8.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, the roads and stormwater maintenance tariffs for implementation with effect from 2023-07-01 as per the detailed tariffs contained in Annexures “A” & “B” attached herein and also attached in the report of the Head: Engineering dated 2023-02-15, subject to the final adoption by Council in May 2023.
- 8.2 That upon Council granting a 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.
- 8.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

As some members were not in support of the recommendations, the matter was put to the vote. With 122 Councillors present, 120 Councillors (ANC - 89, DA – 00; EFF – 19; IFP -00; Action SA -01; ABC – 00; ACC - 01, AIC -01, DLC – 00; ADEC – 00; APF – 01; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 00, MOSA – 01; NFP -01; PFP – 00; PRM – 01; TA- 00; UIM – 01 and VF Plus – 01) voted in favour of the matter. 02 ACDP Councillors abstained on the matter.

Thereafter, the above recommendations were by a majority vote; **ADOPTED.**

9. REVIEW OF TARIFFS: DOMESTIC REFUSE REMOVAL USER CHARGE: 2023/2024 (7/6/1/2)

(Page 262)

In accordance with the National Waste Management Strategy, effective and sustainable waste management remains a priority for government. The four-year financial trend performance is indicative that the actual cost of running waste services in eThekweni Municipality keeps escalating. The imbalance between collected revenues on the one hand and the full costs for provision of waste services on the other represent a challenge. The provision of waste services is a capital-intensive function, it requires adequate infrastructure (landfill sites, transfer stations) which are costly to operate and maintain.

Operational expenses are significantly high due to the escalating cost of vehicle maintenance, infrastructure maintenance and the recent fuel price increases. Nevertheless, the Unit proposes tariffs increase of 8% to be levied during the 2023-24 financial year.

With the DA and the IFP abstaining at this stage to take the matter to their respective Party Caucuses, the other Parties supported the increase in-principle.

COMMITTEE RECOMMENDS:

- 9.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, the proposed tariffs increase of 8% for the Domestic Refuse Removal under the Cleansing and Solid Waste Unit and with the increase to be implemented with effect from 2023-07-01, subject to final adoption by Council in May 2023.
- 9.2 That upon Council granting a 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.
- 9.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Financial Implications:

Table 5 below, depicts the budgeted total income and expenditure for the whole unit. The 8% tariff increase has been factored in to reflect income to be generated for the 2023/2024 MTREF and the estimated equitable share allocation and cross-subsidisation.

Table 5: Financial implication:

DESCRIPTION	Adjusted Budget	Estimate	Estimate	Estimate
	2022/2023	2023/2024	2024/2025	2025/2026
Revenue by type	R'000	R'000	R'000	R'000
Domestic tariff	-498,521	-656,505	-715,590	-779,994
Sundry tariff	-355,688	-378,900	-409,213	-441,949
Other Income	-689	-723	-759	-797
TOTAL INCOME	-854,898	-1,036,128	-1,125,562	-1,222,740
TOTAL EXPENDITURE	1,725,417	1,979,814	2,105,280	2,226,056
DEFICIT to be covered from Equitable share & cross subsidization	870,519	943,686	979,718	1,003,316
Equitable share allocation	-463,406	-514,164	-565,067	-621,008
DEFICIT after equitable share allocation	356,355	429,522	414,651	382,308
Cross Subsidisation	-463,570	-515,556	-510,591	-489,217
SURPLUS because of cross subsidization	-107,215	-86,034	-95,940	-106,909
Internal recoveries (Revenue)	- 476,406	-500,563	-525,590	-551,870
Internal charges (Expenditure)	500,409	462,363	486,569	512,163
SURPLUS because of cross subsidization	-83,212	-124,234	-134,961	-146,616
Gains and Losses	96,470	124,234	134,961	146,616
Changes to Unapprop Surplus / Acc Deficit	13,258	0	0	0

As some members were not in support of the recommendations, the matter was put to the vote. With 120 Councillors present, 113 Councillors

(ANC - 89, DA – 00; EFF – 18; IFP -00; ABC – 00; ACC - 00, AIC -01, DLC – 00; ADEC – 00; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 00, MOSA – 01; NFP -01; PFP – 00 and TA- 00) voted in favour of the matter. 06 Councillors (Action SA -01; ACDP -02; APF – 01; UIM – 01 and VF Plus – 01) voted against the matter. 01 PRM Councillor abstained on the matter.

Thereafter, the above recommendations were by a majority vote; **ADOPTED.**

10. REVIEW OF CLEANSING AND SOLID WASTE REFUSE COLLECTION, DISPOSAL & SUNDRY TARIFFS: 2023/2023 (7/6/1/2)

(Page 269)

Cleansing and solid Waste has a business branch department that competes in the open market with an aim of generating additional revenue for the Unit. Refuse collection, disposal, and sundry tariffs are utilized to charge customers for waste management services provided by the Unit. Therefore, when determining tariffs, the Unit took into consideration the cost of providing the service and estimated the increase into fixed and variable costs. The current market prices have also been considered to ensure that CSW remains competitive in the marketplace.

The Unit therefore, seeks approval for the implementation of a 9% average tariff increase for the refuse collection, disposal, and sundry tariffs. With the DA and the IFP abstaining at this stage to take the matter to their respective Party Caucuses, the other Parties supported the increase in-principle.

COMMITTEE RECOMMENDS:

- 10.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, that the average of 9% increase for the Refuse Collection, Disposal, and Sundry tariff in the 2023/2024 financial year, with the increase to be effective from 2023-07-01 and the tariffs details outlined in Annexure “A” of the report of the Acting Head: Cleansing and Solid Waste dated 2023-02-21, be levied in respect of Refuse Collection, Disposal, and Sundry tariffs, subject to the final adoption by Council in May 2023.
- 10.2 That upon 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.
- 10.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

Financial Implications:

The business branch generates additional revenue for the unit which is broken down into Trade, Disposal, Bulk, and extra refuse income. The below table depicts additional income generated from the refuse collection, disposal, and sundry tariffs, broken down into different revenue streams.

Table 3: Revenue estimates:

DESCRIPTION	Adj Budget	Forecast	Estimate	Estimate	Estimate
	2022/2023	2022/2023	2023/2024	2024/2025	2025/2026
Disposal facilities	56,582	58,424	64,039	69,162	74,695

DESCRIPTION	Adj Budget	Forecast	Estimate	Estimate	Estimate
	2022/2023	2022/2023	2023/2024	2024/2025	2025/2026
Bulk and Extra Refuse	40,726	48,457	55,377	59,807	64,591
Trade Refuse	245,872	232,564	245,343	264,970	286,168
Refuse bags	12,000	13,885	13,749	14,849	16,037
Waste bins	507	225	390	422	456
Total	355,687	353,555	378,898	409,210	441,947

The APF dissented against the proposed Cleansing and Solid Waste Refuse Collection, Disposal and Sundry tariff increase. This was based on the strong view submitted that the services being provided by the Municipality do not warrant such an increase.

Thereafter, as some members were not in support of the recommendations, the matter was put to the vote. With 120 Councillors present, 114 Councillors (ANC - 89, DA – 00; EFF – 18; IFP -00; ABC – 00; ACC - 00, AIC -01, DLC – 00; ADEC – 00; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 00, MOSA – 01; NFP -01; PFP – 00, PRM -01 and TA- 00) voted in favour of the matter. 06 Councillors (Action SA -01; ACDP -02; APF – 01; UIM – 01 and VF Plus – 01) voted against the recommendations. There were no abstentions recorded.

Accordingly, the above recommendations were by a majority vote; ADOPTED.

11. REVIEW OF TARIFFS: HUMAN SETTLEMENTS ADMINISTRATION (7/6/1/2)

(Page 288)

The Human Settlements Unit creates a sustainable human settlement and improves quality of household life; improves access to basic service and provide more efficient utilization of the land to enhance urban agglomeration to the citizens of the eThekweni Municipality.

In order to keep tariffs at an affordable level, it should be noted that the Debtor Administration fee has not been increased to keep the tariff in line with the industry. With other elements of the Unit, a general 3% increase is proposed.

With the DA and the IFP abstaining at this stage to take the matter to their respective Party Caucuses, the other Parties supported the increase in-principle.

COMMITTEE RECOMMENDS:

- 11.1 That Council approves in-principle in terms of Section 75A of the Local Government Municipal Systems Act No. 32 of 2000, a general increase of 3% in the Human Settlements Unit tariffs to be implemented with effect from 2023-07-01 with respect to sub-letting fees; cancellation fee; housing administration consent fee – consent to waive administration fees; it being recorded that there is 0% increase with regard to

the debtors administration fee, which increase is subject to final adoption by Council in May 2023.

- 11.2 That upon Council granting a 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.
- 11.3 That the City Manager be mandated to send a copy of the notice to the KwaZulu-Natal MEC for Co-operative Governance and Traditional Affairs.

As some members were not in support of the recommendations, the matter was put to the vote. With 120 Councillors present, 115 Councillors (ANC - 89, DA – 00; EFF – 18; IFP -00; ABC – 00; ACC - 00, AIC -01, DLC – 00; ADEC – 00; ATM -01; ALJAMAH – 00; JEP -01; KZNI - 01, MF - 00, MOSA – 01; NFP -01; PFP – 00, PRM -01; TA- 00 and VF Plus – 01) voted in favour of the matter. 05 Councillors (Action SA -01; ACDP -02; APF – 01 and UIM – 01) voted against the recommendations. There were no abstentions recorded.

Accordingly, the above recommendations were by a majority vote; ADOPTED.

12. IMPLEMENTATION OF 2023 BUDGET HEARINGS AND INTEGRATED DEVELOPMENT PLAN CONSULTATION AS WELL AS HOSTING STATE OF THE CITY ADDRESS (2/1/6/1 & 7/1/2/1)

(Page 294)

As per the statutory requirement, His Worship the Mayor will lead the budget and the Integrated Development Plan (IDP) hearings to solicit views of the local communities and other relevant stakeholders of the Municipality. Further, His Worship will engage the residents in a form of the State of the City Address (SOCA) which will focus on current political and socio-economic state of the City; also setting out key policy objectives of the City and deliverables for the year ahead whilst also highlighting the City's achievements and challenges experienced over the past year.

The SOCA will be held at Princess Magogo Stadium in KwaMashu with a number of one thousand seven hundred (1 700) participants expected, including Municipal Councillors; media; business leaders; traditional leaders; religious leaders; various sectors leaders and members of the community at large.

The SOCA will be three-fold and held on 26 April 2023. The first part will involve public participation ceremony with the Civil Guard of Honour welcoming His Worship the Mayor and his guests. Secondly, there will be a parade along the street of KwaMashu showcasing the City diversity. Lastly, the actual SOCA to take place prior to the commencement of the ordinary Council meeting on 26 April 2023.

The expenditure to be incurred for the activities as outlined is as follows and with the costs breakdown stated in the table contained below under the recommendations:

Budget and IDP Consultation:	R4 553 996
State of the City Address:	R1 592 000
(Including Council Meeting &	

Various Media Live broadcast)

With the Committee being in agreement,

COMMITTEE RECOMMENDS:

- 12.1 That, in line with the statutory requirements and to solicit views of the Municipal stakeholders, Council approves the implementation of the 2023 Budget and Integrated Development Plan (IDP) stakeholder consultation with effect from 12 April to 04 May 2023, as well as the hosting of the State of the City Address (SOCA) aimed at presenting a comprehensive outlook of the City's performance in a bid to provide sustainable service delivery to the local communities, it being recorded that the SOCA will take place in conjunction with the ordinary full Council meeting on 26 April 2023.
- 12.2 That, subject to the approval of .1 above, authority be granted for the Deputy City Manager: Governance and International Relations to incur expenditure in the total amount of R6 145 996.00 (Six Million One Hundred and Forty Five Thousand Nine Hundred and Ninety Six Rand) as per the breakdown contained in the detailed below and relating to the IDP and Budget hearings; full Council meeting, with authority being also sought for the Deputy City Manager to facilitate the transfer of funding in the amount of R600 000.00 (Six Hundred Thousand Rand) from the advertising vote to cater for the media live broadcast during the SOCA.
- 12.3 That Council notes dates and venues for the Budget and IDP hearing as contained in the table below:

Date	Day	Time	Details
12 April 2023	Wednesday	10:00 am 16:00 pm	Sugar Ray Xulu Stadium Kloof Civic Centre
13 April 2023	Thursday	8:00 am	Business Sector (Coastlands Hotel Umhlanga)
15 April 2023	Saturday	10:00 am	Umnini Sports Ground
20 April 2023	Thursday	10:00 am 16:00 pm	King Zwelithini Stadium Chatsworth Hall
21 April 2023	Friday	11:00 am	Disability Sector
26 April 2023	Wednesday	8:00 am	State of the City Address: Princess Magogo Stadium
22 April 2023	Saturday	10:00 am	Mpumalanga Stadium
28 April 2023	Friday	10:00 am 16:00 pm	JL Dube Stadium Stonebridge Hall
02/05/2023	Tuesday	10:00 am 16:00 pm	Tonga Indoor Centre Greenwood park hall
04/05/2023	Thursday	10:00 am	Amakhosi (Pinetown Civic Centre)

Financial Implications:

IDP AND BUDGET CONSULTATIONS		
ITEM	VOTE NUMBER	ESTIMATED EXPENDITURE

IDP AND BUDGET CONSULTATIONS		
Catering for 1700 people @ 5 Stadium venues @ 150 per person = R1 275 000 Catering for 200 people @ x5 Com Hall @ R150 pp = R150 000 Catering for Disability sector and Amakhosi 250 people @ 180 pp = R45 000	32601.11400.12120.0000.37200.0010	R1 470 000
Hire charges (Hire of 2000-Seater Marquee, Registration Marquee, Professional Sound for 14 venues, Stage, Couches, chairs, tables, Toilets, speed Fencing, x2 Large screens) plus U	32601.18950.10.12120.0000.37200.0010	R1 500 000
Artist and performers	32601.11330.12120.000.37200.0010	R200 000
Hire of ICC and DEC	32601.22710.30.12120.0000.37200.0010	R130 000
Hire of Buses (61 Buses @R7 000 each)	32601.21805.12120.0000.37200.0010	R427 000
Ambulance services	32601.10730.12120.0000.37200.0010	R150 000
Advertising and Radio Promotions (Total communications plan)	32601.16315.12120.0000.37200.0010	R676 996
TOTAL		R4 553 996

STATE OF THE CITY ADDRESS			
ITEM	Vote number	ESTIMATED EXPENDITURE	SAVINGS REQUIRED
Hire Charges- Frame Marquee (30m x 60); 500 Chairs with chair covers; Stage, Floor Carpets, Generator; Toilets, Industrial Fans, Fire Extinguishers, Ambulance service	32601.18950.10.12120.0000.37200.0010	R420 000	R0
Main Stage with Sound and Screens, Catering Frame Marquee	32601.18950.10.12120.0000.37200.0010	R219 000	R0
Catering for 500 VIP and 1200 community member	32601.11400.12120.0000.37200.0010	R234 000	R0
X17 Buses for 17 Zones	32601.10730.12120.0000.37200.0010	R119 000	R0
Live broadcast on SABC news and newzroom Africa	32601.16315.12120.0000.37200.0010	R600 000	R600 000
TOTAL		R1 592 000	R600 000

Virement Budget					
FUNDS REQUESTED			FUNDED FROM		
Item	Vote	Amount	Item	Vote	Amount
Advertising	32601.16315.12120.0000.37200.0010	R400 000	Catering	32601.11400.12120.0000.37200.0010	R400 000

Advertising	32601.16315.12120 .0000.37200.0010	R200 000	Events (Buses)	32601.21805.121 20.0000.37200.00 10	R200 000
TOTAL		R600 000	Total		R600 000

FC No.: 2023/08/24

ADOPTED.

13. REQUEST FOR APPROVAL TO PROCURE VEHICLES FOR THE SECURITY AND PROTECTION SERVICES

(Page 298)

A need exists to replace as well as procure additional vehicles for the security and protection services. The current fleet has exceeded its lifespan and due for replacement. Also, new vehicles are required based on operational demands of the Security and Protection Services. The procurement has not been undertaken due to non-availability of funding. This poses huge security risk since the Security and Protection Services cannot fully perform their duties without vehicles.

Upon enquiry, it was advised that between 25 and 30 vehicles are required and that the final purchase will be determined by the vehicle market rates. Thereafter, the Committee emphasised the significance of utilising local-based companies to purchase vehicles thereby boosting local economy and impact job creation.

In view of the Report having been received late, the DA, EFF and IFP abstained on the matter at this stage for discussion at their respective Caucus levels. With the ANC and the NFP being in support acknowledging the significance of mitigating the security risks and also having raised and also having realized the opportunity to boost local economy in the process,

COMMITTEE RECOMMENDS:

- 13.1 That Council approves the procurement of vehicles for the purposes of effective provision of the Security and Protection Services, which purchase will serve both the replacement and additional vehicle requirements, at an estimated value of R20 000 000.00 (Twenty Million Rand), including VAT, and to be funded from savings to be identified during the 2022/23 financial year.
- 13.2 That authority be granted for the Deputy City Manager: Finance to identify savings and accordingly include such in the final Adjustment Budget report.

ADOPTED.

14. DRAFT BUDGET 2023/2024 – 2025/2026 MEDIUM TERM REVENUE AND EXPENDITURE (MTREF)

(Item on agenda & Circulated Separately)

The 2023/2024 MTREF is balanced and has been prepared in terms of the guidelines as contained in the National Treasury's Municipal Finance Management Act (MFMA) Circular No's 122 & 123. The budget format and content incorporate the requirements of the Municipal Budget and Reporting Regulations.

The Budget has been prepared in the following context:

- Realistic and achievable collection rates.
- Improved and efficient management of assets.
- Sustainable, affordable, realistic and balanced budget.
- budgets are funded, revenue management is optimized.
- Major tariffs to be cost reflective, realistic and affordable.
- Budget to contribute to achieving strategic objectives of the Integrated Development Plan.
- Loans to be sustainable and affordable and utilised for capital projects only.
- Balancing capital expenditure for social, economic, rehabilitation and support.
- Need to ensure rates base growth to ensure sustainability of free basic services.
- Holistic: account for basket of goods & services provided, that are needs driven into the IDP
- Income/revenue driven budget: affordability i.e if funds do not materialize, review expenditure

Whilst this is a balanced & fully funded budget, it must be appreciated that various controllable expenditure budget cuts had to be made. Also, close monitoring of the operating expenditure and income will be undertaken to ensure sustainability and austerity measures need to be further considered to ensure affordability of services to consumers and ratepayers. Improved productivity and value for money needs to be driven aggressively by management to ensure improvements of our financial position.

The Total budget for the 2023/2024 Medium Term Revenue and Expenditure Framework (MTREF) appears below:

Consolidated Budget (Including entities):

Details	Budget Year (2023/2024)	Budget Year (2024/2025)	Budget Year (2025/2026)
	R,000	R'000	R'000
Operating Budget	57 908 940	61 654 394	66 716 528
Capital Budget	8 143 224	5 884 769	5 895 842
Total Budget	66 052 164	67 539 163	72 612 370

Parent Municipality (excluding entities):

Details	Budget Year (2023/2024)	Budget Year (2024/2025)	Budget Year (2025/2026)
	R,000	R'000	R'000
Operating Budget	57 275 497	60 947 961	65 959 644
Capital Budget	8 100 844	5 831 814	5 833 087
Total Budget	65 376 341	66 779 775	71 792 731

During consideration at the Executive Committee level, the following salient points were raised by various Members:

- Appreciation for the compilation of the balanced draft budget whilst cognisance is taken that the City is still recovering from the triple disaster, namely, the Covid-19 pandemic; the July 2021 Civil Unrest; and the April/May 2022 floods.
- Appreciation that floods disaster funds have been received and commitments made for the infrastructural rehabilitation.
- Concerns on the reduced budget for the Public Employment Programme (PEP) and request to beef up the Informal Settlements Upgrading Partnerships Grant, whilst confirmation was given that a meeting will be held with National Treasury in April 2023 to lobby for additional funding and to subsequently seek the intervention of political leadership in the event this is required.
- Concern that the Municipality might be required to cover the shortfall under the PEP and subsequently experience similar challenges as currently experienced with the EPWP funding.
- Emphasis to recover debts owed by government departments and other parastatals to boost the City revenue, it being cited that the low revenue results in taxable income being heavily taxed while subsidizing the needy. However, also confirmation being given of the disconnection of services of the government departments owing the Municipality.
- Understanding the importance of budget and revenue collection to address infrastructural challenges.
- Ongoing consultations to pursue rural development areas to pay a standard rate of R100.00 to sustain service delivery in rural areas.
- Acknowledging the City initiatives to bid for major events, and recently having won the bids to host the Climate Change Summit and the Water Summit, which events have potential to boost local economy.
- Commitment to include virtual budget hearings, including proposed assembly as the last engagement to accommodate the community from various levels.
- Commitment to consult Councilors on the informal upgrade projects to understand the Wards impacted in this regard.

In view of the opportunity being required to interrogate draft budget, the DA and the IFP abstained at this stage. The ANC, EFF and the NFP supported the draft budget it being acknowledged that this is still to undergo the consultation process.

Accordingly,

COMMITTEE RECOMMENDS:

14.1

That the draft budget for for 2023/34 - 2025/26 Medium Term Revenue and Expenditure of the Municipality and its entities tabled in terms of Section 24 of the Municipal Finance Management Act (MFMA), be approved in-principle by the Council and will be subject to further considerations arising out of the inputs/comments from the public participation process, it being recorded that the specific resolutions in this regard are attached herein.

14.2 That note be taken of the contents of the budget documentation circulated in accordance with the Municipal Finance Management Act, No.56 of 2003.

14.3 Estimates of Income and Expenditure:

14.3.1 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 2023/24; and indicative allocations for the two projected outer years 2024/25 and 2025/26; 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 78)**
- Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) **(Table A3; Page 79)**
- Budgeted Financial Performance (Revenue by Source and Expenditure by Type) **(Table A4; Page 80)**
- Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source **(Table A5; Page 81)**

14.3.2 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 83)**
- Budgeted Cash Flows **(Table A7; Page 85)**
- Asset Management **(Table A9; Pages 87 – 88)**
- Basic Service Delivery Measurement **(Table A10; Page 90)**

14.4 Municipal Entities:

That the Municipal Entities budget as reflected on pages 258 to 280 be approved

14.5 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 14.6 to 14.11) 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.

14.6 Determination of Rates:

14.6.1 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.

14.6.2 The proposed rate randage for the financial year 2023/2024, be revised as set out below and levied in respect of the following categories at:

CATEGORY OF PROPERTY	Current Budget 2022/23 Cents in the Rand	2023/24 Cents in the Rand	2024/25 Cents in the Rand	2025/26 Cents in the Rand
Agricultural	0.2959	0.3222	0.3383	0.3552
Business & Commercial	2.9820	3.2473	3.4097	3.5802
Outside Urban Development Line	1.9459	2.1190	2.2250	2.3362
Industrial	3.8484	4.1909	4.4004	4.6204
Public Service Infrastructure (PSI)	0.2959	0.3222	0.3383	0.3552
Residential	1.1837	1.2890	1.3535	1.4211
Unauthorised/ Abandoned/ Illegal Usage	23.6728	25.7796	27.0686	28.422
Vacant Land***	11.7932	10.0242	10.5254	11.051
Sectional Title Registered Real Rights of extension	11.7932	10.0242	10.5254	11.051
Mining property	3.8484	4.1909	4.4004	4.6204
Public Service Purpose (PSP)	2.9820	3.2473	3.4097	3.5802
Public Benefit Activities (PBA)	0.2959	0.3222	0.3383	0.3552

*** Randage for Vacant land has been decreased by 15%

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

14.7 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.

14.7.1 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.

14.7.1.1 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 - R350 001 up to and including R 650 000 of which the aggregate monthly household income is R4,220 or less, be eligible to apply for registration as an indigent household

under the Indigent Policy. Provided that where an indigent owner owns multiple properties, any relief shall be restricted to the primary property of that owner for purposes of relief in terms of the Indigent Policy read with the Municipal Rates Property

14.7.2 Public Benefit Organisations:

14.7.2.1 That on application and approval, only Public Benefit Organisations listed in Clause 7.5 of the Municipal Rates Policy 2023/2024 shall receive an exemption from rates.

14.7.2.2 That it be recorded that Public Benefit Organisations that do not qualify for exemption from rates in terms of (14.7.2.1) 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.

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

14.7.3.1 That where a property is not exempt from rates in terms of 14.7.1.1 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 14.7.1 above) for qualifying Senior Citizens, disability grantees / medically boarded persons and child headed households as defined in the rates policy.

14.7.3.2 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 (14.7.3.1) above.

14.7.3.3 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.

14.7.3.4 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 (14.7.3.1) above, no threshold limit be imposed on the value of the property.

14.7.4 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.

14.7.5 Schools Not For Gain:

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

14.7.6 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.

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

14.7.7.1 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.

14.7.7.2 That on application and approval, property let out for the purposes of Holiday Accommodation, be granted a rebate of 64%

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

14.7.7.4 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.

14.7.8 Natural and Other Disasters:

14.7.8.1 That properties that have been damaged by a natural 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 natural disaster.

14.7.8.2 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 7.11.2 of the Municipal Rates Policy; for a period of six months or a portion thereof.

14.7.8.3 That on application and approval, a further temporary rebate of 75% be granted thereafter in respect of property referred to in Clause 7.11.2 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.

14.7.8.4 That the rebate is granted on the category of property prior to damage.

14.7.8.5 That the Municipal Council may determine if a rebate is to be granted in relation to a disaster as envisaged in 7.11.7 of the Municipal Rates Policy. In this regard a special rebate be allowed.

14.7.9 Vacant Land:

That the reduction of R30 000 on the market value of Vacant Land located in the 'outside the Urban Development Line', as defined in the amended Rates Policy, be granted.

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

14.7.10.1 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.

14.7.10.2 That a rebate of 63% be and is hereby granted to the International Convention Centre in respect of property rates payable to the Municipality.

14.7.10.3 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.

14.7.11 Nature Reserves and Conservation Areas:

14.7.11.1 That on application and approval:

(i) Nature reserves and conservation areas shall be exempted from rates.

14.7.12 Economic Development:

14.7.12.1 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%

14.7.12.2 Economic Development Investment Incentives Applicable 2023-2024:

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:

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 fixed 3-year period.	All-inclusive values	
	• 50-250 jobs		10%
	• 251 jobs and above.		20%
Targeted Sectors	Investment in Targeted Sectors as defined in the Draft eThekweni Inclusive Growth Strategy 2021-2022 to 2026-2027.	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 Inclusive Growth Strategy 2021-2022 to 2026-2027	All-inclusive values.	20%

- (i) The incentive policy will not be implemented retrospectively but rebates as stated herein will be implemented for a fixed 3-year period from date of approval or as approved from the date post construction. It is suggested that applicants submit an application early in the development cycle, 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.

14.7.13 Special Rating Areas:

- 14.7.13.1 That the existing Special Rating Areas as indicated in Annexure A be hereby noted.
- 14.7.13.2 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.
- 14.7.13.3 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
- 14.7.13.4 That the establishment of the Pigeon Valley Special Rating Area which serves as the promotion of urban partnership and an important strategic tool It being recorded that this approach enables communities to self-fund supplementary and additional services to improve and upgrade their areas, thus ensuring well maintained, safe and attractive public spaces that support the social and economic functions of these precincts thereby retaining and attracting investments. That authority be granted for the Head: Revenue Services to levy an additional rate of 0,11013 c/Rand of property value in 2023/2024 on properties in the Pigeon Valley Special Rating Area in the 2023/2024 Municipal budget.

14.7.14 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).

14.7.15 Green Certified Buildings:

The Green Building Incentives Policy was out for public participation in Sept 2021.

On application and approval by Municipal Council, all non-residential developments which fall within the City, as contemplated in the Green Building Incentive Policy of Council read together with the Municipal Rates Policy shall receive a rebate as set out below, for the 2023/2024 financial year:

(a) **GREEN STAR**

Certification	Description	Incentive/Provision	Responsibility
6 Star	Mandatory: 6 Star rating, i.e., over 75 points, with a minimum of 14 points for ENE 1. Optional additional: 1. 6 points or more for the Socio-Economic Category, and/or 2. 3 points or more for the Innovation Category.	Rebate calculated on property rates tax payable: Mandatory: 35% reduction. Optional additional: 1. Additional 3%; and/or 2. Additional 2%.	Revenue Management Unit and Development Planning, Management and Environment Unit.
5 Star	Mandatory: 5 Star rating, i.e., between 60 and 74 points, with a minimum of 8 points for ENE 1.	Rebate calculated on property rates tax payable: Mandatory: 20% reduction.	Revenue Management Unit and Development Planning, Management and Environment Unit.

Certification	Description	Incentive/Provision	Responsibility
	Optional additional: 1. 12 points or more for the Socio-Economic Category, and/or 2. 5 points or more for the Innovation Category.	Optional additional: 1. Additional 6%; and/or 2. Additional 4%.	
4 Star	Mandatory: 4 Star rating, i.e., between 45 and 59 points, with a minimum of 4 points for ENE 1. Optional additional: 1. 12 points or more for the Socio-Economic Category.	Rebate calculated on property rates tax payable: Mandatory: 9% reduction. Optional additional: 1. Additional 6%	Revenue Management Unit and Development Planning, Management and Environment Unit.

EDGE:

Certification	Description	Incentive/Provision	Responsibility
Edge	Mandatory: Residential buildings to achieve minimum 20% less energy use (than National Building Regulations), 20% less water use, and 20% less embodied energy in materials, as per the EDGE tool.	Rebate calculated on property rates tax payable: Mandatory: 35% reduction.	Revenue Management Unit and Development Planning, Management and Environment Unit.

14.8 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.

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

14.9.1 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 of R4500.00 per payment once a month;

14.9.2 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;

14.9.3 That the property threshold for debt relief as per Clause 15.2(c) be set at R250 000.00 of the market value of the property as recorded in the Municipal Valuation Roll;

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

14.9.5 That the property threshold for the prepayment recovery as per Clause 20.2 be set at R750 000.00.

14.9.6 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 R350 000.00

14.10 Date of Operation of Determination Of Rates:

That this determination comes into operation on 1 July 2023.

14.11 Final Date for Payment of Rates:

14.11.1 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.

14.11.2 Where rates are payable annually the final date for payment shall be 31 October 2023, 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.

14.12 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.

14.13 Interest on Arrears:

That the interest rate to be applied to arrear accounts with effect 1 July 2023, shall be the interest rate as prescribed by Regulation 9 of the Municipal Property Rates Regulations, 2006.

14.14 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 2023.

14.15 Domestic Water Debt Relief Programme:

That it be and is hereby resolved to place a maximum limit of R250 000 on the rateable value of the property in order to qualify for the Water Debt Relief Program.

14.16 BUDGET RELATED POLICIES:

14.16.1 Rates Policy:

That the amended Rates Policy, as approved by Council be adopted with the final budget.

14.16.2 Credit Control and Debt Collection Policy:

That the amended Credit Control and Debt Collection Policy, be approved with the budget.

14.16.3 Tariff Policy:

That the amended Tariff Policy, be approved with the budget.

14.16.4 Funding and Reserves Policy:

That the Funding and Reserves Policy adopted by Municipal Council on 3 May 2010 has been reviewed and remains unchanged.

14.16.5 Budget Policy:

That the Budget Policy adopted by Municipal Council on 23 February 2011 has been reviewed and remains unchanged.

14.16.6 Investment Framework Policy and Borrowing Policy:

That the reviewed Investment Framework policy and Guidelines as adopted by Municipal Council on 2017-06-28 remains unchanged.

14.16.7 Supply Chain Management Policy:

That the Supply Chain Management Policy has been reviewed and the amended policy is submitted to Municipal Council for adoption.

14.16.8 Indigent Policy:

That the amended Indigent Policy, be approved with the budget.

14.16.9 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.

14.17 Capital Expenditure Estimate:

14.17.1 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.

14.17.2 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.

14.17.3 That the borrowing to fund capital budget be R 1.5bn to deal with infrastructure projects and R 1bn per annum for the outer 2 years.

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

- 14.17.5 That authority be granted for projects from Programme and Project preparation support grant (PPPSG) with positive return on investments (ROI), to be considered for approval subject to the identification of savings being identified during the years
- 14.17.6 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.
- 14.18 Borrowings to Finance the Capital Budget:
- That authority be sought from 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 to raise an amount of R1.5 bn for 2023/24 and R1 Billion per annum for each of the outer years of the MTREF period.
- 14.19 Housing/Hostels Deficit:
- 14.19.1 That the estimated Formal Housing Deficit of R63.9m for the 2023/2024 financial year be met from the Rate Fund.
- 14.19.2 That the estimated New Development Housing and Hostels deficit of R313.6m be funded from the Rate Fund.
- 14.19.3 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.
- 14.20 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.
- 14.21 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 153)** be approved.
- 14.22 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.
- 14.23 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 164 - 165)**

14.24 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 173)**

14.25 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 2023/24</u> <u>R M</u>
Libraries	395,9
Health – Other than municipal health services	155,8
Museums	97,1
Housing: New Development and Hostels	313,6
Formal Housing	63,9
TOTAL	1 026,3

14.26 Impact of Housing Expenditure on the Cash Reserves:

14.26.1 That municipality makes further representation regarding expenditure incurred in previous years by the municipality amounting to R4.7bn for the construction and provision of housing done on an agency basis on behalf of the KZN Department of Human Settlements (KZN DOHS)

14.26.2 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.

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

- 14.27.1 That in view of the current economic climate further austerity measures be considered and that all departments review their expenditure and ensure that municipality is getting best value for all expenditure.
- 14.27.2 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 need to be closely monitored. Tariff structures as well as alternate sources of revenue need to be considered together with the improved effectiveness of spend.
- 14.27.3 The security tender be urgently finalized, the right sizing of services done and replacement of services with electronics be considered
- 14.27.4 That Cost containment regulations be strictly adhered to iro cost containment with regard to travel, entertainment, eventing, consultants etc.
- 14.27.5 That urgent interventions be put in place to improve the collection rates in hostels and that appropriate sanctions be considered to enforce payment.
- 14.27.6 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
- 14.28 Free Basic Services:
- 14.28.1 That the Free Basic Services Package as set out on **page 104** is approved for the budget year 2023/2024.
- 14.28.2 That in view of the sustainability of providing free basic services a flat rate for services be considered so that will be recovered based on prepaid electricity sales as a matter of urgency
- 14.29 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.
- 14.30 Food Aid Program (Soup Kitchens):
- That in order to assist the municipality in its food aid program and maximize this service, the engagement of external stakeholders has started in the North Region where one Soup Kitchen was established with the assistance of the ISIBAYA COMMUNITY TRUST. During the 2022/2023 financial year, two new soup kitchens were established. A provision of R 118 m has been made to fund the 85 soup kitchens
- A total of 759 Volunteers are currently running the soup kitchens on a daily basis.
- 14.31 Destination Marketing Programmes:

14.31.1 That Council approves the hosting of the destination marketing programs as budgeted for is subject to unit submitting a report to the standing committee confirming demonstrable benefit to the city.

14.31.2 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	2 273 578

- 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:
 - i) Attracts national, regional and international visitors and increase visitor numbers during both at peak and off-peak season
 - ii) Boost accommodation occupancy in tourism products
 - iii) Profiles destination through pre, during and post promotion in Public Relations Value.
 - iv) Increase the length of stay to the destination
 - v) Destination Brand and holistic experience exposure
 - vi) National, regional and international Media Exposure and Media leveraging
 - vii) Trade Relations for further leveraging without additional costs to the City.
 - viii) Economic Boost for the City within the value chain of tourism products
 - ix) Increase contribution to government taxes and rates
 - x) Job creation in the tourism dynamic value chain.
- i) The 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

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- 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

NO	DESTINATION PROMOTION PROGRAMME CATEGORIZATION	DESCRIPTION
		<p>for visitors when they are already in Durban. to come to Durban to attend and spend days in Durban.</p> <ol style="list-style-type: none"> 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.
3	Category C	<ol style="list-style-type: none"> has a local footprint of visitors that is mostly Durbanites not from out of town. 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. 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. It attracts a 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 a lot of marketing support and other value in Kind support from the City. 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"> A great tourism booster with visitor numbers on of peak seasons through business visitors and accompanying spouses. Boost accommodation occupancy as MECE delegates and visitors A great booster for job creation in the tourism value chain including MECE- convention centres, shuttles services, tour operators through MECE pre and post tours. Media leveraging and exposure as MECE venture has international media 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 Stimulates repeat visits as MECE attendees from business tourism travel will return to destination for leisure with family. Bulk high MECE visitor spend as these are generally subsidized by their businesses not from their personal disposable income.

Financial provisions – R41Million (2023/24)

k) It is accordingly recommended:

- That Council provisionally approves the hosting of the destination promotion and marketing programs as budgeted for and indicated on Annexure B subject to programmes fulfilling the objectives of the strategy as listed in section 1.8 and TABLE D.
- 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 will submit a report to the standing committee with the final programmes listed 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.
- 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.

14.32 Additional Recommendations:

14.32.1 That whilst we have provided for a 5.5 % increase in salaries and a further R220 m for performance notch increases, this will only be payable subject to affordability.

14.32.2 That the average Electricity Tariff increase of 21.91%

14.32.3 That it be noted that the Water tariff increase is at 14.9% for Domestic consumers and 15.9% for Business consumers. The bulk purchase increase from Umngeni Water Board is 5.5%.

14.32.4 That it be noted that the refuse user charge tariff increase of 8% for residential

	2023/24 Proposed tariffs	2024/25	2025/26
Electricity	21,91%	11,25%	13,67%
Water:			
• Domestic	14,9%	14,9%	14,9%
• Business	15,9%	15,9%	15,9%
Refuse Removal			
• Domestic	8%	8 %	8%
• Business	7 - 9%	7 - 9 %	7 - 9 %
Sanitation			
• Domestic	11,9%	11,9%	11,9%
• Business	12,9%	12,9%	12,9%
Rates: Average	8.9 %	5%	5%

ANNEXURE A – 2023/2024

ADDITIONAL RATES LEVIED ON SPECIAL RATING AREAS (14.7.13 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)	0,001309	0,002968	0	0	0		

Special Rating Areas	Residential	Business & Commercial	Industrial	Vacant Land	Agriculture	Unauthorised/abandoned	Public Service Infrastructure
b) Precinct bordered by Soldiers Way, Dr AB Xuma Road, Florence Nzama Street and Bram Fischer Road. (North East Business Precinct)	0	0,000547	0,000705	0,001081	0		
c) Precinct bordered by Dorothy Nyembe Street, Margaret Mncadi Avenue, Beach Walk and Anton Lembede Street. (North East Business Precinct)	0	0,000547	0,000705	0,001081	0		
d) Precinct bordered by Soldiers Way, Bram Fischer Road, Sylvester Ntuli, KE Masinga and Archie Gumede (Place) Roads. (North East Business Precinct)	0	0,000547	0,000705	0,001081	0		
e) Precinct bordered by OR Tambo Parade, Dr Pixley KaSeme Street Mall, Rutherford and Gillespie Streets (South Beach Precinct).	0,002397	0,005435	0	0,010747	0		
f) Umhlanga Promenade Precinct bordered by Ocean Way (South), Lot 430 (North), Lagoon Drive (West) and the Indian Ocean (East).	0,000972	0,002205	0	0,00436	0		
g) Precinct bordered by Burlington Road, Burlington Drive, Nagel Road, Windsor Road, Midmar Road and Henley Road.	0.003394	0.007695	0	0.015216	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	0,00314	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)	0,000428	0	0	0,001918	0,000107		
j) Maytime Community bordered by M13 Highway, Woodside Avenue, Haygarth Road, Abrey Road, Msonti, Quilhall Lane, Alexander Avenue, Mtonbi and Victory Road.	0,00267	0,006054	0	0,011971	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	0,008459	0	0	0	0	0
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	0,002944	0	0	0,002944	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	0,004513	0,005824	0	0	0	0

Special Rating Areas	Residential	Business & Commercial	Industrial	Vacant Land	Agriculture	Unauthorised/abandoned	Public Service Infrastructure
n) Pigeon Valley area bounded by Mazisi Kunene, Lamont, Penzance, Evans, Frere Crscent, ZK Matthews, Alan Paton, Lena Ahrens, Helen Joseph, Cato and Clark Roads	0.001101	0.001101	0	0	0	0	0

His Worship the Mayor presented draft budget of the eThekweni Municipality for 2023/2024 financial year. He advised that this is a very difficult budget to balance as the City is experiencing extremely trying times. Further, that the impact of the Covid-19 pandemic, Civil Unrest, and the April 2022 floods was still felt in a negative way. The impact of the global economy, loadshedding, rising fuel prices, unemployment, interest rates and inflation was also considered contributing to the current state of the economy and this impacting finances of the City and households across the Municipality, especially the poor.

Despite these challenging circumstances, some which were considered to be out of control of the City, His Worship advised that the provision of basic services and stimulation of the economy for job creation have been prioritized in this budget. Accordingly, he extended gratitude to the Budget Steering Committee in particular, for its sterling work in prioritizing and producing a sustainable, affordable, realistic, credible, and balanced budget. He mentioned that this budget gives Council an opportunity to continue focusing on building better communities and accelerate service delivery, particularly in improving waste management, electricity, and water supply.

His Worship indicated that the City's efforts to clean the City were beginning to yield positive results after the Municipality made reforms in the Cleansing and Solid Waste Unit. However, he reiterated that cleaning the City is a collective responsibility. Therefore, he urged residents to cooperate with the Municipality by disposing waste in designated areas. He was pleased that the Private Sector and the Public Entities are putting their shoulders into the wheel to keep the City clean. He mentioned that earlier in the month, MTN collaborated with the City in a cleaning campaign in the Durban CBD. It being mentioned that the Passenger Rail Agency of South Africa has embarked on an education campaign to create awareness about the importance of keeping our rail network clean.

Continuing with his budget speech, His Worship mentioned that as the Country is approaching Passover Holidays, indicated the Municipality would be working with various Churches in a cleaning campaign to encourage congregants to keep their surroundings clean during the Passover Church services. On the other hand, he advised that the Municipality would continue to repair the infrastructure severely damaged during the floods. Meanwhile, he was pleased that in the previous week, the National Treasury had transferred R1.5 Billion of the Disaster Response Grant. That, of this amount, R1.2 Billion has been allocated to repair roads, storm water drainage and bridges. Further, that R200 Million has been set aside to repair water and sewer infrastructure and R100 Million being allocated to human settlement.

CRIME

His Worship the Mayor mentioned that the leadership of the Municipality, is concerned about the escalating incidents of crime in the City. That people were

being mugged and killed in broad daylight in places where they were supposed to feel safe. That, Council is also observing a growing trend of mass killings, particularly in the Outer West areas. To address this scourge of crime in these areas, reference was made to a resolution taken in the last Council meeting to donate land to the South African Police Station to build a fully-fledged Police Service in Marrianhill. That this would improve policing in areas such as Tshelimnyama, Mpola, Dassenhoek, KwaSanti and KlaarWater.

His Worship reported that the Municipality is currently implementing the resolutions of the Crime and Social Cohesion Summit held in December 2022; which proposed the following interventions.

- Deployment of multi-disciplinary teams to deal with the killing of community leaders and mass murders.
- The installation of CCTV in the CBD, rural and township communities, particularly in areas that have been identified as crime hotspots.
- Deployment of dedicated teams to deal with bad buildings, drugs, and illegal liquor outlets.
- Working with the business sector to establish satellite police stations in crime hotspots.

As part of the City's efforts to increase police visibility on the streets, His Worship mentioned that the Municipality continues to recruit Metro Police Officers with the intention to reach a target of 5000 law enforcement officers. That currently, 200 Metro Police trainees have been enrolled in Police College. That the recruitment process for an additional 200 members is being finalised. It being mentioned that as from the year 2024, the Municipality would be recruiting 400 new Police Officers annually.

His Worship emphasised that fighting crime cannot be the sole responsibility of Government. For this reason, the Municipality continues to work with community crime fighting structures to mobilise communities to form a united front against crime by organizing them into street and village committees. That, the importance of unity of purpose cannot be over emphasised if the City is to achieve the plans that are set out in the draft budget. The attention was drawn to the fact that people of eThekweni have indicated in no uncertain terms that the City's leadership collectively must put its political differences aside and work together to improve their lives. To demonstrate to the people of eThekweni; His Worship mentioned that the Municipality has begun to walk the journey of changing people's lives for the better, therefore, Council had to approve this draft budget which is viewed to be pro poor and seeks to turn the economic fortunes of the City.

BUDGET

His Worship mentioned that this budget is in line with the City's Long Term Development Framework and Financial Strategy with an emphasis on affordability and sustainability. The total budget for 2023/2024 was recorded as R66 billion comprising an operating budget of R57.9 billion and a capital budget of R8.1 billion.

OPERATING BUDGET

His Worship presented that the operating budget has grown by 16% from R49.8 billion in the current financial year to R57.9 billion in 2023/2024. That the growth of the operating budget is mainly due to the repairs and maintenance of infrastructure, cost of addressing service delivery backlogs, cost of bulk purchases – water and electricity, and employee related costs.

The main drivers of the operating budget were presented as follows:

- **R19.6 billion on electricity,**
- **R6.2 billion on community and emergency services,**
- **R8.7 billion on water,**
- **R2 billion on sanitation,**
- **R2.3 billion on engineering services,**
- **R1.2 billion on transport, and**
- **R2 billion on cleansing and solid waste.**

CAPITAL BUDGET

His Worship was proud to announce an expanding capital budget of R 8.1 billion for the 2023/2024 financial year, up from R 6 billion and a capital budget of R 19.9 billion over the MTREF.

That the Electricity Unit has a capital budget of R2.1 billion over the next 3 years to be spent on ongoing extension and reinforcements of existing networks and 17 new substations that will be commissioned. His Worship was confident that this intervention would address prolonged load shedding in the City which adversely affect businesses and households.

At the same time, His Worship mentioned that the City would forge ahead with its plans to procure new generation capacity from Independent Power Producers (IPPs). In the short term, the Municipality would procure the new generation capacity of 400 MW - 100 MW to be allocated to Solar PV and 300 MW for Gas to Power (GTP). In the medium to long-term, it was mentioned that the City will procure an additional 2600 MW from waste, offshore wind and nuclear. It was mentioned that the combined water and sanitation capital budgets over the next 3 years will R5 Billion. That; this demonstrates the City's commitment to resolve all water and sanitation infrastructure challenges.

In this regard, His Worship mentioned that a capital budget of R1 Billion in 2023/2024 would be spent on the Southern Aqueduct project, replacement of water pipes system. Over the MTREF, R2.1 Billion would be spent on the replacement of water pipes and other water loss interventions.

Sanitation has a capital budget of R1.18 Billion to be spent on the upgrading of various wastewater treatment works and alternative sanitation technology. Over the MTREF, that R2.8 Billion would be spent on the expansion and upgrade of wastewater treatment works.

Continuing with his budget speech, His Worship reported that Transport has been allocated a capital budget of R802 Million in 2023/2024 to be spent on the Go Durban IRPTN project, traffic calming, Bridge City terminal, rank resurfacing, and a new transport management system. Over the MTREF R2.3 Billion would be spent on transport.

Engineering has been allocated a capital budget of R1.4 Billion to be used for various road rehabilitation and upgrades. Over the MTREF, R2.4 Billion will be spent.

In terms of budget allocation for Housing, a capital budget of R958 Million in 2023/2024 would be utilised to produce 1 652 new housing units in 2023/2024. Over the MTREF, R2.6 Billion would be spent on housing and infrastructure.

Cleansing and Solid Waste has been allocated a capital budget of R362 Million which will be spent on new vehicles, the Bufflesdraai landfill and Shongweni landfill.

TARIFF INCREASES

His Worship reported that the current economic climate has made above-inflation tariff increases inevitable. That three biggest contributors to the increases were out of the City's hands, these being, the Eskom increase, Umgeni Water Board increase, and salary increase.

The 2023/2024 proposed tariff increases were as follows:

- **Property Rates: 8.9% increase on average**
- **Water: 14.9% residential and 15.9% for business**
- **Sanitation: 11.9% for residential and 12.9% for business**
- **Electricity: 21.91% increase for all, subject to NERSA approval**
- **Refuse: 8% for domestic and 7-9% for sundry and business**

SOCIAL PACKAGES

His Worship advised that as a the Government that cares, the following rates lifeline will be provided to poor households:

- **Residential Properties valued up to R 350 000.00 will be exempt from paying rates.**
- **All other properties valued above R 350 000.00, there will be no rates charges on the first R 120 000.00.**
- **A further allowance will be afforded on application to all residential property owners with a total household income of R3 970.00 and less and with a property value of more than R350 000.00 and less than R650 000.00.**
- **Pensioners, child-headed households, disability grantees and medically boarded property owners are exempt from paying rates, where their annual rates do not exceed the maximum rebate of R 5 290.00. For pensioners who own residential properties valued up to R2 500 000.00, there will be no rates charged on the first R590 000.00.**
- **No rates will be levied on the first R30 000.00 value of vacant land and outside the Urban Development line.**

Water

- **The first 6kl of water will be free to households with a property value under R 250 000.**

Electricity

- The first 65kwh of electricity will be free to residents using less than 150kwh per month in eThekweni reticulated areas.
- The first 50kwh of electricity will be free to residents using less than 150kwh per month in Eskom reticulated areas.

Sewerage/ Sanitation

- The first 6kl of effluent disposal is exempt for all properties with value under R 250 000.00.
- In addition, a free basic service is also available to indigent consumer units with VIP's, urine diversion toilets and in informal settlements.
- Refuse Removal
- Residential property valued up to R 250 000.00 will be exempted from domestic refuse removal tariff.
- In addition, a free basic refuse removal service is also available to indigent consumer units living in rural, informal settlements and non-kerbside residents.

Flat rate for services

- Flat rate for services provided to Ingonyama Trust areas of R100 (excluding VAT).

JOB CREATION

In noting that the high unemployment rate is one of the biggest challenges that the budget would be biased to job creation and fund over 15 000 job opportunities and a total of nearly 20 000 job opportunities if EPWP is included.

Other programmes aimed at creating job opportunities included:

- The Presidential Employment stimulus which will contribute 2 600 opportunities,
- 1 634 caretakers employed to take responsibility of ablution facilities, and
- 1 584 plumbers used on a rotational basis for water repairs.

ECONOMIC DEVELOPMENT

His Worship mentioned that the Municipality would also utilise this budget to create economic infrastructure in undeveloped areas to attract investment. That, the focus would be on rural and township development projects, upgrading of tourism nodes. That; this would ensure equitable, integrated, inclusive and sustainable development.

It was indicated that over R800 Million would be spent on catalytic projects over the MTREF, with R308 Million being spent in 2023/2024. The catalytic projects that the Municipality is working on include the Ntshongweni Road upgrade, Brickworks, Oceans, upgrade of Kassier Road, and the Cornubia Blackburn reservoir. These projects would also lead to additional jobs being created. In terms of this budget, His Worship mentioned that there will be special focus on the Durban South Basin which was badly hit by the floods. That the Durban South Basin is the second most concentrated industrial area in South Africa and

contributes, significantly to the City's annual rates, whilst also being the biggest electricity user in the Municipality.

With, the area being seated on the flood plain urgent interventions were required to mitigate the risk of floods damages. To address this issue, R90 Million has been allocated for the Clark Road Sea Outfall project, R130 Million for the Prospecton Road Canal and road upgrade, as well as R100 Million for four (4) new substations.

In concluding his budget speech, His Worship strongly believed that this is a very balanced budget that also seeks to cushion the poor from the current economic conditions, while continuing to create a conducive environment for business to thrive. He was convinced that through this budget, the Municipality is on the right path to build a better life for all the residents of eThekweni. He took the opportunity to extend gratitude to all Councillors for their input into this budget, the City Manager, as well as the Chief Financial Officer, and his team, for the excellent work in balancing this budget under trying circumstances. He, thereafter, presented the 2023/2024 draft budget for approval.

Commenting on the matter, the EFF begun by welcoming the draft budget and anticipated that the budget would assist to address service delivery issues, reference being made to the need to reduce of housing projects backlog, infrastructure maintenance resolving sewer spillages, improvements in revenue collection etc. They also applauded Council for putting aside budget to cater for vulnerable groups, including child headed families. They acknowledged that the Municipality had to raise some of the tariffs as part of revenue collection strategy and in order for the Municipality to sustain itself and to continue providing services to its residents. Also acknowledging that the draft budget would still undergo a public participation process. They further acknowledged that the Municipality has received R1,5 Billion of the Disaster Recovery Grant from the National Government.

Meanwhile, the ActionSA dissented on the approval of the draft budget, citing that the economic conditions were still not favorable for the Municipality to raise tariffs, reference being also made to high unemployment rate etc.

Also joining the dialog; the AIC, PRM and the ATM were in support of the draft budget, and they highlighted that the budget was well-balanced; pro poor and also catered for the indigent communities. They further indicated that the budget would also assist to address the infrastructure challenges.

The APF was of the view that some tariff increases could have been avoided. Nevertheless, they supported the entire draft budget, and appreciated the proposed allocation of CIP funding for Ward-Based projects as well as budget allocated for Water and Sanitation to deal with sewer spillages, infrastructure maintenance etc.

The ANC was also in support of the recommendations and presented that the proposed budget has been crafted in consideration of the City's state of the economy, including high unemployment rate. It was mentioned that the draft budget would enable the Municipality to address various service delivery challenges, it being cited that Council has allocated funding to develop its

infrastructure to attract investors in order to increase the City's revenue base; also, that additional Metro Police Officers would be recruited as part of crime prevention strategies. They indicated that the City's population was ever growing which then affects the provisions of services, therefore budget has been allocated for infrastructure maintenance and upgrades, it being emphasised that unforeseen natural disasters also cause havoc on the City's planned activities and/or projects.

Commenting further on the draft budget, the ANC encouraged residents to dispose refuse in dedicated areas. It was reported that the budget provision has also been made to tackle the issue of homelessness, including upgrading Parks, Halls and Swimming Pools. It was also reported that budget has been allocated amongst others; refurbishment of the City Hall, R29 Million for Communication Unit, and Senior Citizens Programme. Regarding economic development, it was mentioned that the draft budget catered for facilitation of job creation in terms of provision of bulk catalytic projects; township rural node economy; support to small businesses etc. The ANC further mentioned that the budget is well-balanced to address water challenges; agriculture projects for women in particular and increase of soup kitchens. In this regard, they invited residents to attend public engagements on the draft Budget and IDP to submit their inputs/comments thereof.

Also speaking on the draft budget, the NFP was pleased with the contents of the budget and indicated that the budget would also deal directly with the needs and interest of the City's residents. They further reiterated that four hundred (400) Metro Police Officers to be recruited would assist in tackle crime issues; infrastructure challenges specifically provision of water, Rural Development was also cited as being one of the City's priorities, including Senior Citizens Programme. They also encouraged communities to attend public engagements on the draft Budget and IDP.

Thereafter, as some members were not in support of the recommendations, the matter was put to the vote. With 120 Councillors present, 116 Councillors (ANC - 89, DA - 00; EFF - 18; IFP -00; ABC - 00; ACC - 00, AIC -01, DLC - 00; ADEC - 00; APF - 01; ATM -01; ALJAMAH - 00; JEP -01; KZNI - 01, MF - 00, MOSA - 01; NFP -01; PFP - 00, PRM -01; TA- 00 and VF Plus - 01) voted in favour of the matter. 04 Councillors (Action SA -01; ACDP -02 and UIM - 01) voted against the recommendations. There were no abstentions recorded.

Accordingly, the above recommendations were by a majority vote;
ADOPTED.

(At this stage of the proceedings Councillor BA Fortein, in her capacity as the Member of the Municipal Public Accounts Committee, presented the First report of the Committee).

FIRST REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

2022/2023:
Quarterly
Report:
MPAC

September 30

2022

Report of the Municipal Public Accounts Committee (MPAC) for the first
quarter of 2022/2023 financial year: July to September 2022

Municipal
Public
Accounts
Committee
(MPAC)

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6. WORKSHOPS AND TRAINING
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1. CHAIRPERSON'S STATEMENT

It is my pleasure to present the Second Quarter Report of the Municipal Public Accounts Committee (MPAC) which records the activities undertaken by the Committee from October to December 2022.

A serious concern of MPAC is the high water losses; which percentage seems to be increasing progressively. To this end, we received the Turnaround Strategy of the Water and Sanitation Unit and will be closely monitoring the implementation of its initiatives.

As an oversight Committee, we are working steadily to address the many issues which impact service delivery. It is our aim to hold Management accountable and contribute fully to the achievement of clean administration and good governance in the City.

Councillor Thamisanqa Xuma
Chairperson: Municipal Public Accounts Committee
eThekweni Municipality

2. MEMBERSHIP AND MEETINGS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Committee comprises of 11 members appointed by full Council on a proportional representation basis.

2.1 Membership of the Municipal Public Accounts Committee during the second quarter of 2022/2023:

NO.	SURNAME	NAMES	DESIGNATION	PARTY
1	Xuma	Thamisanqa	Chairperson	EFF
2	Mkhize	Pearl	Deputy Chairperson	ANC
3	Beesley	Alan David	Member	ASA
4	De Boer	Shontel	Member	DA
5	Fortein	Barbara	Member	ANC
6	Jokweni	Mfanafuthi Arthur	Member	ANC
7	Kissoon	Alicia	Member	DA
8	Sibisi	Kethokuhle Siboniso	Member	DA
9	Naidoo	Jane	Member	IFP
10	Ngcobo	Sindiswa Pretty-Girl	Member	ANC
11	Thusi	Muzikayise	Member	ANC

Councillor Andre Beetge left MPAC to join the Executive Committee on 1st October 2022 and we wish him well. We have welcomed Councillor Siboniso Sibisi to the Committee.

2.2 Attendance of Members at Municipal Public Accounts Committee for the second quarter 2022/2023:

Name	Oct 04	Oct 20	Nov 1	Nov 16	Nov 23
Councillor T Xuma (Chairperson)	P	L	P	P	P
Councillor P Mkhize (Deputy Chairperson)	P	P	P	L	L

Councillor AD Beesley	P	P	P	L	P
Councillor SV De Boer	P	P	P	P	P
Councillor B Fortein	P	P	P	P	L
Councillor MA Jokweni	L	P	P	P	A
Councillor A Kisson	P	P	P	L	P
Councillor J Naidoo	L	P	L	L	L
Councillor SP Ngcobo*	P	P	Resigned on 1st Nov		
Name	Oct 04	Oct 20	Nov 1	Nov 16	
Councillor KS Sibisi	Appointed on 27th Oct		P	P	P
Councillor M Thusi	L	P	P	P	L

* We currently have one vacancy on the Committee due to the resignation of Councillor Sindi Ngcobo.

3. **ROLE OF THE COMMITTEE AND COMMENTS**

The primary function of the Municipal Public Accounts Committee is to help Council to hold the Administration, Municipal Agencies and Entities accountable for their management of municipal funds and assets in order to ensure the efficient and effective utilisation of council resources. This includes the Council's Support Committees, Executive Committee as well as Councillors. MPAC plays a role in increasing public and Council awareness of the financial and performance issues of the Municipality and its Entities.

4. **SUMMARY OF COMMITTEE ACTIVITIES FOR PERIOD OCTOBER 2022 TO DECEMBER 2022**

The Committee's activities include a mix of self-initiated and referred enquiries. We therefore receive submissions and conduct briefings/hearings on such matters as and when required.

Activity	Number
Reports Tabled	28
Deliberative Meetings	5
Interviews with Officials	25
Hearings	Nil

Briefings	Nil
Witnesses Appearing	Nil

5. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE COMMENTS AND FINDINGS FOR THE SECOND QUARTER OF 2022/2023

5.1 MPAC Workplan 2022/2023:

As per the MPAC Workplan 2022/2023 adopted by Council on 2022-06-30, the following reports were received and considered by Committee during the 2nd quarter:

- Budget Statement Reports for the months ending 31st August 2022 and 30th September 2022
- Monthly Tender Awards of EtheKwini Municipality for the month of September 2022
- Review of External Service Provider Performance Monitoring by Units within the Municipality for Quarter 4 of 2021/2022 Financial Year
- Unauthorised, Irregular, Fruitless and Wasteful Expenditure recommended for Write Off or Recovery as at 30th June 2022

5.2 Oversight Visits:

5.2.1 **Inspection of Water and Sanitation Depot: Springfield**

Our inspection of the Water and Sanitation Depot revealed a situation that has to be remedied with urgency. We were appalled at the condition of the workshop and the lack of equipment to enable mechanics to undertake basic repairs. Due to this and unsafe working conditions, there were very few repairs being undertaken at the depot.

Members were informed that the Unit had a fleet of 1800 vehicles with only 700 vehicles being fully operational. We were informed that the large number of vehicles in the yard were either awaiting repairs or had to be written off.

In concluding a lengthy inspection of the entire yard, we noted with dismay the wastage of municipal funds; which contributed to the non-availability of vehicles to timeously address pipe bursts/leaks. The huge impact this has on water loss and the consequence this has on the residents of eThekweni is of great concern.

Members were informed that City Fleet would be taking over the EWS fleet and staff; however, labour issues were hampering the process. We have urged the Head: Water and Sanitation to urgently escalate this matter and are awaiting feedback on this.

5.2.2 **Inspection of City Fleet Depot: Mobeni**

During this inspection, we were impressed with the order of the yard and how vehicles were segregated per repair, body work *etc.* However, the number of vehicles to be disposed of or repaired was extensive.

In addition, we were informed that there was currently no contract in place for body repairs to the vehicles and City Fleet had prepared a Section 36 report for the same until the contract was finalised. This was due to the contract which had expired and despite the process for a new contract having commenced well in advance, the reports were deferred by the Bid Adjudication Committee and the contract consequently expired without an extension being granted.

We urged the Head: City Fleet to liaise with Head: SCM in order for the award of the new contract to be expedited.

5.3 Tracking of Auditor General's Findings 2020/2021:

Committee had requested Unit Heads to provide progress reports on the remedial actions to address their outstanding findings for the above period. During this quarter, updates were provided by the following Heads:

- Information Management
- Electricity
- Parks, Recreation and Culture

We have communicated with other Heads of Units and are awaiting their progress reports.

5.4 Irregular Expenditure:

This continues to be an area of great concern to MPAC. We are in the process of interrogating large amounts of irregular expenditure in order for the same to be recovered or written off. This proves to be a lengthy process as Committee has to apply its mind to the root cause, why it may be a repeat finding and what controls have been put in place to mitigate against future non-compliance.

6. **WORKSHOPS AND TRAINING**

Members attended the Fraud Awareness Seminar at the Durban ICC on 17th November 2022.

Committee felt it prudent for a workshop to be held for Members of the Municipal Public Accounts Committee in January 2023 to enable new members to benefit from the training provided by the following Units/Organisations:

- Internal Audit
- Internal Control
- City Integrity and Investigations
- Supply Chain Management
- Performance Monitoring and Evaluation
- National Treasury
- COGTA/SALGA

7. **RECOMMENDATIONS**

COMMITTEE RECOMMENDS:

That the report of the Municipal Public Accounts Committee for the second quarter of the 2022/2023 financial year, 1st October to 31 December 2022, be noted.

NOTED.

(At this stage of the proceedings Councillor BA Fortein, in her capacity as the Member of the Municipal Public Accounts Committee, presented the Second report of the Committee).

SECOND REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

ETHEKWINI MUNICIPALITY



2021/2022 OVERSIGHT REPORT

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1. INTRODUCTION

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regard to the Annual Report and the preparation of an Oversight Report.

Given the processes required by Council to effectively undertake its oversight role, the establishment of MPAC of Council provides the appropriate mechanism through which Council fulfills its oversight responsibilities.

The MPAC's primary role is to consider the Annual Report, receive input from the various role players and to prepare an Oversight Report for consideration by Council.

2. BACKGROUND

The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive (Mayor/Executive Committee) and Administration. Good governance, effective accountability and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councillors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive (Mayor/Executive Committee). In other words, in exchange for the powers in which Council has delegated to the Executive, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality.

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight.

- ✓ Approval of budgets;
- ✓ Approval of Budget related Policies; and
- ✓ Review of the Annual Report and adoption of the Oversight Report.

3. FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The functions of the MPAC are to:

- ✓ Undertake a review and analysis of the Annual Report.
- ✓ Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- ✓ Consider written comments received on the Annual Report from the public consultation process.
- ✓ Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- ✓ Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- ✓ Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

4. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

4.1 Membership

The Municipal Public Accounts Committee (MPAC) is a committee of Council established under section 79A of the Municipal Structures Act, 1998.

The mayor, deputy mayor, any member of the executive committee, speaker, whip and municipal officials are not allowed to be members of the municipal public accounts committee.

The Members of eThekweni Municipality's MPAC are:

Councillor M Khoza* (Chairperson)
Councillor P Mkhize (Deputy Chairperson)
Councillor A Beetge
Councillor TP Collins
Councillor SV de Boer
Councillor BA Fortein
Councillor MA Jokweni
Councillor J Naidoo
Councillor SP Ngcobo
Councillor M Thusi
Councillor T Xuma

* Ceased to be an MPAC Member and Councillor on 2022-03-24. She was replaced by Councillor A Beesley on 2022-04-28.

4.2 Authority & Power

The MPAC is delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the Annual Report, on behalf of Council.

Timely notice of all meetings should be given and all meetings held by the MPAC must be open to the public and minutes of the meetings must be submitted to Council.

4.3 Meeting Schedule

The eThekweni Municipality's Annual Report for 2021/2022 was tabled at Council's meeting on 31st January 2023 as prescribed in terms of the Local Government: Municipal Finance Management Act 56 of 2003. It also included the reports of the municipal entities *viz.* Inkosi Albert Luthuli ICC (Pty) Ltd and Durban Marine Theme Park (Pty) Ltd. The Annual Report was referred to MPAC for preparation of the Oversight Report.

After the noting of the Annual Report by Council on 31st January 2023; the report was subsequently made available for public comments as follows: Advertisements were placed in Isolezwe and the Mercury on 11th February 2023, to inform the public on the availability of the Annual Report on the municipal website for comments/representations. A podcast on the 2021/22 Annual Report was released on 1st March 2023 and can be accessed via this link: <https://youtu.be/lzC61sZRDxw>.

Interested parties were required to make submissions using the email address: Nomfundo.Buthelezi@durban.gov.za by 17th March 2023.

Access to the report was further made available as reflected hereunder:

- Posted on the Municipal website
- USBs with full Annual Report were provided to members of the Municipal Public Accounts
- Full Annual Report was also made available via a Link
- Radio interviews
- Internally, through the news flash which is accessed by Municipal employees.

Annual Report supplements were published in the Metro Ezasegagasini dated 08th February 2023 and distributed to attendees at the public consultation meetings. Social media cards were posted on social media platforms (Facebook and Twitter).

The link to access the tabled Draft Annual Report was issued to the Auditor-General, National Treasury, The KwaZulu Natal Provincial Treasury, The KZN Legislature and the Department of Cooperative Governance and Traditional Affairs (CoGTA) on 06th February 2023.

Numerous comments and questions were received from the various public meetings and are being addressed by the Municipality. This feedback is attached hereto as Annexure A.

Revisions Post Tabling

Revisions to the 2021/22 Annual Report that were made after tabling the report at Full Council on 31st January 2023 are as follows:

PAGE NO.	REVISION
240	“National You Development Agency” amended to “National Youth Development Agency”.
240	“Workshops conducted in “ 2020/21 ” amended to “ 2021/22 ”.
307	“The three-year trend in Figure 2 exhibits how the unit has been assisting small-scale farmers despite the budget cuts” amended to “The three-year trend in Figure 151 exhibits how the unit has been assisting small-scale farmers despite the budget cuts”.
391	Layout of Graph 60 amended.
392	Layout of Graph 61 amended.
480	Paragraph 25, amended “pages 54 to 75” to “pages 759 to 810”.
481	Paragraph 26, amended “pages 759 to 822” to “pages 759 to 810”.
785	Key Performance Indicator (KPI) 4A.5 – inserted a comment in respect of measures taken to improve performance.
786	KPI 4A.7 – inserted a comment in respect of measures taken to improve performance.
802	KPI 7B.3 – inserted a comment in respect of measures taken to improve performance.
803	KPI 7B.9 – inserted a comment in respect of measures taken to improve performance.
805	KPI 7B.14 – inserted a comment in respect of the reason for variance and measures taken to improve performance.

5. ANNUAL REPORT CHECKLIST

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	
121 (3)(a) The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General.	The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the accounting standards for municipalities. <u>Have the required standards been met?</u>	Yes See Clauses 1&2 of the AG's Report, Page 477 of the Annual Report Yes See Clauses 1&2 of the AG's Report, Page 477 of the Annual Report
121 (3)(a) 121 (4) 121 (4)(b)	The above applies also to the AFS of municipal entities.	Yes See Clauses 1&2 of the AG's Report, Page 477 of the Annual Report
121 (3) (e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation?	Yes. See Note 6, Pages 48-50 of the Annual Financial Statements. Management advises that recovery from the Covid-19 pandemic which resulted in the suspension of credit control enforcement continues to contribute to the increase in debtors; which also contributed to an increase in the provision for bad debt. We note the following measures which are being implemented to prevent an increase in debtors and improve the collection rate: <ul style="list-style-type: none"> ▪ Implementation of the Debt Relief Program with write-off of interest and a percentage of the capital debt as per agreement signed by the debtor. This will run for a period of 3 months, commenced in December 2022 to 28 February 2023. ▪ Implementation of pre-paid electricity purchases on 80/20 arrangements. ▪ Monthly implementation of credit control and debt collection processes through disconnection of service and legal processes.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	Is any other action required to be taken?	<ul style="list-style-type: none">▪ Reviewing and reforming indigent management processes.▪ Encouraging customers to enter into credit arrangements; thus, providing affordable payment plans to settle debt and maintain monthly payments.▪ Roll-out of electricity pre-paid smart meters. <ul style="list-style-type: none">a. Encourage customers to update their contact information to enable them to receive accounts timeously and to enable debt collection; when required.b. Accurate meter readings are required to ensure regular and timely payment of accounts.c. Stringent credit control measures should be implemented to contain Government and Parastatal Debt.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>121 (3)(g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports.</p>	<p>The conclusions of the annual audit are: -</p> <ul style="list-style-type: none"> ✓ an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable; ✓ The objective of the municipality should be to achieve an unqualified audit opinion. ✓ Taking into account the audit report, audit opinion and the views of the audit committee, council considered: <ul style="list-style-type: none"> • To what extent does the report indicate serious or minor financial issues? • To what extent are the same issues repeated from previous audits? • Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? • Has a schedule of action to be taken been included in the annual report, with appropriate due dates? 	<p>The Municipality achieved an unqualified audit with material findings.</p> <p>The audit outcome for the current financial year has remained stagnant. The number of non-compliance findings reported has increased.</p> <p>The slow response in the implementation of action plans and lack of consequence management for poor performance and transgressions has resulted in new and repeat findings on compliance with key laws and regulations.</p> <ul style="list-style-type: none"> a. Management needs to ensure that internal controls are strengthened and that an action plan is implemented and monitored to specifically address the root causes identified in the current and previous audits. b. Significant intervention is required in Supply Chain Management (SCM) processes to prevent recurring irregular expenditure. In addition, the lack of adequate document management systems resulted in new non-compliance findings on SCM. c. The culture shift required to improve the audit outcome and provide service delivery at an optimal level is a stable leadership environment that does not work in silos and that sets the tone at the top in terms of timeous consequence management for transgressions identified. <p>The Action Plan is attached as Annexure “B”</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	<p>Note that actions taken on audit issues are to be reported to the provincial legislature, the MEC for Cooperative Government & Traditional Affairs to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MEC.</p>	<p>The Audit Report was submitted to COGTA on 27th January 2023.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>121 (3)(f) An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget.</p>	<p>The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)). The accounting officer must include these objectives in the annual report and report on performance accordingly.</p> <p>Has the performance met the expectations of council and the community?</p> <p>Have the objectives been met?</p>	<p>Yes. See Appendix K: Revenue Collection Performance Appendix K(i): Revenue Collection Performance by Vote, Page 684; Appendix K(ii): Revenue Collection Performance by Source, Page 558 of the Annual Report.</p> <p>No In 2021/22, COVID-19 was still the biggest challenge for cities globally. eThekweni Municipality did not escape the economic and financial impact of the pandemic but was also impacted by civil unrest and floods. Financially, all these factors had an impact on the municipality's collection rate and cash flow. The collection rate fell to an all-time low of 56% in April 2020. This has steadily increased to 95% in the 2021/22 financial year; which is back to pre-COVID-19 level. Cash-on-hand also diminished to below 30 days but has since improved to 42 days; excluding unspent grants at the end of the 2021/22 financial year and 51 days including unspent grants. Cash-on-hand needs to be improved to a range of 60-90 days. Whilst there has been some improvement, there is still a long road to recovery.</p> <p>Yes. In terms of the National Treasury norms, a variance of 10% between the budgeted and actual amounts is considered material.</p> <p>Total revenue of R 44,832,153; compared to an adjusted budget of R 46,554,783,358. Actual revenue is 96% of the overall budget; which represents a variance of -4%.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>121 (3)(i)(k) Any information as determined by the municipality, the entity or its parent municipality.</p>	<p>Review any other information that has been included in regard to the AFS.</p>	
<p>1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA</p>	<p>Financial reporting matters to be considered</p>	

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>121 (3)(j) and 121 (4)(g)</p> <p>Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities.</p>	<p>Have the recommendations of the audit committee in regard to the AFS and audit reports been adequately addressed by the municipality and/or the entity?</p> <p>What actions need to be taken in terms of these recommendations?</p>	<p>Based on the processes and assurances obtained, the Audit Committee believes that internal controls are effective in some areas. However, Committee believes that there are significant areas that require improvements.</p> <p>The Audit Committee highlighted the following areas requiring improvement:</p> <ul style="list-style-type: none"> a. Irregular expenditure still requires management attention. Proper proactive planning, efficient procurement processes and transversal management and monitoring is required from all 3 lines to ensure that this challenge is dealt with effectively and prevented. In addition, consequence management must be seriously implemented and recovery should take place where necessary. b. Coordinated, consistent and persistent efforts are required across the Municipality to address the financial sustainability risk. c. The Municipality must address its main challenges which are irregular expenditure, findings in relation to performance information, the lack of consequence management and an ineffective control environment in some areas. d. Electricity losses, which have increased recently, need to be brought back within the benchmark. e. Capital expenditure requirements improvement so there is consistent spend throughout the year to enable better monitoring and the ability to take corrective action. Improved procurement, project management and monitoring will have a positive impact in this regard. f. The increased non-compliance and reporting on performance information is concerning as it may lead to a deterioration in future audit opinions if not attended to timeously. g. Management must take urgent and decisive action to address material irregularities.
		<ul style="list-style-type: none"> h. Significant improvement is required to finalise disciplinary matters, implement recommendations from investigations and implement consistent and appropriate consequence management. i. Improved controls over the Expanded Public Works Programme are required. j. Management must assess all action plans to ensure that risk exposures are adequately addressed.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
2. Disclosures - Allocations received and made - Section 123-125 MFMA	Considerations	
<p>123 (1)(a) Allocations received by and made to the municipality.</p>	<p>The report should disclose:</p> <ul style="list-style-type: none"> ✓ Details of allocations received from another organ of state in the national or provincial sphere. ✓ Details of allocations received from a municipal, entity or another municipality ✓ Details of allocations made to any other organ of state, another municipality, or a municipal entity. ✓ Any other allocation made to the municipality under Section 214(1) (c) of the Constitution. <p>Have these allocations been received and made? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?</p>	<p>Yes. <u>Annual Report</u> Table 65: Grant Performance: Pages 449-451 Table 66: Grants Received from Other Sources: Page 451 Appendix L: Conditional Grants Received: Pages 686-688</p> <p><u>Annual Financial Statements</u> Note 21: Unspent Conditional Grants and Receipts): Page 74 Note 31: Government Grants and Subsidies: Pages 84-91</p> <p>Yes. See Appendix P: Declaration of Loans and Grants made by the Municipality: Pages 754-756 of the Annual Report.</p> <p>Yes. Yes.</p> <p>No.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>125 (1) Information in relation to outstanding debtors and creditors of the municipality and entities.</p>	<p>Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.</p> <p>It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.</p> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> ✓ the information has been properly disclosed; ✓ conditions of allocations have been met; and ✓ that any explanations provided are acceptable. 	<p>See Note 6: Consumer Debtors: Pages 48-50 of the Annual Financial Statements.</p> <p>Yes. See Note 20: Employee Benefit Obligations: Pages 67-73 of the Annual Financial Statements. See Note 46: Additional Disclosures in terms of MFMA: Pages 111-114 of the Annual Financial Statements.</p> <p>Yes.</p>
<p>2. Disclosures - Allocations received and made - Section 123-125 MFMA</p>	<p>Considerations</p>	
<p>123 (1)(c) Information in relation to the use of allocations received.</p>	<p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:</p> <ul style="list-style-type: none"> ✓ The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects. <p>Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-</p>	<p>Yes. Note 31: Conditional Grants and Subsidies: Pages 84-91 of the Annual Financial Statements.</p> <p>Yes. Note 31: Conditional Grants and Subsidies: Pages 84-91 of the Annual Financial Statements.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	<p>compliance, details of the reasons for non-compliance are to be provided.</p> <p>✓ Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</p>	<p>National Treasury withheld the October 2021 allocation for Neighbourhood Development Partnership Grant. The reason for withholding the funds was due to under performance.</p> <p>The Equitable share tranche for December 2021 was underpaid by R 15.7m due to unspent conditional grant rollover not approved by NT.</p> <p>The EPWP tranche for February 2022 was delayed but was paid in full in March 2022.</p>
3. Disclosures in notes to AFS	Considerations relating to section 124	
<p>Information relating to benefits paid by municipality and entity to Councillors, directors and officials.</p>	<p>Information on the following items is to be included in the notes to the annual report and AFS: -</p> <p>✓ salaries, allowances and benefits of political office bearers, Councillors and boards of directors, whether financial or in kind;</p> <p>✓ any arrears owed by individual Councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of Councillors;</p> <p>✓ salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager;</p> <p>✓ contributions for pensions and medical aid;</p> <p>✓ travel, motor car, accommodation, subsistence and other allowances;</p> <p>✓ housing benefits and allowances;</p> <p>✓ overtime payments;</p> <p>✓ loans and advances, and;</p> <p>✓ any other type of benefit or allowance related to staff.</p>	<p>Yes. See Note 34: Remuneration of Councillors: Pages 96-97 of the Annual Financial Statements.</p> <p>Yes. See Note 46: Additional Disclosures in terms of Municipal Finance Management Act: Pages 112-114 of the Annual Financial Statements.</p> <p>Yes. See Note 33: Employee Related Costs: Page 92-96 of the Annual Financial Statements.</p> <p>See Note 33: Page 92 of the Annual Financial Statements. See Note 33: Page 92 of the Annual Financial Statements. See Note 33: Page 92 of the Annual Financial Statements. See Note 33: Page 92 of the Annual Financial Statements. N/A See Note 33: Page 92 of the Annual Financial Statements.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS																																
	<p>Council should be satisfied that –</p> <ul style="list-style-type: none">✓ the information has been properly disclosed;✓ conditions of allocations have been met; and✓ that any explanations provided are acceptable.	<p>Yes</p> <p>Yes</p> <p>Yes</p>																																
4. Municipal Performance	Considerations																																	
<p>The annual performance reports of the municipality and entities.</p>	<p>Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. Questions that may be considered are –</p> <ul style="list-style-type: none">✓ Has the performance report been included in the annual report?✓ Have all the performance targets set in the budgets, SDBIP, service agreements etc., been included in the report?✓ Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year? <p>In terms of key functions or services, how has each performed? E.g., have backlogs for water, sanitation, and electricity been reduced? What are the refuse collection volumes, library usage statistics etc.?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <table><tr><th>Unit</th><th>National Norm (%)</th><th>Actual (%)</th><th>No. of Households with Access</th></tr><tr><td>Basic Level of Water</td><td>92</td><td>80.90</td><td>874 072</td></tr><tr><td>Basic Level of Sanitation</td><td>100</td><td>95.00</td><td>1 147 228</td></tr><tr><td>Basic Level of Electricity</td><td>92</td><td>65.53</td><td>792 486</td></tr><tr><td>Basic Level of Solid Waste Removal</td><td>100</td><td>95.00</td><td>1 147 228</td></tr><tr><td>Basic Water delivery to Indigent Households</td><td>100</td><td>68.60</td><td>596 974</td></tr><tr><td>Basic Sanitation delivery to Indigent Households</td><td>100</td><td>52.99</td><td>461 141</td></tr><tr><td>Basic Electricity delivery to Indigent Households</td><td>100</td><td>32.66</td><td>284 232</td></tr></table>	Unit	National Norm (%)	Actual (%)	No. of Households with Access	Basic Level of Water	92	80.90	874 072	Basic Level of Sanitation	100	95.00	1 147 228	Basic Level of Electricity	92	65.53	792 486	Basic Level of Solid Waste Removal	100	95.00	1 147 228	Basic Water delivery to Indigent Households	100	68.60	596 974	Basic Sanitation delivery to Indigent Households	100	52.99	461 141	Basic Electricity delivery to Indigent Households	100	32.66	284 232
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INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS				
	<div><div>✓ To what extent has performance achieved targets set by council?</div><div>✓ Is the council satisfied with the performance levels achieved?</div><div>✓ Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?</div><div>✓ What actions have been taken and planned to improve performance?</div><div>✓ Is the council satisfied with actions to improve performance?</div><div>✓ Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</div><div>✓ Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</div><div>✓ Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</div></div>	<table><tr><td>Refuse Removal service to Indigent Households</td><td>100</td><td>81.01</td><td>704 960</td></tr></table> <p>70.73% of the key performance indicators for basic service delivery were achieved.</p> <p>No</p> <p>No.</p> <p>Yes. Respondents expressed that they were overall, dissatisfied with Municipal service delivery.</p> <p>64% of respondents were satisfied with service delivery. Whilst no specific reasons were cited the following were indicated as contributing factors to the respondents' satisfaction with service delivery:</p> <ul style="list-style-type: none">▪ Consistent provision of services (55%)▪ Timeous repairs/maintenance (31%),▪ No complaints (12%), and▪ Efficient communication regarding interruption in services (2%). <p>The top main reasons for dissatisfaction were no provision of employment opportunities in the Municipality (12%), attendance of reported faults was not timeous (6%) and high utility bills received from the Municipality (5%).</p> <p>Various interventions have been proposed by management to improve performance.</p> <p>No</p> <p>Yes</p> <p>No</p> <p>The Auditor-General was unable to obtain sufficient appropriate audit evidence for the reported achievements of 3 of the 67 indicators relating to Plan 3: Creating a Quality Living Environment. This was mainly due to the lack of accurate and complete records. The Auditor-General was unable to confirm the reported achievements by alternative means. Consequently, the Auditor-General was unable</p>	Refuse Removal service to Indigent Households	100	81.01	704 960
Refuse Removal service to Indigent Households	100	81.01	704 960			

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	<p>✓ To what extent have actions planned for the previous year been carried over to the financial year reported upon?</p> <p>✓ Have any actions planned in the reported year been carried over to the current or future years? If so, are any explanations been provided by the municipal manager and are these satisfactory?</p>	<p>to determine whether any adjustments were required to the reported achievements in the annual performance report for the indicators.</p> <p>The Audit Committee raised concern about the relevance of some of the key performance indicators for service delivery programmes and reiterated that a review be performed in order to revise some indicators. The Committee also believes that consequence management for non-performance must be instituted where necessary.</p>
Audit reports on performance.	<p>Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually.</p> <p>Have the recommendations of internal audit been acted on during the financial year?</p> <p>Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?</p>	<p>Yes</p> <p>Yes</p>
Performance of municipal entities and municipal service providers.	<p>The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <p>Is the council satisfied with the evaluation and conclusions of the municipality?</p> <p>What other actions are considered necessary to be taken by the accounting officer?</p>	<p>The assessment of contracted service providers is included in the annual report. See Appendix I: Review of External Service Provider Performance: Pages 673-680 of the Annual Report.</p> <p>No</p> <p>a. Assessments must be undertaken and reported timeously by Units to enable the proper analysis of performance.</p> <p>b. The Business Support Unit should urgently intervene in instances when suppliers underperform.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
		<p>c. Social issues negatively affecting the performance of projects should be addressed.</p> <p>d. Contractors should be assisted to address their cash flow challenges.</p>
5. General information	The following general information is required to be disclosed in the annual report.	
Relevant information on municipal entities.	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with the entities.	Yes Durban International Convention Centre. See Pages 357-362 of the Annual Report. uShaka Marine World. See Pages 363-375 of the Annual Report.
The use of any donor funding support.	<p>What donor funding has the municipality received?</p> <ul style="list-style-type: none"> ✓ Have the purposes and the management agreements for the funding been properly agreed upon? ✓ Have the funds been used in accordance with agreements? ✓ Have the objectives been achieved? ✓ Has the use of funds been effective in improving services to the community? ✓ What actions need to be taken to improve utilisation of the funds? 	<p>Various. See Note 31: Government Grants and Subsidies: Pages 84-91 of the Annual Financial Statements.</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>None</p>
Agreements, contracts and projects under Private-Public-Partnerships.	Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.	No public private partnerships were entered into during the year.
Service delivery performance on key services provided.	This may be a high-level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of	See Appendix S: SDBIP Report: Pages 759-822 of the Annual Report.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality, entities or external mechanisms.	
Information on long-term contracts.	Details of all long-term contracts including levels of liability to the municipality should be included.	See Appendix H: Long-term Contracts and Public Private Partnership: Pages 669-672 of the Annual Report.
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.</p>	Not disclosed.
Capital plan for addressing infrastructure backlogs	<p>A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided.</p> <p>This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets.</p> <p>Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.</p>	Not disclosed.
6. Other considerations recommended		
Timing of reports.	Was the report tabled in the time prescribed?	Yes.

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
Oversight committee or other mechanism.	What mechanisms have been put in place to prepare the oversight report?	The Municipal Public Accounts Committee was delegated the responsibility of preparing the oversight report.
Payment of performance bonuses to municipal officials.	<p>Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report.</p> <p>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</p>	<p>Performance bonuses for the year under review have not yet been paid to any Section 57 Manager.</p> <p>Performance will be assessed based on achievements of agreed outputs and will only be paid after the adoption of the Oversight Report where applicable; subject to affordability.</p>
Public Consultative meetings: Organisations identified, consulted and feedback documented	Needs to be noted and should be included in the annual report	<p>The following stakeholders were engaged:</p> <p>18 February 2023: People with Disabilities (PWDs) at Westville Civic Hall. 24 February 2023: Audit Committee, meeting held virtually. 01 March 2023: Civil Society at Moses Mabhida Stadium. 02 March 2023: Traditional Leaders at Pinetown Civic Centre. 15 March 2023: Formal Business and academia, meeting held virtually. 15 March 2023: eThekweni Economic Council, meeting held virtually. 18 March 2023: Ward Committees at City Hall (Chief Albert Luthuli Hall).</p> <p>Furthermore, the 2021/22 Annual Report was presented to the following portfolio committees:</p> <ul style="list-style-type: none"> 15 February 2023: Governance & Human Capital Committee, City Hall (Chief Albert Luthuli Hall).

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	Feedback	<ul style="list-style-type: none"> 22 February 2023: Finance, Security and Emergency Services Committee, City Hall (Chief Albert Luthuli Hall). 23 February 2023: Economic Development and Planning Committee, City Hall (Council Chamber). <p>A number of issues were raised during the public participation process. See Annexure A for feedback received</p>
Annual report distribution points and feedback documented	<p>Distribution points.</p> <p>Feedback</p>	<p>The Annual Report was posted on the Municipality's website and a link sent to all Councillors. It was also distributed internally through the 'Newsflash' which is accessed by employees.</p> <p>Submissions were received via email, through the public consultations and from Support Committees.</p> <p>See Annexure A for the feedback received.</p>

6. AUDIT REPORT

1. NON-COMPLIANCE WITH LAWS AND REGULATIONS

1.1 Expenditure Management

1.1.1 Irregular Expenditure

The Accounting Officer failed to take reasonable steps to prevent irregular expenditure as required by Section 62 (1)(d) of the MFMA. As a result, irregular expenditure incurred as at 30 June 2022 amounted to R1,49 billion. R625,26 million of this amount was identified during the external audit process, which represents 42% of the total irregular expenditure disclosed.

Despite commitments made by senior and executive leadership to improve the supply chain management (SCM) control environment, there has been a slow response by management in ensuring to institute adequate controls to prevent and detect irregular expenditure. Coupled with this is a slow response by management to effectively deal with employees who have transgressed the relevant SCM policies and processes. This is evident from the repeat findings on irregular expenditure and consequence management that were identified during the current year.

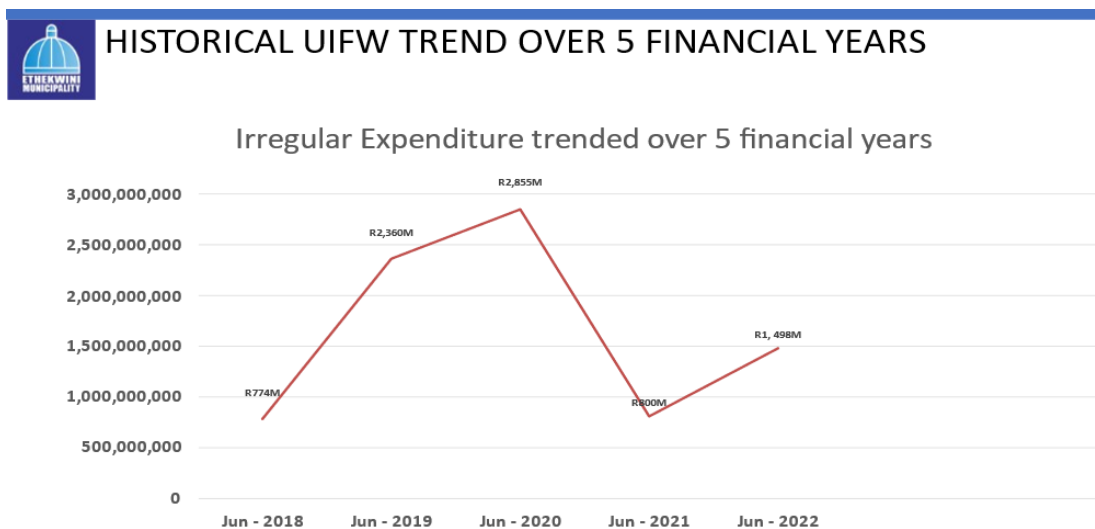
We have called management to account for the regression in this finding. In their submission, management indicated that there were five (5) main causes of this year's irregular expenditure of R1.50 billion. Management further alluded to actions taken to address the root causes of the irregular expenditure.

NO.	CAUSES	REMEDIAL ACTION
1.	R495 million as a result of non-compliance relating to local content. The local content was not declared in the bids submitted by tenderers.	The applicable Act and Regulations for local content have been amended and all tenders advertised from 16 January 2023 no longer have this requirement. Content declaration by bidders has been requested for tenders advertised prior to this. Units are also being requested to consider cancelling bids where local content was not declared to prevent irregular expenditure.
2.	R119 million was as a result on non-compliance with SCM Regulations 36. Deviations were made to normal procurement processes following SCM Regulation 36. However, the Auditor-General deemed these irregular.	Stringent measures for the use of Regulation 36 have been introduced which will ensure that the Regulation is only used where appropriate.

NO.	CAUSES	REMEDIAL ACTION
3.	R274 million as a result of non-compliance related to contract extensions. Contracts were extended without following MFMA Section 116(3) processes.	The Municipality is in the process of automating contract management; this will further reduce irregular expenditure incurred for failure to follow proper processes for contract management.
4.	R249 million as a result of non-compliance related to procurement using contracts secured by another organ of state. The Auditor-General was of the view that the Municipality did not comply with SCM Regulation 32 in that the number one rated bidder was not utilised due to the bidder's lengthy turnaround times.	This was a once off occurrence. There was an oversight by officials in submitting the required evidence which resulted in the expenditure being deemed irregular. The Unit is now aware of the evidence to be kept when utilising Regulation 32.
5.	R317 million arose from City Integrity & Investigation Unit's investigations.	CIU recommendations will be implemented as detailed in the investigation reports.

Whilst we have noted Management's response plan, we are of the view that the municipality should adopt a zero tolerance of irregular expenditure.

The unauthorised, irregular, fruitless and wasteful expenditure that has been incurred over the last five years is reflected below:



PERIOD	UIFW AMOUNT	AMOUNT WRITTEN OFF/RECOVERED/UNAUTHORISED	UIFW OUTSTANDING

		ADJUSTED IN ADJUSTMENT BUDGET	
2017/2018	R 774,000,000	(R 50,001,000)	R 1,132,780,000
2018/2019	R 2,360,000,000	(R 627,987,000)	R 2,139,855,000
2019/2020	R 2,855,000,000	(R 555,638,000)	R 5,332,502,000
2020/2021	R 800,000,000	(R 416,066,000) and (R1,778,772) unauthorised adjusted in adjustment budget.	R 3,915,541,000
2021/2022	R 1,498,000,000	(R 556,702,000)	R 4,858,576,000

Therefore,

COMMITTEE RECOMMENDS:

That the City Manager put stringent measures in place to ensure that consequence management is applied in all instances which result in irregular expenditure being incurred by the Municipality; with quarterly reports being submitted to Council to provide progress on the implementation of consequence management.

ADOPTED.

1.1.2 Expenditure Management Controls:

In terms of the MFMA section 65(2)(a) The accounting officer must take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.

The Auditor-General found the following internal control deficiencies:

- a. Ghost EPWP beneficiaries (individuals were permanently employed at other institutions at the time of being paid through EPWP) were registered in the payroll system. EPWP beneficiaries were paid without proof (daily attendance registers) of work or tasks performed.
- b. There are inadequate systems of expenditure control and procedures are inadequate to detect or prevent payments to Presidential Employment Programme (PEP) beneficiaries who are in the employment of government departments or organisations.

1.1.2.1 Extended Public Works Programme:

We noted that two EPWP ghost beneficiaries were registered in the payroll system as EPWP beneficiaries and were paid without doing any work or tasks which is contrary to the requirements of the Conditions of Employment ACT, 1997 for Expanded Public Works Programme and Ethekeeni municipality's Expanded Public Works Programme Policy stated above under requirement section.

Furthermore, we noted that there were EPWP beneficiaries that were paid without sufficient supporting documents or proof (daily attendance registers to the workplace) that the work or task was performed which is also not in line with the requirements of the Conditions of Employment ACT, 1997 for Expanded Public Works Programme and Ethekeeni municipality's Expanded Public Works Programme Policy stated above under requirement section.

The expenditure incurred for services not rendered is fruitless and wasteful expenditure and results in financial loss to the municipality.

Consequently, the municipality's systems of expenditure control and procedures are inadequate to detect or prevent fraudulent registration and payment of ghost beneficiaries in the payroll system resulting in non-compliance with MFMA Section 65(2) (a) stated above.

In our deliberations with management, the internal control deficiencies were acknowledged and there was an undertaking to improve such controls. However, an appropriate action plan to address the deficiencies, including timeframes, was not presented to us nor was the measures that would be undertaken to recover the financial losses incurred by the municipality.

Therefore

COMMITTEE RECOMMENDS:

That the City Manager ensures that a plan to improve the controls over payments to beneficiaries of the Extended Public Works Programme is developed by 30th April 2023 and submitted to the Auditor-General; including measures that will be undertaken to recover the financial losses incurred through payments to ghost beneficiaries.

ADOPTED.

1.1.2.2 Presidential Employment Programme:

We note that during the audit, 400 beneficiaries registered on the PEP database were found to be in the employ of the state. Management advises that on receipt of the finding, a process was undertaken to obtain evidence from beneficiaries to confirm that they were not in the employ of the state. Those that failed to provide the requested evidence were subsequently terminated.

Management advises that evidence of non-employment was received from all beneficiaries; with the exception of 31; who were subsequently terminated. 10 of these were later reinstated having signed acknowledgments of debt for the periods when they were in the employ of the state. Steps will be undertaken to effect recoveries from the 21 beneficiaries who were terminated.

Furthermore, we have noted the following improvements to internal controls:

- a. Renewal of contracts bi-annually to prevent ghost employees.
- b. Beneficiaries to submit affidavits confirming that they are not employed by the state.
- c. Introduction of time and attendance certificates for completion by beneficiaries on a monthly basis.
- d. Termination of beneficiaries who are consistently absent from work.
- e. Recovery for any financial loss.

Having noted these improvements

COMMITTEE RECOMMENDS:

That the City Manager ensures that the internal controls for the recruitment and payment of Presidential Employment Programme beneficiaries are improved to prevent unwarranted financial loss.

ADOPTED.

1.3 Consequence Management:

The Auditor-General, on reviewing supporting documentation provided by management, noted that there was no consequence management for a selection of cases.

Furthermore, on review of the UIFW note in the AFS as at 30 June 2022, it was noted that irregular expenditure and fruitless and wasteful expenditure had not been disclosed.

In response to the above finding of failure to address recommendations from investigation outcomes and adequately address consequence management, management acknowledged the deficiencies in internal controls resulted in investigation outcomes not being actioned promptly.

We have noted the actions proposed by management to ensure that investigation reports are assigned to the correct bodies for implementation and to monitor the progress of cases; as well as ensuring that disciplinary tribunals are established expeditiously.

Having noted this material non-compliance with great concern as it is a repeat finding

COMMITTEE RECOMMENDS:

That the City Manager monitors consequence management on a monthly basis to prevent delays in the implementation of investigation recommendations and ensures the reports of the Financial Misconduct Disciplinary Board are submitted to the Executive Committee on a monthly basis; with action being taken against any official that fails to implement or delays the implementation of investigation recommendations.

ADOPTED.

1.4

Procurement and Contract Management:

We have noted with concern a regression in this area of material non-compliance. The Auditor-General made five (5) findings due to deficiencies in internal controls related to procurement and contract management, as follows:

- a. Some goods and services with a transaction value above R200 000 were procured without inviting competitive bids. (*Repeat finding*)
- b. Some invitations to tender for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content. (*New finding*)
- c. Some commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content. (*New finding*)
- d. Persons in the service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest. (*New finding*)
- e. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest. (*New finding*)

We have received management's action plan to address the findings. The implementation of the action will be monitored until the findings have been successfully resolved.

Therefore,

COMMITTEE RECOMMENDS:

That the City Manager provides the Municipal Public Accounts Committee with monthly progress reports on the implementation of the action plan to address the procurement and contract management findings by the Auditor-General.

ADOPTED.

1.5 Environmental Management:

We have noted that during the audit of compliance with legislation relating to environmental management, details of all Waste Water Treatment Works together with the applicable licenses were requested. On assessing the response, it was established that the two (2) treatment works had no licences and the licence for one treatment works had expired.

Furthermore, we noted the Auditor-General undertook an extensive assessment of the Northern Waste Treatment Works and found it to be in a dire state of disrepair which resulted in the pollution of the Umgeni River and several beaches.

Management was requested to conduct a review of all operational processes in terms of the National Water Act to identify any further areas of non-compliance.

During our deliberations with management, we established that there were measures underway to obtain licences for the three (3) facilities identified by the Auditor-General and to effect repairs to the non-operational waste water treatment works. However, there were no clear timeframes when this would be achieved.

As we concur with the Auditor-General that it is imperative to ensure that all water and sanitation operations are conducted within the confines of the law,

COMMITTEE RECOMMENDS:

- 1.5.1 That the City Manager, in consultation with the Head: Legal & Compliance, ensures that an assessment of compliance with the National Water Act is undertaken and that a plan, with timeframes, to address any areas of non-compliance is developed and implemented; including a repair and maintenance plan for all existing sewerage infrastructure.

ADOPTED.

- 1.5.2 That the City Manager submits quarterly progress updates to the Municipal Public Accounts Committee on the implementation of the action plan.

1.6 Material Irregularities:

We have been advised that during the 2021/22 audit, the Auditor-General issued various communication about findings relating to potential financial loss. Pursuant to

this communication, several material irregularity notifications were issued by the Auditor-General.

A material irregularity is any non-compliance with or contravention of legislation, fraud, theft or a breach of fiduciary duty identified during an audit that has resulted in or is likely to result in a material financial loss, the misuse or loss of material public resource or substantial harm to a public sector institution or the general public.

In the 2021/22 audit, the Auditor-General found two material irregularities which were brought to management's attention. Thereafter, follow-up notifications requesting updates on progress made to address the irregularities were issued. Management provided the requested updates to the Auditor-General on 13th March 2023. We will then follow-up on these issues to ensure that they are successfully resolved.

During the prior year's audit, the Auditor-General found four material irregularities which were brought to management's attention. One matter has been successfully resolved. The other three matters were referred to the Disciplinary Board on Financial Misconduct which resolved that disciplinary action be taken against implicated officials for two of the matters. The said disciplinary action is currently underway. The Board's decision is pending for the third matter. Notwithstanding the foregoing, the Auditor-General is of the view that the remedial action taken by management does not effectively address the material irregularities. Management is consequently determining further actions required to address the irregularities.

Having noted progress made

COMMITTEE RECOMMENDS:

That Council notes that the Municipal Public Accounts Committee will follow-up on the outstanding material irregularities to ensure that they are all resolved appropriately; with Council being accordingly advised of such resolution.

ADOPTED.

2. ANNUAL PERFORMANCE REPORT

2.1 Material Findings on Various Indicators:

The Auditor-General was unable to obtain sufficient appropriate audit evidence for the reported achievements of three of the 67 indicators relating to this objective. This was due mainly to the lack of accurate and complete records. The Auditor-General was unable to confirm the reported achievements by alternative means. Consequently, the Auditor-General was unable to determine whether any adjustments were required to the reported achievements in the annual performance report for the indicators listed below:

Indicator No.	Indicator Description	Reported Achievement
3A.7	WS3.11 - percentage of callouts responded to within 24 hours (sanitation/wastewater)	42,30%

Indicator No.	Indicator Description	Reported Achievement
3A.8	WS3.21 - percentage of callouts responded to within 24 hours (water)	59,00%
3A.26	EE3.11 - percentage of unplanned outages that are restored to supply within industry standard time frames	70,08%

In our deliberations with management, we have been advised the availability of evidence to support the date and time of callouts (Indicators 3A.7 and 3A.8), the current system (Faultman) has limitations and is not 100% reliable. The Water & Sanitation Unit has therefore initiated a process to replace this with an operational system that will have better and more improved capabilities. The process is currently with the city's Capital Investment Committee (CIC). Once approved by the CIC the process will proceed to procurement stage.

Regarding Indicator 3A.26, a change request has been initiated for the archive readings to be available on the front-end call centre application. This requires changes and scripting to the Oracle database and should be completed by 31 March 2023. Management, in our engagement, assured that it will meet the deadline of 31 March 2023.

Material finding on Indicator 3A.24 - EE1.13 – percentage of valid customer applications for new electricity connections processed in terms of municipal service standards

The Auditor-General reported that the achievement of 46% was reported against a target of 50% in the annual performance report. However, some supporting evidence provided differed materially from the reported achievement, while in other instances the Auditor-General was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. The Auditor-General was unable to further confirm the reported achievement by alternative means. Consequently, the Auditor-General was unable to determine whether any further adjustments were required to the reported achievement.

In our engagement with management, we were advised that the root cause of the finding was reporting errors by Ellipse which resulted in some applications which had been processed on time being excluded in the final count. Furthermore, the backlog of old customer applications caused delays in processing new applications.

We are advised that the errors in the reports have been resolved. In addition, the Unit is tracking productivity and timeous processing of applications in order to meet its performance target. Old applications, where customers have failed to make the required payments, will be removed from the system; with customers being required to re-apply once they are ready to effect payment.

As the mitigation measures are still to be fully implemented

COMMITTEE RECOMMENDS:

That the City Manager provides the Municipal Public Accounts Committee with monthly progress reports on the implementation of the action plan to address the findings by the Auditor-General regarding the unavailability of audit evidence to support the reported performance achievements. The City Manager to further ensure that evidence requested by the Auditor-General is submitted timeously.

ADOPTED.

2.2

Achievement of Planned Targets:

The Auditor-General reported that the eThekweni Municipality achieved 46% of the planned targets for the year in the selected objective - create a quality living environment. Some of the planned targets that were not achieved relate to key service delivery indicators on water, sanitation and electricity, as listed in the table below:

Indicator No.	Indicator	Planned Target	Reported Achievement
3A.5.	The % of non-revenue water loss	Less than 52% non-revenue water loss by 30 June 2022	56,20%
3A.6	The percentage of households with access to at least a basic level of water	82,92% of households with access to at least a basic level of water by 30 June 2022	80,90%
3A.15.	The percentage of estimated indigent households with access to a free basic service: water	76,17% of estimated indigent households with access to a free basic service: water for the 2021-22 financial year	68,60%
3A.14.	The percentage of households with access to at least a basic level of sanitation	73,51% of households with access to at least a basic level of sanitation by 30 June 2022	72,38%
3A.16.	The percentage of estimated indigent households provided with free basic services: sanitation	57,77% of estimated indigent households provided with free basic services: sanitation by 30 June 2022	52,99%
3A.21.	The percentage of households with access to a basic level of electricity within the eThekweni municipal area	68,57% households with access to a basic level of electricity by 30 June 2022	65,63%
3A.22.	Electricity losses (technical and non-technical) as a % of electricity purchases	≤8,5% electricity lost as a percentage of electricity purchased for the 2021-22 financial year	11,28%

Management has proposed various interventions to address the audit findings. It is not evident whether these measures are sufficient to deal with the findings appropriately.

As such

COMMITTEE RECOMMENDS:

That the City Manager provides the Municipal Public Accounts Committee with quarterly progress reports on the implementation of the action plan to address the

findings by the Auditor-General regarding the non-achievement of performance targets.

ADOPTED.

3. OVERSIGHT AND ACCOUNTABILITY

The mandates of the Section 80 committees are provided for in the Terms of Reference which were duly approved by Council. Committees offer a setting which facilitates detailed scrutiny of legislation and the level of compliance thereof, oversight of municipal activities and interaction with the public and external stakeholders.

The work of committees should include oversight visits that entail site inspections, conversing with people, assessing the impact of delivery and developing reports for adoption by the committees; which contain recommendations for consideration by the Executive Committee and Council.

In exercising oversight, committees should obtain first-hand knowledge from officials engaged in the direct implementation of specific programmes and/or who are directly responsible for service delivery. In order to evaluate the work of the municipality from a broader perspective, committees should invite advisory persons or experts from outside the municipality to provide background knowledge and analysis of relevant issues.

We are of the view that the Section 80 Committees have not yet managed to exercise their oversight responsibilities effectively; including holding management accountable. This puts undue strain on the Municipal Public Accounts Committee. Furthermore, MPAC does not have the capacity to undertake the entire oversight responsibility on its own.

As it is our view that improving oversight and accountability by all structures of Council will improve service delivery and address the governance challenges in the Municipality

COMMITTEE RECOMMENDS:

- 3.1 That SALGA/COGTA/National Treasury be requested to provide training to Members of Section 80 Committees to enable them to effectively oversee and ensure accountability by their respective Clusters and Units.
- 3.2 That Section 80 Committees develop detailed work programmes that will assist them to undertake their oversight responsibilities effectively; with such programmes being submitted to the Executive Committee for approval and to measure the performance of the Committees.

ADOPTED.

4. REPRESENTATION OF THE CITY MANAGER AT MEETINGS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

It will be appreciated that it is prudent for all oversight structures of Council to work in unison in order to address the insurmountable challenges plaguing the Municipality. The City Manager needs to be privy to the issues that MPAC deliberates on and help unblock challenges that it faces particularly those that relate to the Administration; as he is the Accounting Officer.

However, from the inception of this Council term the City Manager has only attended one or two meetings at most. When we raised our concerns about his non-attendance of MPAC meetings, he undertook to ensure that he is represented at all meetings.

Notwithstanding this undertaking, many meetings of MPAC have been held without the City Manager being represented.

It is our view that the consistent absence of the City Manager impacts the functionality of MPAC. We are further concerned that if the City Manager is unable to prioritise MPAC meetings, it will be impossible for him to take action against Officials that also fail to provide MPAC with the necessary reports to undertake its legislative responsibilities.

As we are extremely concerned about the consistent absence of the City Manager at MPAC meetings

COMMITTEE RECOMMENDS:

That Council directs the Mayor to ensure that the City Manager attends meetings of the Municipal Public Accounts Committee; with him ensuring that he is represented, in the exceptional cases, when he is unable to attend meetings.

ADOPTED.

8. CONCLUSION

Having performed the following tasks:

- ✓ Reviewed and analysed of the Annual Report;
- ✓ Invited, received, and considered inputs from Councillors and Portfolio Committees, on the Annual Report;
- ✓ Considered the written comments received on the Annual Report from the public consultation process;
- ✓ Conducted Public Hearings to allow the local community or any organs of state to make representations on the Annual Report;
- ✓ Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and
- ✓ Prepared the Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

MPAC has pleasure of presenting the Oversight Report to Council for consideration and, thereafter, forwarding to the relevant Departments and Provincial Legislature:

COMMITTEE RECOMMENDS:

1. That Council having fully considered the Annual Report of the eThekweni Municipality for the 2021/2022 Financial Year, adopts the Oversight Report for the 2021/2022 Financial Year.
2. That Council approves the Annual Report of the eThekweni Municipality for the 2021/2022 Financial Year without reservations.
3. That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.
4. That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.

ADOPTED.

9. ANNEXURES

Annexure A	Report on 2021/22 Annual Report Public Participation Process
Annexure B	2021/22 Action Plan for Auditor General Findings

(At this stage of the proceedings Councillor ON Mthembu-Zondi, in her capacity as Chairperson of the Ethics Committee, presented the following Report of the Committee).

REPORT OF THE ETHICS COMMITTEE

(Meeting held on Tuesday, 2023-03-14)

PRESENT : Councillors ON Mthembu-Zondi (Chairperson), SB Ngcongco (Deputy Chairperson), PS Sishange (Chief Whip), SV Mngadi, SP Chebure, HP Shoji, T Pillay, T Miya and RP Mbonambi.

ALLEGED BREACH IN RESPECT OF COUNCILLORS NOT HOLDING AND REPORTING AT LEAST ONE COMMUNITY MEETING FOR QUARTER ONE: JULY 2022 TO SEPTEMBER 2022 IN TERMS OF SCHEDULE 7: CODE OF CONDUCT FOR COUNCILLORS (3/4/6)

1. On 2022-10-08, the Ethics Committee received a Report from the Speaker on the alleged breach in terms of Schedule 7: Code of Conduct for Councillors by not holding and reporting at least one Community meeting over Quarter One (01), July 2022 to September 2022.
2. With this matter being new to the Ethics Committee and having considered the various options in its approach to pursue this matter, the Committee noted that the principles of natural justice should apply in this instance by calling those Councillors that were implicated to ascertain the reasons for not holding Community meetings, to afford them an opportunity to explain why they did not hold meetings and for not reporting back to the Speakers Office. The Committee, as part of its deliberations, further noted that a breach of the Code of Conduct was evident and as such, there needed to be course of action to be taken against those Ward Councillors that did not report on meetings held over Quarter One (July-September 2022).
3. The Ethics Committee, thereafter resolved that letters be issued to those Ward Councillors that did not ensure compliance of the Code of Conduct by not holding and reporting on Community meetings in terms of Schedule 7 of the Councillors Code of Conduct, giving them an opportunity to respond to the allegations and to request them to make written submissions to this effect, within a period of seven (7) working days from date of issue of letter.
4. Most of the Councillors made written submissions in terms of the alleged breach laid against them and provided evidence that such Community engagements did take place.
5. On 2023-03-14, the Ethics Committee considered the submissions and evidence received from those Councillors implicated and it was noted that there still were seventeen (17) Councillors that didn't respond nor submitted any evidence in this regard.
6. After consideration, the Committee resolved that the seventeen (17) Councillors that didn't respond to the laid breach allegations, be invited to the Ethics Committee for an

Inquiry. The said Inquiry hearings have been scheduled from 18 April 2023 and be concluded by 02 May 2023.

Therefore,

COMMITTEE RECOMMENDS:

- 6.1 That Council notes the Report by the Ethics Committee on Councillors allegedly in breach in terms of Schedule 7 : Code of Conduct for Councillors as contained in the Local Government : Municipal Structures Act, for not holding at least one Community engagement over Quarter 1, July-September 2022 as referred from Office of the Speaker.
- 6.2 That Council notes that the Ethics Committee has scheduled Inquiries for the seventeen (17) Councillors that are allegedly in breach in terms of Schedule 7: Code of Conduct for Councillors, as contained in the Local Government: Municipal Structures Act, for not holding at least one Community engagement over Quarter 1, July-September 2022.
- 6.3 That Council notes that at the conclusion of all Inquiry hearings for the seventeen (17) Councillors that are allegedly in breach, a Report with findings and recommendations will be tabled in Council for consideration.

REPORT OF COMMITTEE DECISIONS

Decisions of Committees reflected below have been reported to Council by way of circulating minutes of such Committees to each Member of the Council:-

1. **EXECUTIVE COMMITTEE**
Meeting held on : 2023-02-14
2. **GOVERNANCE AND HUMAN RESOURCES COMMITTEE**
Meeting held on : 2023-02-15

ITEMS FOR NOTING

The Items for Noting, reflected on Pages 20 to 30 of the Agenda, pertaining to the items discussed and resolved at the Executive Committee level during the month of February 2023 were, **NOTED.**

The meeting terminated at 18h58 and moved into in-committee.

APPROVED AT THE MEETING OF THE ETHEKWINI COUNCIL ON 2023-04-26.

SPEAKER